



Mountsett Crematorium Joint Committee

Date Monday 29 April 2019
Time 9.30 am
Venue Chapel - Mountsett Crematorium, Dipton

Business

Part A

**[Items during which the Press and Public are welcome to attend.
Members of the Public can ask questions with the Chairman's
agreement]**

1. Apologies for Absence
2. Minutes of the Meeting held on 31 January 2019 (Pages 3 - 8)
3. Declarations of Interest, if any
4. Mountsett Crematorium Performance and Operational Report:
(Pages 9 - 16)
Report of the Bereavement Services Manager.
5. Financial Monitoring Report - Provisional Outturn as at 31 March 2019:
(Pages 17 - 26)
Joint Report of the Corporate Director of Regeneration and Local
Services and Corporate Director of Resources and Treasurer to the
Joint Committee.
6. Risk Register Update 2018/19: (Pages 27 - 36)
Joint Report of the Corporate Director of Regeneration and Local
Services and Corporate Director of Resources and Treasurer to the
Joint Committee.
7. Annual Internal Audit Report 2018/19: (Pages 37 - 52)
Report of the Chief Internal Auditor and Corporate Fraud Manager.
8. Such other business as in the opinion of the Chairman of the meeting
is of sufficient urgency to warrant consideration.

Part B

Items during which it is considered the meeting will not be open to the public (consideration of exempt or confidential information)

9. Update Report on Cremator Replacement and Contingency Planning
Joint Report of the Corporate Director of Regeneration and Local Services and Corporate Director of Resources and Treasurer to the Joint Committee **(copy to follow)**.
10. Such other business as in the opinion of the Chairman of the meeting is of sufficient urgency to warrant consideration

Helen Lynch

Head of Legal and Democratic Services

County Hall
Durham
17 April 2019

To: **The Members of the Mountsett Crematorium Joint Committee**

Durham County Council:-

Councillors: O Temple (Chairman), A Bainbridge, A Batey, J Carr, J Charlton, C Hampson, O Milburn, J Shuttleworth and B Stephens

Gateshead Council:

Councillors C Buckley, K Dodds, D Bradford (Vice-Chairman), L Green, S Green, J Lee and M Ord

Contact: Lucy Gladders

Tel: 03000 269712

DURHAM COUNTY COUNCIL

At a Meeting of **Mountsett Crematorium Joint Committee** held in Chapel - Mountsett Crematorium, Dipton on **Thursday 31 January 2019 at 9.30 am**

Present:

Councillor O Temple (Chairman)

Members of the Committee:

Durham County Council

Councillors A Batey, J Charlton, C Hampson and O Milburn

Gateshead Council:

Councillors C Buckley, D Bradford (Vice-Chairman), L Green, S Green, J Lee and M Ord

1 Apologies for Absence

Apologies for absence were received from Councillors A Bainbridge and J Shuttleworth (Durham County Council) and Councillor K Dodds (Gateshead Council).

2 Minutes of the Meeting held on 27 September 2018

The minutes of the meeting held on 27 September 2018 were confirmed as a correct record and signed by the Chairman.

3 Declarations of Interest, if any

There were no declarations of interest.

The Chairman at this point announced that Graham Harrison had recently been awarded a fellowship of Cemeteries and Crematorium Management (ICCM) which, was a significant achievement. In addition, Graham had also been awarded by Durham County Councils Inspiring People Awards, Employee of the Year. This was a great achievement and demonstrated his commitment and hard work undertaken in transforming the council's crematoria.

The Joint Committee joined the Chair in congratulating Graham on his recent successes.

4 Mountsett Crematorium Performance and Operational Report:

The Joint Committee considered a report of the Bereavement Services Manager which provided an update relating to performance and other operational matters (for copy see file of Minutes).

The Bereavement Services Manager reported that during the period 1 September 2018 to 31 December 2018, 427 cremations had been undertaken compared to 423 in the comparable period last year, an increase of 4. He further advised that during the same period, 59 memorials (£17,436) had been sold compared to 15 (£5,436) in the same period last year, an increase of 44 (£12,000).

Moving on details were reported with regard to operational matters. It was explained that the trainee crematorium attendant had now passed all exams and was fully qualified. He had therefore requested that his pay grade be reviewed, to bring in line with other crematorium attendants. Following advice from Human Resources, it was advised that in order to facilitate this request the joint committee would be required to approve the creation of a new crematorium attendant post, which would be advertised in the usual way. If supported, the new post would increase the salary budget by £576 per year, assuming the trainee was successful in securing the post and the trainee post would then be deleted from the establishment.

The Bereavement Services Manager then went on to provide details relating to the Green Flag application and noted that progress would be reported to future meetings.

Following discussions at a previous meeting regarding a dedicated website for the crematorium, the Bereavement Services Manager advised that contact had been ongoing with the councils Digital and Customer Services team and despite some delays regarding movement of data across servers, the new site would be ready by the end of July 2019.

Further details were reported with regard to the recycling of metals scheme, noting that a cheque for £5,000 had been presented to the IF U CARE U SHARE charity in October 2018. The next charity nominated to receive funds was Winston's Wish Charity and should this be accepted, a cheque for £7,000 would be available.

The Bereavement Services Manager in conclusion of his report, referred to paragraph 18 of the report onwards, which highlighted proposed action and options to be considered in relation to recommendations made by the Internal Auditor regarding document retention and the supplier for Book of Remembrance entries.

He went on to advise that the Internal Audit report had highlighted that all entries into the Book of Remembrance were completed by one supplier due to the specialism of the work required and therefore it had been recommended that a procurement exercise be undertaken in order to ensure value for money whilst maintaining quality. This had now been actioned and the contract was open to tender on the procurement portal.

Moving on to the issue of document retention the Bereavement Services Manager advised that Internal Audit had identified that documents were currently being retained in paper form for 15 years however this required significant storage space and that going forward documents should be scanned for retention. Therefore four options had been suggested and costed by Procurement and were detailed in the report. The Bereavement Services Manager advised that Option 4 was the recommended and Internal Audit had confirmed that this was an acceptable solution.

Discussion then ensued regarding the crematorium attendant post and an explanation was provided as to why the post would need to be advertised, given that the trainee post was not career graded and effectively was the creation of a new post.

Moving on the issue of document retention Councillor Charlton asked what the proposed contract length and overall cost the crematorium would be if option 4 was agreed. The Bereavement Services Manager advised that the proposals were part of a wider corporate contract, however it could be assumed that it would cost in the region of £15,000 for 15 years.

Resolved:

- (i) That the current performance of the crematorium be noted.
- (ii) That the proposed creation of a crematorium attendance post be agreed and advertised.
- (iii) That the continued success with regards to the Green Flag Award
- (iv) That the updated position with regards to the development of a dedicated website.
- (v) That the updated position with regards to the recycling of metals scheme be noted
- (vi) That the updated position with regards to the Book of Remembrance tender be noted
- (vii) That Option 4 for the secure storage for past records and scan records going forward be agreed.

5 Financial Monitoring Report - Position at 31/12/18, with Projected Outturn at 31/03/19:

The Joint Committee considered a joint report of the Corporate Director Regeneration and Local Services and Corporate Director Resources and Treasurer to the Joint Committee which set out details of income and expenditure in the period 1 April 2018 to 31 December 18, together with the forecast outturn position for 2018/19, highlighting areas of over / underspend against the revenue budgets, at a service expenditure analysis level. The report further detailed the funds and reserves of the Joint Committee at 1 April 2018 and forecast outturn position at 31 March 2019, taking into account the provisional financial outturn (for copy see file of Minutes).

The Head of Finance and Transactional Services explained that the updated projected outturn showed a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £446,694 against a budgeted surplus of £304,314, (£142,380) more than the budgeted position. The improved position relates to efficiencies / underspending against expenditure budgets and additional income. The report went on to outline reasons for those significant variances by subjective analysis area.

