



Central Durham Crematorium Joint Committee

Date **Wednesday 28 April 2021**
Time **9.30 am**
Venue **Remote Meeting - held via Microsoft Teams**

Business

Part A

Items which are open to the Public and Press

1. Apologies for Absence
2. Substitute Members
3. Minutes of the meeting held 27 January 2021 (Pages 3 - 10)
4. Declarations of Interest, if any
5. Performance and Operational Report (Pages 11 - 18)
Report of the Bereavement Services Manager and Registrar.
6. Financial Monitoring Report - Provisional Outturn as at 31 March 2021 (Pages 19 - 28)
Joint Report of the Corporate Director of Neighbourhoods and Climate Change and the Interim Corporate Director of Resources and Treasurer to the Joint Committee.
7. Risk Register Update 2020/21 - 2 (Pages 29 - 36)
Joint Report of the Corporate Director of Neighbourhoods and Climate Change and the Interim Corporate Director of Resources and Treasurer to the Joint Committee.
8. Annual Internal Audit Report 2020/21 (Pages 37 - 58)
Report of the Interim Chief Internal Auditor and Corporate Fraud Manager.
9. Such other business as, in the opinion of the Chair of the meeting, is of sufficient urgency to warrant consideration

Helen Lynch
Head of Legal and Democratic Services

County Hall
Durham
20 April 2021

To: **The Members of the Central Durham Crematorium Joint
Committee**

Durham County Council: D Bell, J Blakey, D Brown, J Chaplow
(Vice-Chair), K Corrigan, A Hopgood,
P Jopling, B Kellett, H Liddle, S Quinn,
A Simpson and J Stephenson

Spennymoor Town Council: N Foster (Chair), B McAloon and
C Sproat

DURHAM COUNTY COUNCIL

CENTRAL DURHAM CREMATORIUM JOINT COMMITTEE

At a Meeting of **Central Durham Crematorium Joint Committee** held **remotely via Microsoft Teams** on **Wednesday 27 January 2021** at **9.30 am**

Present:

Councillor N Foster (Chair)

Durham County Council:

Councillors D Bell, J Blakey, D Brown, J Chaplow (Vice-Chair), A Hopgood, P Jopling, H Liddle, S Quinn, A Simpson and J Stephenson

Spennymoor Town Council:

Town Councillors I Machin and D Ranyard

1 Apologies for Absence

Apologies for absence were received from County Councillors K Corrigan and B Kellett, and Town Councillors B McAloon and C Sproat.

2 Substitute Members

Town Councillors I Machin and D Ranyard substituted for Town Councillors B McAloon and C Sproat.

3 Minutes

The minutes of the meeting held on 1 October 2020 were confirmed as a correct record and would be signed and initialled by the Chair.

4 Declarations of Interest

There were no Declarations of Interest submitted.

5 Performance and Operational Report

The Bereavement Services Manager and Registrar, Graham Harrison asked Members to note the performance figures from 1 September 2020 to 31 December 2020 and the comparison to the same period for 2019, highlighting that there was a net decrease of 62 cremations year on year. It was noted there was a total of 735 for the three-month period with the September to December profile breakdown showing 201 from Durham, 29 from Spennymoor and 505 from outside of the area.

The Joint Committee were informed that, in respect of the new lower cost direct cremation option for the period 1 April 2020 and 31 December 2020, the Crematorium had carried out 28 unattended direct cremations and there had been no attended direct cremations.

Members were asked to note that the number of memorials sold had increased slightly in comparison to the same period the previous year, with sales being £6,039 more than the comparable period last year.

The Bereavement Services Manager and Registrar asked Members to note his thanks to all the Crematorium staff for their work during the COVID-19 pandemic, continuing to provide a high level of service to the bereaved and their loved ones. He added the staff were very experienced and had received specific training relating to the work of the crematoria, both Durham and Mountsett. He noted that an expression of interest for early retirement / voluntary redundancy had been made and therefore, to ensure that the service had robust contingency and resilience for the future, options for consideration would be presented to the next meeting of the Joint Committee.

Councillors were reminded that it had been noted at the September meeting that for the ninth year running the Crematorium had achieved the Green Flag Award and that an application for the 2021 award had been submitted and progress would be reported back to a future meeting. It was added that the management plan to maintain the required standards would be updated and any required works would be covered by existing budgets.

In respect of the Recycling of Metals Scheme, it was noted there had been two rounds of surplus nationally in 2020 and a cheque in the sum of £10,000 had been received from the Institute of Cemetery and Crematorium Management for St. Cuthbert's Hospice.

It was added that, due to COVID-19, arrangements had been made for the cheque to be passed to St. Cuthbert's Hospice, without the usual presentation by the Chair and Vice-Chair.