Moving on to discuss the earmarked reserves of the Joint Committee, the Head of Finance and Transactional Services advised that contributions to the reserves were £204,161 more than originally budgeted, primarily as a result of the increase in cremation income and a reduction in the Cremator Replacement and Extension costs.

The retained reserves of the Mountsett Crematorium Joint Committee at 31 March 2019 were forecast to be £369,200, along with a General Reserve of £278,055, giving a forecast total reserves and balances position of £647,255 at the year end.

Resolved: That the April to December 2018 revenue spend financial monitoring report and associated provisional outturn position at 31 March 2019, including the projected year end position with regards to the reserves and balances of the Joint Committee be noted.

6 Provision of Support Services 2019/20:

The Joint Committee received a joint report of the Corporate Director Regeneration and Local Services and Corporate Director Resources and Treasurer to the Joint Committee which outlined the proposed Service Level Agreement (SLA) for Support Service provision by Durham County Council to the Mountsett Crematorium Joint Committee, for the period April 2019 to March 2020 (for copy see file of Minutes).

The Head of Finance and Transactional Services advised that there were no changes proposed to existing arrangements however, a 2% increase on charges levied in 2018/19 was proposed, to compensate for inflationary pressures such as the staff pay award.

Resolved: That the Service Level Agreement attached at Appendix 2 (including relevant schedule) for the year 2019/20.

7 Fees and Charges 2019/20:

The Joint Committee considered a joint report of the Corporate Director Regeneration and Local Services and Corporate Director Resources and Treasurer to the Joint Committee which set out details of the proposed fees and charges for the crematorium for 2019/20 (for copy see file of Minutes).

The Head of Finance and Transactional Services advised that the current Medical Referee fee of £20 had not been reviewed since Local Government Reorganisation in 2009 and the medical practitioners had asked for a review due to difficulties covering their rota. It was therefore proposed that the Medical Referee fee be increased to £30 for 2019/20.

With that in mind, it was reported that due to the increase in Medical Referee costs and inflationary and costs pressures that a £20 (2.9%) increase to the current cremation fees and charges for 2019/20 be imposed.

It was noted that despite the proposed increase, the charges remained relatively low compared to neighbouring facilities and £79 below the average charges levied across the region. Paragraph 10 of the report went on to outline the extra income which would be generated from the £20 increase.

The Head of Finance and Transactional Services further advised that in addition to the above it was proposed to introduce new charges from 2019/20 for cremations with no service and for instances where services overran or were cancelled. All other charges were proposed to remain at the same level as 2018/19.

Councillor L Green asked whether a hardship fund was available to help cover and fund those who were unable to meet the costs of a cremation. The Bereavement Services Manager advised that a similar hardship scheme was offered and also was why some of the new charges were to be introduced to cut costs for those who did not want a service.

Resolved:

- (i) That the proposed fees and charges shown at Appendix 2 be effective from 1 April 2019, which sought to increase the cremation by £20 (2.9%) per crematorium from £680 to £700.
- (ii) That the agreed fees be incorporated into the 2019/20 budget.

8 2019/20 Revenue Budget:

The Joint Committee considered a joint report of the Corporate Director Regeneration and Local Services and Corporate Director Resources and Treasurer to the Joint Committee which set out proposals with regards to the 2019/20 revenue budgets for Members consideration (for copy see file of Minutes).

The Head of Finance and Transactional Services in presenting the budget explained the main changes and reasons for those changes. He further noted that the 2019/20 budget included an increase in the surplus distribution of £185,110 from 2018/19 in line with the Budget Strategy.

With regard to earmarked reserves, it was reported that the estimated total earmarked reserves and balances of the Mountsett Crematorium Joint Committee at 31 March 2020, taking into account the 2018/19 Quarter 3 budgetary control report, the 2019/20 budget and the proposed transfers to / from earmarked reserves were as follows:

- General reserve of £286,515, an increase of £8,460 (3.04%) from 2018/19
- Retained Reserves of £517,449 an increase of £352,410 (213.5%) from 2018/19

Members also noted that the 2019/20 budget proposal incorporated £57,000 of one off expenditure requirements which would provide further scope in the 2020/21 budget setting round.

The Head of Finance and Transactional Services then went on to provide details regarding the cremator reserve and reported that the long term budget strategy for the Joint Committee forecasted a minimum annual contribution of £100,000 to the Cremator Reserve, giving assurance that the reserve would have sufficient funds to meet the replacement cost of the cremators in 15 years time. In addition, he advised that, should there be an urgent need to replace cremators, this could be financed immediately by a combination of utilising the Cremator Reserve and a 10 year annuity loan, which could be repaid from the annual contribution to the Cremator Reserve.

Resolved:

- (i) That the Joint Committee note and approve the budget proposals contained within the report as set out in Appendix 2 of the report.
- (ii) That the forecast level of reserves and balances at 31 March 2020 as set out in Appendix 2 of the report.

9 Such other business as in the opinion of the Chairman of the meeting is of sufficient urgency to warrant consideration

Review of the Terms of Reference for the Mountsett Crematorium Joint Committee

The Chair advised that the Joint Committee would shortly be reviewing the Terms of Reference of the Joint Committee and therefore sought members views on whether substitute members should be permitted and if so, whether they should be named or general.

Members were generally in agreement with the proposal, however it was noted, that procedures for obtaining substitutes and notifying the Clerk differed between the two authorities. The Head of Finance and Transactional Services suggested that provision could be made for both authorities to retain the usual method for notifying of substitutes. The Clerk (Legal Manager Litigation) advised that the legal team would review in line with the terms of reference with a view to providing updated arrangements in due course.

10 Exclusion of Press and Public

Resolved:

That under Section 100 A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt info as defined in Paragraphs 3 and 5 of Part 1 of Schedule 12A of the said Act.

11 Update Report on Cremator Replacement and Extension:

The Joint Committee considered a joint report of the Corporate Director Regeneration and Local Services and Corporate Director Resources and Treasurer to the Joint Committee which provided a progress update on the current position with regard to the replacement cremators, new abatement and other associated equipment.

Resolved:

- i) That the content of the report and the current position be noted with regard to the replacement cremators, new abatement equipment and new extension.
- ii) That a further update be circulated in 4-6 weeks and at that time, consideration be given as to whether a special meeting is required.

Mountsett Crematorium Joint Committee

29 April 2019



Performance and Operational Report - Position to 31 March 2019

Report of Graham Harrison, Bereavement Services Manager

Electoral division(s) affected:

Countywide

Purpose of the Report

1. To provide Members of the Mountsett Crematorium Joint Committee with the quarterly update relating to performance and other operational matters.

Executive summary

2. This report provides Members of the Mountsett Crematorium Joint Committee with a quarterly update of performance and operational matters at the crematorium.

Recommendation(s)

3. It is recommended that Members of the Mountsett Joint Committee:
 - a. Note the current performance of the crematorium.
 - b. Note the current situation with regards to the crematorium attendant's post.
 - c. Note the attendance at the Joint Conference of the Federation of Burial & Cremation Authorities.
 - d. Note the distribution of recycling income to the respective charity.
 - e. Note the updated position with regard to the website development.
 - f. Note the continuation of the current supplier with regards to the Book of Remembrance.

Background

- Update reports relating to performance and other operational matters are presented to the Mountsett Crematorium Joint Committee on a quarterly basis.

Performance Update - Number of Cremations

- The table below provides details of the number of cremations for the period 1 January 2019 to 31 March 2019 inclusive, with comparative data in the same periods last year:

	2017/18	2018/19	Change
January	144	132	- 12
February	143	112	- 31
March	133	105	- 28
TOTAL	420	349	- 71

- There were 349 cremations undertaken during the period 1 January 2019 to 31 March 2019, compared to 420 in the comparable period last year, a decrease of 71 year on year. This reduction is the result of two long term sickness absences since February and the impact of the cremator compliance testing works. A separate update report has been prepared in relation to the cremators. The profile of where families came from can be seen below:

Gateshead	80
Durham	190
Outside Area	79
Total	349

- The total number of cremations in 2018/19 was 1,330 compared with 1,396 in 2017/18, a decrease of 66 year on year.
- The 2018/19 budget was set at a prudent assumption of 1,300 cremations during the year. The actual number of cremations undertaken was therefore 30 more than the budget position. This is reflected in an over achievement of cremation fee income of £18,048 in year, which is included in the budgetary control report.
- The table below shows the comparative figures for the previous nine financial years:

Year	Cremations
2010/11	1,188
2011/12	1,258
2012/13	1,404

Year	Cremations
2013/14	1,191
2014/15	1,320
2015/16	1,300
2016/17	1,439
2017/18	1,396
2018/19	1,330
9 Year Average	1,314

Memorials

10. The table below outlines the number and value of the memorials sold in the period January to March 2019 compared to the same period the previous year.

	Jan – March 2017/18		Jan – March 2018/19	
	Number	£	Number	£
Large Plaques	1	402	4	1,608
Small Plaques	3	783	11	2,871
Total	4	1,185	15	4,479

11. In overall terms the number and value of memorials sold of 15 / £4,479 compares to 4 / £1,185 in the same period last year, a year on year increase of 11 / £3,294.
12. The table below identifies the total number and value of memorials sold during 2018/19 compared to 2017/18:

	2017/18 Total		2018/19 Total	
	Number	£	Number	£
Large Plaques	22	9,168	16	6,612
Small Plaques	23	6,243	71	19,341
Total	45	15,411	87	25,953

Operational Matters

Staffing

13. Members may recall that it was agreed at the January meeting to recruit to a new Crematorium Attendant post. There was only one applicant who has recently been interviewed and appointed to the position.
14. Members may also be aware that we have previously had a small number of relief cremator operators who could be called upon to assist with holiday cover and also in the event of a pandemic plan. Unfortunately one of our relief operators has indicated that they do not

wish to provide cover anymore and another relief operator is currently covering a vacant position at Durham Crematorium.

15. It is therefore proposed that we advertise for some additional relief cremator operators who could work between both Mountsett and Central Durham crematoriums in order to provide business continuity for the service.

Cremation & Burial Conference & Exhibition 2019

16. As in previous years, the necessary arrangements will be made for representation at the Joint Conference of the Federation of Burial and Cremation Authorities and the Cremation Society of Great Britain, which is to be held at Hilton Ageas Bowl, Southampton from Monday 1 to Wednesday 3 July 2019.

Recycling of Metals Scheme

17. The Crematorium has received a cheque relating to the recycling of metals from the Institute of Cemetery and Crematorium Management to the sum of £7,000 for Winston's Wish Charity.
18. Arrangements were made for the cheque to be sent to the charity due to the location of their offices and a letter of thanks has been received, which is attached in Appendix 2.
19. Additional funds from the recycling of metal scheme in 2018 has resulted in the first scheduled round of nominations commencing immediately to distribute these funds and the Great North Air Ambulance charity has been nominated.

Dedicated Website Development

20. Members may recall that it was agreed to look into the production of a dedicated website for the crematorium.
21. The website has now been built and needs to be populated with information and photographs by the Bereavement Services Manager. It is envisaged that the site will go live in June 2019 and Members will be informed of the launch.

Audit Recommendations Book of Remembrance

22. Members may recall that internal audit previously recommended that a procurement exercise be undertaken to supply entries into the Book of Remembrance in order to ensure value for money whilst maintaining its quality. The procurement exercise has now been completed and the

original company were successful in retaining this work at a slightly cheaper price.

Contact: Graham Harrison,

Tel: 03000 265606

Appendix 1: Implications

Legal Implications

As outlined in the report.

Finance

As identified in the 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.

Equality and Diversity / Public Sector Equality Duty

There are no implications.

Human Rights

There are no implications.

Crime and Disorder

There are no implications.

Staffing

As identified in the report.

Accommodation

There are no implications.

Risk

There is an ongoing risk with regards to the functioning of the new cremators. This is covered in a separate update report

Procurement

There are no implications.

Appendix 2: Recycling of Metals Letter of Thanks



Giving hope to grieving children

Graham Harrison
Bereavement Services Manager and Registrar
Mountsett Crematorium Joint Committee
Ewehurst Road
Dipton
Stanley
County Durham
DH9 9JP

15 March 2019

Dear Graham and the team at Mountsett Crematorium,

I am writing on behalf of Winston's Wish to thank you so much for supporting bereaved children with your amazing donation of £7000 from the Recycling of Metals Scheme.

Winston's Wish has been supporting grieving children and their families for over 25 years, helping them to come to terms with their grief and to develop the tools needed to rebuild their futures. Thanks to your gift and the support of all the families who make this scheme possible, this year we will be able to help even more children and young people, who have also lost someone dear to them.

Your gift could fund a year of bereavement support for six families, including one-to-one, family and group work. Group support gives families the chance to spend time with our clinical practitioners as well as other parents and children who have faced similar experiences. This is what one parent said about their experience of a weekend group:

"Both Tiffy and I have made friends for life, and will live life better for this critical part of our journey. Winston's Wish has far exceeded what I dared hope for with Tiffany. I know that there's a long way to go, but the weekend was the perfect catalyst, and the gates into Tiffy's heart, soul, emotions and memory are open now. I know we need to tread carefully, but I feel I have 'my girl' back... and that is an absolutely marvellous feeling, so great I almost feel I could fly! Life isn't suddenly cured of its worries and fears and sadness, but it's better."

I have enclosed a copy of our latest impact report and some information for you and the families you meet. I look forward to being in touch again soon and will continue to provide updates of our progress and achievements - if you would rather not receive these, please let me know. In the meantime, if you would like any additional information about our work or any other materials to support your work at the crematorium, please do not hesitate to get in touch.

Thank you once again for your support, we truly appreciate it and feel very proud and privileged to have Mountsett Crematorium as a supporter of our work.

With very best wishes

Corinne

Corinne Phillips (was Mason)
In Memory Team
cphillips@winstonswish.org

Helpline: 08088 020 021 | info@winstonswish.org | winstonswish.org
17 Royal Crescent, Cheltenham, Gloucestershire, GL50 3DA | Tel: 01242 515 157
Winston's Wish is a Registered Charity (England and Wales) 1061359, (Scotland) SC041140 | 0125



This page is intentionally left blank

**Mountsett Crematorium Joint
Committee**

29 April 2019

**Financial Monitoring Report –
Provisional Outturn as at 31 March 2019**



Joint Report of

**Ian Thompson, Corporate Director of Regeneration and Local
Services**

**John Hewitt, Corporate Director of Resources and Treasurer to the
Joint Committee**

Electoral division(s) affected:

Countywide.

Purpose of the Report

- 1 This report presents members of Mountsett Crematorium Joint Committee (MCJC) with details of the provisional outturn position for 2018/19 and the projected level of reserves and balances at 31 March 2019.

Executive summary

- 2 This report sets out details of income and expenditure in the period 1 April 2018 to 31 March 2019, together with the provisional outturn position for 2018/19, highlighting areas of over / underspend against the revenue budgets at a service expenditure analysis level.
- 3 The report also details the funds and reserves of the Joint Committee at 1 April 2018 and forecast final position at 31 March 2019, taking into account the updated provisional financial outturn.
- 4 The projected revenue outturn is a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £424,643 against a budgeted surplus of £304,314, £120,329 more than the budgeted position.
- 5 Contributions to the earmarked reserves are forecast as £120,329 more than originally budgeted, due mainly to the additional cremations carried out throughout the year.