It was noted a copy of a letter of thanks from St. Cuthbert's Hospice was included in the report at Appendix 3. Members were informed that second round of nominations had now been made available and Antenatal Results and Choices had been nominated.

The Bereavement Services Manager and Registrar reminded Members that cleaning at the crematorium was provided by Durham County Council's Facilities Management team who provided the service by way of a Service Level Agreement (SLA). It was explained that the two year SLA had expired on 31 March 2020, however, due to the cancelled meetings in 2020 as a result of COVID-19 a revised SLA was not reported to the Joint Committee. He added that a high quality service had continued to be provided and Members were asked to consider and approve a revised SLA, as set out at Appendix 4 of the report, for the period April 2020 to March 2022.

The Joint Committee were informed of a new mandatory inspection scheme operated by the Federation of Burial and Crematorium Authorities (FBCA) to ensure standards of quality were maintained by crematoria. It was explained there was no additional cost for the inspection, it was included within the annual subscription fee. The Bereavement Services Manager and Registrar added that an inspection took place on 28 October 2020 and involved scrutinising six separate key areas of service delivery. He noted the Inspector found the crematorium complied with the key areas of compliance, that there was an excellent level of service provision, and did not feel it necessary to make any recommendations. It was noted the crematorium achieved a score of 321 out of 325, 99 percent, with a copy of the Inspector's report attached to the agenda papers at Appendix 5.

The Bereavement Services Manager and Registrar noted that unfortunately, due to COVID-19, St. Cuthbert's Hospice had been unable to provide a Christmas tree, as it had in previous years, to allow visitors to write a personal message and place it on the Christmas tree with a bauble. He added that St. Cuthbert's Hospice had requested that they be allowed to continue to provide a Christmas tree again in 2021, with the Hospice supplying the tree and decorations at no cost to the Central Durham Crematorium Joint Committee. It was noted no other requests from other organisations had been received.

The Chair thanked the Bereavement Services Manager and Registrar and asked for comments and questions.

Town Councillor D Ranyard asked if there had been any further progress in respect of the widening of the entrance to the crematorium site.

The Bereavement Services Manager and Registrar noted revised drawings were being prepared by the Council's Design Team and it was hoped works would commence in April 2021.

Councillor J Blakey asked as regards deep cleaning and the ongoing situation in respect of the electricity generator. The Bereavement Services Manager and Registrar noted the issue of deep cleaning, including some carried out by himself, and added the feasibility study regarding the placement of a backup generator had not been progressed as yet due to current COVID-19 situation, however, he would progress as soon as things eased.

Resolved:

- (i) That the current performance of the Crematorium be noted.
- (ii) That the current situation with regards to the staffing of the Crematorium be noted.
- (iii) That the continued success with regards to the Green Flag Award be noted.
- (iv) That the updated position with regards to the recycling of metals scheme be noted.
- (iv) That the Service Level Agreement with regards to the cleaning of the crematorium be approved.
- (v) That the compliance scheme report from the Federation of Burial and Crematorium Authorities, following their inspection of the Crematorium, be noted.
- (vi) That St Cuthbert's Hospice providing a Christmas tree again in 2021 be agreed.

6 Financial Monitoring Report - Position at 31/12/20, with Projected Revenue and Capital Outturn at 31/03/21

The Joint Committee considered a joint report of the Corporate Director of Neighbourhoods and Climate Change and Interim Corporate Director of Resources and Treasurer to the Joint Committee which set out details of income and expenditure in the period 1 April 2020 to 31 December 2020, together with the forecast outturn position for 2020/21, 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 2020 and forecast outturn position at 31 March 2021, taking into account the provisional financial outturn (for copy see file of Minutes).

The Finance Manager, Neighbourhoods and Climate Change, Phillip Curran explained that the updated projected outturn showed a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £978,197 against a budgeted surplus of £761,132, £217,065 more than the budgeted position. It was noted that details of the significant variances were set out within in the report, with an explanation set out from paragraph 12 onwards.

The Finance Manager, Neighbourhoods and Climate Change went on to advise that in terms of the retained reserves at 31 March 2021, they were forecast to be £1,546,351 along with a General Reserve of £517,770 giving a forecast total reserves and balances position of £2,064,121 at the year end.

Resolved:

That the April to December 2020 financial monitoring report and associated provisional revenue and capital outturn positions at 31 March 2021, including the projected year position with regards to the reserves and balances of the Joint Committee be noted.

7 Provision of Support Services 2021/22

The Joint Committee considered a joint report of the Corporate Director of Neighbourhoods and Climate Change and Interim Corporate Director of Resources and Treasurer to the Joint Committee which outlined the propose Service Level Agreement (SLA) for Support Service provision by Durham County Council to the Central Durham Crematorium Joint Committee for the period April 2021 to March 2022 (for copy see file of Minutes).