- 6 In line with the MCJC Reserve Policy to maintain a General Reserve of 30% of the income budget, a transfer to the General Reserve of £13,755 is required.
- 7 The retained reserves of the MCJC at 31 March 2019 are forecast to be £347,149 along with a General Reserve of £278,055, giving a forecast total reserves and balances position of £625,204 at the year end.

Recommendation(s)

- 8 It is recommended that Members note the April 2018 to March 2019 financial monitoring report and associated provisional revenue outturn position at 31 March 2019, including the projected year position with regards to the reserves and balances of the Joint Committee.

Background

- 9 Scrutinising the financial performance of Mountsett Crematorium is a key role of the Joint Committee. Regular (quarterly) budgetary control reports are prepared by the Treasurer and aim to present, in a user friendly format, the financial performance in the year to date together with a forward projection to the year end. Routine reporting and consideration of financial performance is a key component of the Governance Arrangements of the Mountsett Crematorium

Financial Performance

- 10 Budgetary control reports, incorporating outturn projections, are considered by Regeneration and Local Services' Management Team on a monthly basis. The County Council's Corporate Management Team also considers regular budgetary control reports, with quarterly reports being considered by Cabinet / Overview and Scrutiny Committee. The outturn projections for the Mountsett Crematorium are included within this report.
- 11 Members should be aware that the 2018/19 closedown process has only recently commenced and whilst no major variances are anticipated between the provisional and final outturn, the final information incorporated into the Annual Return may differ from that included within this report. Where this is the case, a full explanation will be provided in the June report.
- 12 The figures contained within this report have been extracted from the General Ledger and have been scrutinised and supplemented with information supplied by the Bereavement Services Manager. The following table highlights the provisional revenue outturn financial performance of the Mountsett Crematorium as at 31 March 2019.

Subjective Analysis	Base Budget 2018/19 £	Year to Date Actual April – March £	Provisional Outturn 2018/19 £	Variance Over/ (Under) £
Employees	151,436	142,189	144,839	(6,597)
Premises	144,350	117,597	289,669	145,319
Transport	600	506	506	(94)
Supplies & Services	65,949	67,334	67,346	1,397
Agency & Contracted	9,520	6,304	6,364	(3,156)
Capital Charges	222,712	0	0	(222,712)
Central Support Costs	27,970	27,970	27,970	0
Gross Expenditure	622,536	361,900	536,695	(85,842)
Income	(926,850)	(960,914)	(961,337)	(34,487)
Net Income	(304,314)	(599,014)	(424,643)	(120,329)
Transfer to / (from) Reserves				
- Repairs Reserve	15,000	0	15,000	0
- Cremator Reserve	124,424	0	244,753	120,329
Distributable Surplus	(164,890)	0	(164,890)	0
65% Durham County Council	107,178	107,178	107,178	0
35% Gateshead Council	57,712	57,712	57,712	0

Mountsett Crematorium Earmarked Reserves	Balance @ 1 April 2018 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2019 £
Repairs Reserve	(39,370)	(15,000)	0	(54,370)
Cremator Reserve	(61,781)	(244,753)	13,755	(292,779)
General Reserve	(264,300)	(178,645)	164,890	(278,055)
Total	(365,451)	(438,398)	178,645	(625,204)

Explanation of Significant Variances between Original Budget and Forecast Outturn

- 13 As can be seen from the table above, the projected revenue outturn is indicating a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £424,643 against a budgeted surplus of £304,314, £120,329 more than the budgeted position.
- 14 This compares with the previously forecast position, based on income and expenditure to 31 December 2018, as reported to the Joint Committee on 31 January 2019, of a surplus (before transfers to

reserves and distribution of surpluses to the partner authorities) of £446,694 against a budgeted surplus of £304,314, £142,380 more than the budgeted position. The provisional outturn position is therefore £22,051 below what was previously forecast, which is a combination of reduced expenditure (£31,662) offset by reduced income (£53,713). A reconciliation of the projections at quarter 3 compared to the provisional outturn figures is as follows:

- Employee costs are £385 higher than projected at quarter 3.
- General Premises costs are (£34,366) lower than previously projected mainly due to the reduced repair costs to the Book of Remembrance and the cremator replacement works.
- Transport costs relating to mileage expenses are £18 higher than previously projected.
- General Supplies and Service costs are £1,497 higher than previously projected.
- Agency and Contracted Services are £804 higher than previously projected due to increased grounds maintenance costs.
- Income is £53,713 lower than previously projected mainly due to a reduced level of cremations in the last three months compared to the numbers forecast in January.

15 The following section outlines the reasons for any significant budget variances by subjective analysis area. Members should note that some transactions are undertaken annually at the year end, in addition, in line with the accounting policies, sundry creditor and debtor provisions are required after the 31 March. This results in additional charges/income being reported between the actuals as at 31 March and the provisional outturn figures. The table overleaf includes (amongst others) the following provisions within the outturn:

- Gas, electric and water charges not yet received from utility companies
- Medical Referee fees for the final quarter
- CAMEO income

15.1 **Employees**

The outturn shows an under spend of **(£6,597)**, in relation to employee costs. The reasons for this are identified below:

- The training budget was not required this year resulting in an underspend of **(£1,500)**.

- The Business Admin Apprentice costs were lower than budgeted due to the Apprentice only starting in September and have underspent by **(£7,411)**
- The staff overtime budget is forecast has overspent by **£2,314** due to additional weekend working.

15.2 Premises

The outturn shows a forecast overspend of **£145,319** in relation to premises costs. The reasons for this are identified below:

- The replacement of the exterior gates was not required, instead the gates were repaired, which has resulted in an underspend of **(£4,620)**.
- The redecoration works were not completed in 2017/18 due to the bad weather and the external works being delayed and had to be completed in the current year resulting in an overspend of **£4,356**.
- The repairs to the Book of Remembrance underspent by **(£19,489)**. The estimated cost of the work was significantly less than predicted resulting in the underspend.
- Cremator servicing and repairs underspent by **(£14,620)** due to the old cremators being replaced during 2017/18.
- Utilities budgets are expected to overspend by **£25,397** due mainly to significant increases in electricity tariffs charged from April 2018 and the increased time taken to heat the cremators.
- The costs relating to the extension and new cremators are being funded directly through the revenue account and therefore this area of the budget is **£153,505** overspent. This overspend is offset by the capital charges underspend due to not having to take out a loan for the works.
- Equipment servicing and repairs overspent by **£791**.

15.3 Supplies and Services

The outturn shows a forecast overspend of **£1,397** in relation to supplies and services costs. The reasons for this are identified below:

- The one off purchases of a pressure washer and vac sweeper underspent by **(£1,373)**.
- Equipment purchase, rental and replacement overspent by **£1,563** due to the Book of Remembrance VRS equipment needing replacing.

- General office costs including telephones and office equipment overspent by **£1,207**.

15.4 **Capital Charges**

The outturn shows an underspend of **(£222,712)** in relation to capital charges. The reasons for this are highlighted below:

- The loan from DCC for the Major Works was not required and instead paid from the Premises budget, resulting in an underspend of **(£222,712)**.

15.5 **Income**

An increase in income of **(£34,487)** from the 2018/19 budget is included within the updated outturn forecasts. The reasons for this are identified below:

- Memorial Plaque income was **(£12,224)** higher than budget due to the niche units being available for purchase.
- The outturn includes an additional 30 cremations compared to the budget, totalling an increased income to budget of **(£18,048)**. The outturn allows for a total of 1,330 cremations against a budgeted 1,300 during 2018/19.
- Bank interest and Book of Remembrance income is forecast to be **(£4,215)** higher than budget.

16 **Earmarked Reserves**

Contributions to the earmarked reserves are forecast as **£120,329** more than originally budgeted, due mainly to the additional cremations carried out throughout the year.

In line with the MCJC Reserve Policy to maintain a General Reserve of 30% of the income budget, a transfer to the General Reserve of **£13,755** is required.

The retained reserves of the MCJC at 31 March 2019 are forecast to be **£347,149** along with a General Reserve of **£278,055**, giving a forecast total reserves and balances position of **£625,204** at the year end.

Contact:	Paul Darby	Tel: 03000 261930
	Ed Thompson	Tel: 03000 263481

Appendix 1: Implications

Legal Implications

The outturn proposals contained within this report have been prepared in accordance with standard accounting policies and procedures.

Finance

Full details of the year to date and projected outturn financial performance of the Mountsett Crematorium are included within the body of the report.

Consultation

None. However, officers of Gateshead Council were provided with a copy of the report and given opportunity to comments / raise any detailed queries on the contents of this report in advance of circulation to members of the Joint Committee.

Equality and Diversity / Public Sector Equality Duty

None.

Human Rights

None.

Crime and Disorder

None.

Staffing

None.

Accommodation

None.

Risk

The figures contained within this report have been extracted from the General Ledger, and have been scrutinised and supplemented with information supplied by the Bereavement Services Manager. The projected outturn has been produced taking into consideration spend to date, trend data and market intelligence, and includes an element of prudence. This, together with the information supplied by the Bereavement Services Manager should mitigate the risks associated with achievement of the forecast outturn position.

Procurement

None.

This page is intentionally left blank



Mountsett Crematorium Joint Committee

29 April 2019

Risk Register Update 2018/19



Joint Report of

Ian Thompson, Corporate Director of Regeneration and Local Services

John Hewitt, Corporate Director of Resources and Treasurer to the Joint Committee

Electoral division(s) affected:

Countywide

Purpose of the Report

1. To inform the Mountsett Crematorium Joint Committee of the outcome of the half-yearly risk review in March 2019.

Recommendations

2. That members of the Crematorium Joint Committee note the content of this report and the updated position.

Background

3. A service risk register and a health and safety risk register are maintained in accordance with Durham County Council's methodology and approach to risk management, further details of which are included in **appendices 2 and 3**.

Risk Review

4. One of two relief crematorium attendants has left the post, which has potential implications for risk 1 (managing excess deaths). The other attendant is covering temporarily and permission to advertise for two relief operators will be requested at the April 2019 Joint Committee.
5. Several safeguards relating to the cremators have been implemented in relation to risk 2 (health and safety breach) and these will be captured in the risk register maintained with support from Durham County Council's Occupational Health and Safety Team.
6. A Business Administration apprentice commenced employment in September 2018, which helps mitigate risk 4 (sickness absence).
7. It has been confirmed that proposed reforms to the death certification process will not directly affect the crematorium, so risk 7 has been closed (legislation changes).
8. As from April 2019, due to lack of capacity, cremation forms will be held off-site under a contract with Boxit, which helps mitigate risk 8 (data breach).
9. The current service risk register is included in **appendix 4**. A profile of service risks is included in **appendix 5**. The net evaluation of all risks remain within the risk appetite (shaded area in appendix 5).

Contact:	Paul Darby	Tel: 03000 261930
	Kevin Roberts	Tel: 03000 269657

Finance

There are no direct financial implications, but effective risk management helps to avoid or minimise financial loss.

Staffing

None

Risk

This report supports the delivery of the objectives of the Durham County Council's Risk Management Strategy. Each risk has been evaluated using Durham County Council's risk management methodology. Maintaining and continually reviewing the risk register is a key component of the control and governance framework for the Mountsett Crematorium Joint Committee.

Equality and Diversity

None

Accommodation

None

Crime and Disorder

None

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 Issues

None

Legal Implications

There are no direct implications, but effective risk management helps to ensure compliance with legal and regulatory obligations.

Appendix 2: How Mountsett Crematorium risks are managed

Two risk registers have been developed for Mountsett Crematorium, containing service and health and safety risks respectively. They are maintained in accordance with Durham County Council's methodology and approach to risk management. Regular reviews are undertaken to ensure that risk management continues to be embedded and that the risk registers are kept up to date, taking current issues into account.

Service Risk Register

The service risk register is maintained by the Bereavement Services Manager & Registrar (Countywide), supported by Durham County Council's Principal Risk and Governance Officer. Risk assessments are based on the impact on finance, service delivery and stakeholders if the risk materialises, and on the likelihood that the risk will occur over a given period, as shown in appendices 3A and 3B. This requires an evaluation of the gross risk and the net risk, which takes into account mitigating control measures. Formal reviews are undertaken twice a year and reported to the Mountsett Crematorium Joint Committee.

Health and Safety Risk Register

The health and safety risk register is maintained by the Bereavement Services Manager & Registrar (Countywide), supported by Durham County Council's Occupational Health and Safety Team. Risk assessments are based on the potential severity of injury and the likelihood of occurrence, as shown in the table below. This requires an evaluation of the net risk, which takes into account mitigating control measures. In line with Durham County Council's procedures, an in-depth review is undertaken every three years. A light-touch review is also undertaken twice a year. A single, overarching health and safety risk is included in the service risk register, which is reported to the Mountsett Crematorium Joint Committee twice a year.

HEALTH & SAFETY RISK ASSESSMENT CRITERIA		Likelihood (a full definition of each rating is set out in the detailed methodology)			
		<u>1 Very Unlikely</u>	<u>2 Unlikely</u>	<u>3 Likely</u>	<u>4 Very Likely</u>
Impact	4 Extreme Death or multiple deaths; substantial damage.	Low Risk	Medium Risk	High Risk	High Risk
	3 Severe Loss of limb or multiple injuries; significant damage.	Low Risk	Medium Risk	High Risk	High Risk
	2 Minor Three day or greater injury or illness; insignificant damage.	Insignificant	Low Risk	Medium Risk	Medium Risk
	1 Negligible Less than a three-day injury or illness; superficial damage.	Insignificant	Insignificant	Low Risk	Low Risk

Civil Emergencies

Durham County Council is jointly responsible for responding to civil emergencies (such as severe weather events, network power losses and flu epidemics) through the County Durham and Darlington Local Resilience Forum. An explanation of the arrangements for managing the risk of such events and a copy of the latest Community Risk Register can be found on the web page of the County Durham and Darlington [Local Resilience Forum](#).

Appendix 3A: Strategic Risk Assessment Criteria – Impact Factors

Factor and Description	Financial	Service Delivery/ Performance	Stakeholder and Reputation
5 Critical	> / = £15M > 5% of Service/ budget	<ul style="list-style-type: none"> • Inability to meet statutory duties • Key services can no longer be delivered – emergency actions needed, which need Cabinet approval. • Significant legal action or challenge • Intervention or sanctions by regulatory body / prosecution or litigation (including corporate manslaughter) • Strike action which is Council-wide or service-wide in a critical service for a long period • (in context of a project, this can also mean that the project cannot proceed, or that several critical benefits/ opportunities cannot be achieved) 	<ul style="list-style-type: none"> • Perception of the majority of potential partners and stakeholders that the Council is not 'fit to deal with'. • Loss of life
4 Major	£5M - £15M 3% - 5% of Service/ budget	<ul style="list-style-type: none"> • Major disruption to some statutory and / or non statutory services i.e. key service delivery adversely affected – crisis management implemented, which needs Cabinet approval. • Strike action which is Council-wide or service-wide in a critical service for a short period. • (in context of a project, this can also mean major disruption to delivering the project, or that a critical benefit/ opportunities cannot be achieved) 	<ul style="list-style-type: none"> • Serious reputational damage to the Council regionally/ nationally/ internationally • Damage to relationships with central government or other public bodies e.g. Environment Agency, other Councils • Perception of small number of potential partners and stakeholders that the Council is not 'fit to deal with'. • Serious injury to individual
3 Moderate	£1M - £5M 1% - 3% of Service/ budget	<ul style="list-style-type: none"> • Moderate disruption to statutory and / or non statutory services i.e. some disruption to service delivery – action plans to rectify • Service fails to maintain existing status under inspection regimes e.g. Ofsted • Resolution requires approval at CMT level • Limited strike action within a service • (in context of a project, this can also mean moderate disruption to delivering the project, or moderate impact on achieving benefits/ opportunities) 	<ul style="list-style-type: none"> • Results in negative Regional or National press / media coverage • Minor reputational damage to the County Council • Major criticism by other stakeholders e.g. partners, central government • Significant impact on the quality of life for a large section of the community
2 Minor	£0.5M - £1M 0.2% - 1% of Service/ budget	<ul style="list-style-type: none"> • Minor service disruption / customer dissatisfaction i.e. little disruption to service delivery – no long term or permanent impact on key services • Capable of resolution by Service Management Team • (in context of a project, this can also mean minor disruption to delivering the project, or minor impact on achieving benefits/ opportunities) 	<ul style="list-style-type: none"> • Results in negative press coverage within County Durham • Minor criticism by Community or other stakeholders e.g. Partners, central government • Significant number of complaints from service users • Serious reputational damage to own service area • Significant impact on the quality of life for a small section of the community
1 Insignificant	< £0.5M < 0.2% of Service/ budget	<ul style="list-style-type: none"> • Insignificant service disruption e.g. very little or no disruption to services • Impairment of quality of service • Capable of resolution by head of service and their management team • (in context of a project, this can also mean insignificant disruption to delivering the project, or insignificant impact on achieving benefits/ opportunities) 	<ul style="list-style-type: none"> • Results in negative press coverage within the locality / ward • Insignificant criticism by community or other stakeholders e.g. partners, central government • Insignificant number of complaints from service users • Minor reputational damage to own service area

Appendix 3B: Strategic Risk Assessment Criteria – Likelihood Factors

Factor and Description		Expected Frequency
5	Highly Probable	<ul style="list-style-type: none"> • More than once a year • Something that is already occurring or is likely to be a regular occurrence throughout a one year period • Inevitable i.e. the event is expected to occur in most circumstances • >80% chance of occurring
4	Probable	<ul style="list-style-type: none"> • Once a year • Something that has occurred in the last year, or is likely to occur at least once throughout a one-year period. • Probable or where the conditions of the loss occur on a regular basis i.e. the event will probably occur in most circumstances • 61% to 80% chance of occurring
3	Possible	<ul style="list-style-type: none"> • Every 1-3 years • Likely only to happen at some point over the next 1 to 3 years. • Possible but responding to well understood situations i.e. the event might occur at some time • 31% to 60% chance of occurring
2	Unlikely	<ul style="list-style-type: none"> • Every 3-5 years • Likely only to happen at some point over the next 3 to 5 years or likely to continue to occur i.e. the event is not expected to occur • 11% to 30% chance of occurring
1	Remote	<ul style="list-style-type: none"> • Over 5 years • Rare activity or is unlikely based on current intelligence i.e. the event may only occur in exceptional circumstances • < 10% chance of occurring

Appendix 4: Service Risk Register for Mountsett Crematorium

This is a list of service risks, ranked in order of net risk evaluation, based on the strategic risk assessment criteria in appendices 3A and 3B. Where changes to the risk assessment have occurred during the last quarter, these are indicated in the last column.

Ref	Risk	Net Impact	Net Likelihood	Net Risk Score	Conclusion	Changes/ Comments
1	Managing excess deaths	Minor (6)	Possible (3)	18	Treat	Staff vacancy: relief crematorium attendant. Net impact increased 4 to 6 but is still minor.
2	Serious breach of health and safety legislation	Moderate (8)	Unlikely (2)	16	Tolerate	Additional safeguards implemented for the cremators. These will be captured in the health and safety risk register.
3	ICT and Power Failure	Minor (5)	Unlikely (2)	10	Tolerate	
4	Sickness absence of key staff	Moderate (7)	Remote (1)	7	Tolerate	Business Administration apprentice started September 2018.
5	Breakdown of the partnership (with Gateshead Metropolitan Borough Council)	Moderate (7)	Remote (1)	7	Tolerate	
6	Failure of Cremators	Minor (6)	Remote (1)	6	Tolerate	
7	Not implementing changes in legislation	Minor (6)	Remote (1)	6	Tolerate	Risk closed. Proposed reforms to death certification will not directly affect crematorium.
8	Disclosure of confidential information through incorrect disposal / maintenance of information	Minor (5)	Remote (1)	5	Tolerate	From April 2019, due to lack of capacity, cremation forms will be held off-site under a contract with Boxit.
9	Loss of Income/Money	Minor (5)	Remote (1)	5	Tolerate	

Appendix 5: Profile of Service Risks for Mountsett Crematorium

Service Risks

This matrix profiles all service risks shown in appendix 4, based on the net risk evaluation. The shaded area represents the corporate risk appetite.

It is recommended that risk 8 be closed. As the net evaluations of risks 1 to 7, and risk 9 are within the risk appetite, they are considered to be at an acceptable level.

Impact					
Critical (score 13 – 15)					
Major (score 10 – 12)					
Moderate (score 7 – 9)	4 Sick Absence 5 Partnership	2 Health & Safety Breach			
Minor (score 4 – 6)	6 Cremators 7 Legislation [8 Confidentiality] 9 Loss of Income	3 ICT & Power	1 Excess Deaths		
Insignificant (score 1 – 3)					
Likelihood	Remote (score 1)	Unlikely (score 2)	Possible (score 3)	Probable (score 4)	Highly Probable (score 5)

This page is intentionally left blank

**Mountsett Crematorium
Joint Committee**

29 April 2019

Annual Internal Audit Report 2018/19



Report of the Chief Internal Auditor and Corporate Fraud Manager

Purpose of the Report

1. The purpose of this report is to present the Annual Internal Audit Report for 2018/19. (Copy attached at Appendix 2).

Executive Summary

2. The Annual Internal Audit Report provides an Opinion which makes conclusions on the overall adequacy and effectiveness of the Committees Framework of Governance, Risk Management and Control.
3. The work undertaken by Internal Audit in 2018/19 was in accordance with proper internal audit practices as described within the Public Sector Internal Audit Standards (PSIAS).
4. The report fulfils the requirements of PSIAS for the Chief Internal Auditor and Corporate Fraud Manager to deliver an annual audit opinion and a report that can be used by the Committee to inform its Annual Governance Statement.
5. The report provides a **Substantial** overall assurance opinion on the adequacy and effectiveness of internal control operating across the Joint Committee in 2018/19.

Recommendation

6. Members note the content of the Annual Internal Audit Report and the overall 'Substantial' opinion provided on the adequacy and effectiveness of the Council's control environment for 2018/19.

Background

7. This report fulfils the requirements of Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application note for the Chief Internal Auditor and Corporate Fraud Manager to deliver an annual audit opinion and a report that can be used by the Committee to inform its Annual Governance Statement.
8. The Annual Internal Audit Opinion makes conclusions on the overall adequacy and effectiveness of the Committees Framework of Governance, Risk Management and Control.

Other useful documents

Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note

Contact: Paul Bradley Chief Internal Auditor and Corporate Fraud Manager DCC
Tel: 03000 269645

Appendix 1: Implications

Finance

The broad programme of work undertaken by Internal Audit supports the Joint Committee in maintaining safe and efficient arrangements for the proper administration of its financial affairs.

Staffing

None

Risk

There are no direct risk implications arising for the Joint Committee as a result of this report, although we aim through our planning arrangements to review the adequacy and effectiveness of the risk management arrangements in place.

Equality and Diversity / Public Sector Equality Duty

None

Accommodation

None

Crime and disorder

None

Human rights

None

Consultation

None

Procurement

None

Disability issues

None

Legal Implications

Compliance with Public Sector Internal Audit Standards.



**MOUNTSETT CREMATORIUM
JOINT COMMITTEE**

**INTERNAL AUDIT
ANNUAL REPORT
2018/19**

LIST OF CONTENTS

	Paragraph
Introduction	1-3
Service Provided and Audit Methodology	4-8
Summary of Work Carried Out	9-15
Quality Assurance Framework	16-23
Audit Opinion Statement	24-27

Appendix:

Appendix 3 Internal Audit Report Mountsett Crematorium 2018/19

Introduction

1. This report summarises the work carried out by Durham County Council Internal Audit and Risk Service during 2018/19, as part of the three year Service Level Agreement covering the provision of Internal Audit Services up to 31 March 2020.
2. All Internal Audit work carried out in 2018/19 was in accordance with proper internal audit practices as described within the Public Sector Internal Audit Standards (PSIAS).
3. This report fulfils the requirements of PSIAS and the CIPFA Local Government Application note for the Chief Internal Auditor and Corporate Fraud Manager to deliver an annual audit opinion and a report that can be used by the Committee to inform its Annual Governance Statement.

Service Provided and Audit Methodology

4. Internal Audit is an independent, objective assurance and consultancy activity designed to add value and improve an organisation's operations.
5. Our primary objective is to provide an independent and objective annual opinion on the Joint Committee's control environment which is comprised of the systems of governance, risk management and internal control.
6. The Internal Audit Charter establishes and defines the role, the terms of reference and the scope of audit work, including the audit strategy, organisational independence and the reporting lines of Internal Audit. The Charter in its current form was last considered by the Joint Committee on 27 September 2018.
7. In accordance with the Internal Audit Charter, a risk based audit approach has been applied to work undertaken in 2018/19.
8. To determine the audit opinion the internal audit service has considered the following:
 - The adequacy of risk identification, assessment and mitigation
 - The adequacy and application of controls to mitigate identified risk
 - The adequacy and extent of compliance with the Council's corporate governance framework
 - The extent of compliance with relevant legislation
 - The extent to which the organisation's assets and interests are accounted for and safeguarded from loss of all kinds including fraud, waste, extravagance, inefficient administration and poor value for money
 - The quality and integrity of financial and other management information utilised within the organisation

Work carried out in 2018/19 to inform the annual audit opinion

9. The key areas of assurance of the control environment where assurance is required to inform our overall opinion are financial management, risk management and corporate governance.
10. Our assurance opinion for 2018/19 has been primarily determined through the annual review of processes and procedures in place on site at the Crematorium which evaluated the management of the following risks:
 - Non-compliance with the Cremation Regulations 2008.
 - Non-compliance with the Federation of British Cremation Authorities Code of Cremation Practice.
 - Ashes are disposed of incorrectly.
 - Equipment failure.
 - Lack of experienced staff.
 - Insufficient capacity to meet demand in the event of an epidemic, pandemic or major disaster.
 - Income is not accounted for/misappropriated.
 - Unauthorised payments are made.
 - Stock / Assets are not accounted for / misappropriated.
 - Damage / theft of equipment.
 - Employees are incorrectly paid
 - Significant risks are not being managed and the objectives are not being achieved.
 - Ineffective budget monitoring processes are in place.
11. This audit was carried out during February 2019 in accordance with terms of reference agreed with the Crematorium's Bereavement Services Manager. The review concluded that the internal control systems in place provided a **Substantial** level of assurance that the above risks were being effectively managed. The full audit report is attached as Appendix 3.
12. Further assurance on the effectiveness of risk management arrangements can also be taken from the work carried out by the County's Corporate Risk Officers who have continued to monitor strategic and operational risk registers during the year, with their latest reviews being reported for consideration by the Joint Committee on 27 April 2018 and 27 September 2018.
13. Processes in place provide assurance that the Bereavement Services Manager and his staff have a very good understanding of risk and adequate measures have been put in place to either mitigate or tolerate identified risks and it is evident from audit work carried out that risk management processes are well embedded.
14. No specific work has been carried out this year in reviewing the effectiveness of the Joint Committee's key corporate governance arrangements by Internal Audit as this was not considered a high risk area. The majority of the Joint Committee's key corporate governance arrangements in place reflect those of Durham County Council which are subject to an annual effectiveness review to inform the County Council's Annual Governance Statement. This is subject to review and challenge by the County Council's Audit Committee.

15. It should, however, be noted that in evaluating the control framework in place relating to the risks identified at paragraph 10, the adequacy and effectiveness of relevant policies and procedures that contribute to the Joint Committee's corporate governance arrangements were considered in arriving at the Substantial Assurance Opinion.

Quality Assurance Framework

Conformance with Public Sector Internal Audit Standards (PSIAS)

16. The Accounts and Audit Regulations 2015 require that 'a larger relevant body (the Council) must, at least once in each year, conduct a review of the effectiveness of its internal audit' and confirms that the findings of the review must "must be considered as part of the consideration of the system of internal control".
17. The Council's Audit Committee at its meeting on 29 June 2018 received an evaluation, in the form of a self-assessment carried out by the Chief Internal Auditor and Corporate Fraud Manager, with regards to compliance with the key elements of the PSIAS that considered the following matters:
 - The structure and resourcing level, including qualifications and experience of the audit team;
 - The extent of conformance with the PSIAS in producing quality work;
 - Ensuring audit work was successfully delivered in the most appropriate areas on a prioritised (risk) basis;
 - The overall performance of the Internal Audit team.
18. For 2017/18, this demonstrated that the Section was conforming to the Code's requirements. This self-assessment was based on the PSIAS that were in place during 2017/18.
19. A self-assessment for 2018/19 is currently being undertaken against the PSIAS and whilst no issues have been identified at the time of writing this report, the final outcome of the review will be reported to Council's Audit Committee at its meeting on 28 June 2019.
20. In compliance with the services' quality assurance framework, the 2018/19 annual Internal Audit review, the scope and terms of reference were developed using a risk based approach and agreed with the Bereavement Services Manager. This approach ensured that audit resources were applied to agreed high risk areas where there was little or no other assurance.
21. In accordance with the Internal Audit Charter audit working papers and all audit reports have been reviewed by an audit manager to ensure that expected quality standards are maintained and that all audit findings and conclusions were supported by appropriate testing and evidence.
22. The accuracy of audit findings were confirmed by the Bereavement Services Manager who was given the opportunity to challenge audit findings and the draft report prior to it being finalised.
23. A customer satisfaction survey is issued after every audit to provide feedback and help the service continually improve.

Audit Opinion Statement

24. The Joint Committee has responsibility for maintaining a sound system of internal control that supports the achievement of its objectives.
25. The Chief Internal Auditor and Corporate Fraud Manager is required to provide an opinion on the adequacy and effectiveness of the Joint Committee's risk management, control and governance processes.
26. In giving this opinion it should be noted that assurance can never be absolute and therefore only reasonable assurance can be provided that there are no major weaknesses in these processes.
 - In assessing the level of assurance to be given, we based our opinion on:
 - The audit review of Mountsett Crematorium undertaken during the year
 - Follow up action on audit recommendations
 - Any significant recommendations not accepted by management and the consequent risk
 - The effects of any significant changes in the Crematorium's systems
 - Matters arising from previous reports to the Joint Committee
 - Any limitations which may have been placed on the scope of internal audit's annual review
 - The extent to which resource constraints may impinge on internal audit's ability to meet the full audit needs of the Joint Committee
 - The outcomes of the audit quality assurance process
 - Consideration of a number of other sources of assurance available
27. Based on the work undertaken, the Chief Internal Auditor and Corporate Fraud Manager is able to provide a **Substantial** overall assurance opinion on the adequacy and effectiveness of internal control operating across the Joint Committee in 2018/19. This opinion ranking provides assurance that "There is a sound system of control. Any weaknesses identified expose some of the system objectives to minor risk". Consequently, there are no significant issues that warrant inclusion in the 2018/19 Annual Governance Statement.



Internal Audit Report

Mountsett Crematorium

Ref No: 13590/2019

Final Report

Assurance Opinion: Substantial Assurance

Prepared by: Lisa Metcalfe, Senior Auditor
Jill Natrass, Senior Auditor

Reviewed by: David Mitchell, Principal Auditor
Stephen Carter, Audit and Fraud Manager

Date issued: 03 April 2019

Distribution List

For Action: Graham Harrison, Bereavement Services Manager

For Information: Ian Hoult, Neighbourhood Manager
Paul Darby, Head of Financial and Transaction Services
Oliver Sherratt, Head of Direct Services
Paul Bradley, Chief Internal Auditor and Corporate Fraud Manager

Confidential

This report is confidential and has been prepared solely for use by officers named on the distribution list and, if requested, the County Council's External Auditor and its Audit Committee to meet legal and professional obligations. It would therefore not be appropriate for this report or extracts from it to be made available to third parties and it must not be used in response to FOI or data protection enquiries without the written consent of the Chief Internal Auditor. We accept no responsibility to any third party who may receive this report, in whole or in part, for any reliance that they may place on it.

Contents

Introduction..... 1
Conclusion..... 1
Summary of Findings..... 1-2
Background 2
Scope and Audit Approach..... 3
Overall Assurance Opinion and Priority of Our Recommendations.....3
Appendix A – Action Plan of Findings and Recommendations5

Introduction

1. As part of the 2018/19 Internal Audit Plan, an audit was carried out in February 2019 to evaluate the control framework in place on the management of the risks associated with Mountsett Crematorium.
2. The last audit in this area was completed in February 2018.

CONCLUSION

3. The audit work carried out can provide a **Substantial** level of assurance that the control framework and procedures in place are effective in managing the associated risks.

SUMMARY OF FINDINGS

4. The review was carried out using a risk based approach informed by the Control Risk Assessment (CRA) document and was undertaken by a review of supporting systems, documentation, discussion with key employees, and sample testing covering the period January 2018 to December 2018.
5. The review confirmed that there are effective arrangements for the management of the risks associated with Mountsett Crematorium.
6. Effective budgetary control and performance monitoring processes were in place.
7. Fees had been appropriately approved and charged in respect of cremations, memorial plaques, and entries into the book of remembrance.
8. Income collection and banking records were found to be complete and accurate and were independently reconciled to the bank account.
9. The register of cremations was found to be accurate and entries were traced to supporting documentation including the application form, medical forms, authorisation to cremate, and treatment of ashes.
10. Invoices for cremation costs reviewed on BACAS had been raised for the samples chosen and had corresponding payments.
11. An outstanding invoice report was obtained which identified there are no outstanding invoices.
12. Appropriate controls were in place for the management of petty cash including the independent verification of expenditure.
13. Purchase orders were authorised and invoices were checked and authorised prior to payment being made.

14. Salary payments to employees were found to be accurate.
15. As a result of the audit, there was one medium priority finding. A summary of this is set out below;
 - 31% of invoices paid in 2018/19 had not be paid within 30 days. The current process is that invoices are received by the Finance office at the Crematorium for input into SAGE. The invoices are then physically taken by the Bereavement Services Manager to Finance at County Hall for payment in Oracle. The delay is often the result of invoices being sent by the supplier to Creditors, despite the Bereavement Services Manager having requested suppliers on numerous occasions to send them directly to the Crematorium.
16. Our findings, together with recommendations made to improve the management of identified risks and the resultant management response, are provided in the action plan attached as Appendix A.
17. Three best practice recommendations have also been identified during the audit;
 - Tippex continues to be used in the Register of Cremations, however not to the extent found at the previous audit. Tippex should not be used in the Register of Cremations or any other source documentation.
 - 18 of the 48 cremations tested did not have a signature confirming the client was aware of the right to inspect medical certificates. The Right to Inspect Medical Certificates section on the form should be signed by the client. If this is not possible, the Funeral Director should note and sign that it has been discussed with the client.
 - Five of the 12 orders selected for review had been raised after the invoice had been received. All orders should be raised as soon as possible and prior to the invoice being received.

Background

18. This review has been carried out in accordance with the Terms of Reference.
19. This review aims to help management achieve its objectives by providing an opinion on the adequacy of the control framework in place to manage risks effectively. The conclusions from the review will inform the annual audit opinion provided by the Chief Internal Auditor on the adequacy and effectiveness of the entire control environment operating across the whole of the Authority, required to inform the Annual Governance Statement.

- 20. The report is intended to present to management the findings and conclusions of the audit. Wherever possible, findings and recommendations made to improve the control framework have been discussed with the appropriate officers and their views taken into account.
- 21. In carrying out the audit, the time and assistance afforded by the Crematorium employees and Eleanor Bennett from Resources Finance was greatly appreciated.

Scope and Audit Approach

- 22. The scope and audit approach for this review were agreed as part of the preparation stage of the audit and were reflected in the agreed terms of reference. The scope was informed by a Control Risk Assessment (CRA) determined in consultation with appropriate officers.

Overall Assurance Opinion and Priority of Our Recommendations

- 23. Based upon the ratings of our findings and recommendations arising during the audit, we define the overall conclusion through the following assurance opinions.

Opinion	Definition
Substantial Assurance	There is a sound system of control. Any weaknesses identified expose some of the system objectives to minor risk.
Moderate Assurance	Whilst there is basically a sound system of control, there are some weaknesses, which expose objectives to risk.
Limited Assurance	There are weaknesses in key areas in the system of control, which expose objectives to unacceptable levels of risk.

24. We define the priority of our recommendations arising from each overall finding as follows;

Priority	Definition
High	Action required, that is considered imperative , to improve the control environment so that objectives are not exposed to unacceptable risks through lack of or weaknesses in critical or key controls.
Medium	Action required to improve the control environment so that objectives are not exposed to risks through weaknesses in controls.
Best Practice	The issue merits attention and its implementation will enhance the control environment.

Appendix A – Action Plan of Findings and Recommendations



Page 52

Finding	Recommendation	Management Comment	Responsibility Timescale
<p>Action Ref: 01</p> <p>It was established that 44 of the 140 invoices reviewed in 2018/19 (31%) had not be paid within 30 days.</p> <p>The current process is that invoices are received by the Finance office at the Crematorium for input into SAGE. The invoices are then physically taken by the Bereavement Services Manager to Finance at County Hall for payment in Oracle. The delay is often the result of invoices being sent by the supplier to Creditors, despite the Bereavement Services Manager having informed the suppliers on numerous occasions to send it directly to the Crematorium.</p>	<p>Priority: Medium</p> <p>The Bereavement Services Manager should investigate with the Payments and Expenditure Team other methods available for the receiving and payment of invoices to streamline processes, avoid delay and duplication of effort.</p> <p>In the interim, all invoices should be date stamped upon receipt at the Crematorium to confirm the date the invoice was actually received. The invoices should then be passed for payment as soon as possible in order to be paid within the 30 day target.</p>	<p>All invoice are now date stamped and all suppliers are to be e-mailed advising them of where invoices should be directed.</p>	<p>Graham Harrison 01/04/2019</p>