The Finance Manager, Neighbourhoods and Climate Change noted the one and a half percent increase to the fee reflected pay and price inflation and the details of SLA were set out at Appendix 2.

Resolved:

That the Service Level Agreement attached at Appendix 2 (including relevant schedule) for the year 2021/22 be approved.

8 Fees and Charges 2021/22

The Joint Committee considered a joint report of the Corporate Director of Neighbourhoods and Climate Change and Interim Corporate Director of Resources and Treasurer to the Joint Committee which set out details of the proposed fees and charges for Durham Crematorium for 2021/22 (for copy see file of Minutes).

The Finance Manager, Neighbourhoods and Climate Change advised that taking into account inflationary and cost pressures it was recommended that the cremation fee increased by £20 (2.8 percent) to £740 inclusive of medical referee, and environmental surcharge fees where appropriate.

A full schedule of the proposed fees and charges for Durham Crematorium was shown in Appendix 2 of the report, alongside benchmarking comparison data shown in Appendix 3.

The Finance Manager, Neighbourhoods and Climate Change noted a matrix set out at paragraph 10 of the report which indicated the extra income that could be received / budgeted with varying levels of assumptions on cremation numbers and fee increases.

The Chair thanked the Finance Manager, Neighbourhoods and Climate Change and asked for comments and questions.

Town Councillor I Machin asked as regards the budget being ran prudently and what would be done if the levels of cremation continued at the level greater than forecast as a result of the pandemic. The Finance Manager, Neighbourhoods and Climate Change noted that the last year had been very difficult in terms of the pandemic and therefore the budget would not be set looking at those numbers, rather the prudent levels pre-pandemic. He added that if the higher level of cremations did continue then the budget would be looked at accordingly.

Resolved:

- (i) That Members of the Joint Committee note and approve the proposed fees and charges at Appendix 2 effective from 1 April 2021, which seeks to increase the cremation by £20 (2.8 percent) per crematorium from £720 to £740.
- (ii) The proposed fees and charges are incorporated into the 2021/22 budget.

9 2021/22 Revenue and Capital Budgets

The Joint Committee considered a joint report of the Interim Corporate Director of Regeneration and Local Services and Corporate Director of Resources which set out proposals with regards to the 2021/22 Revenue and Capital Budgets for Durham Crematorium (for copy see file of Minutes).

The Finance Manager, Neighbourhoods and Climate Change noted the report incorporated the information from the previous items, the support services SLA, fees and charges and added that there would be the usual distribution of surplus to the two constituent Authorities and that the estimate of reserves at the end of March 2022 was approximately £2 million.

Resolved:

- (i) That the revenue and capital budget proposals contained within the report and appendices be noted and approved.
- (ii) That the forecast level of reserves and balances at 31 March 2022 be noted.

10 Book of Remembrance

The Chair noted Councillor A Hopgood wished to raise an issue and asked her to speak.

Councillor A Hopgood thanked the Chair and noted her thanks to the Bereavement Services Manager and Registrar and all the Crematorium staff for their hard work. She explained she had received a query from a resident in respect of a lack of access to the physical Book of Remembrance at the Crematorium. She noted March would mark the anniversary of the first deaths from COVID-19 and that access to the Book of Remembrance would be important for families. She noted access to the book had not been permitted for several months and asked if a facility in terms of safe appointments, with appropriate cleaning, could be instigated. She added budgets could be looked at and additional staff/costs taken into account so that the Crematorium could do all it could to help those that had lost loved ones.

The Chair noted that access to the physical book had been as a result of Government guidelines and there was the option in terms of the online Book of Remembrance.

The Bereavement Services Manager and Registrar reiterated as regards staffing levels and noted the schedule in terms of deep cleaning for the Crematorium.

He added he would look at options and report back if Members wished. Councillor A Hopgood noted she felt it was an important issue and that the increased revenue could be used to look to have a system in place as soon as possible. The Chair noted he, along with the Vice-Chair, would work with the Bereavement Services Manager and Registrar in terms of progressing the issue.



Report of Graham Harrison, Bereavement Services Manager & Registrar

Electoral division(s) affected:

Countywide

Purpose of the Report

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

Executive summary

2. This report provides Members of the Central Durham 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 Central Durham Joint Committee:
 - a. Note the current performance of the crematorium.
 - b. Note the additional cleaning undertaken as part of the Covid outbreak.
 - c. Note the introduction of credit card payment facilities at the crematorium.
 - d. Note the cancellation of the Joint Conference of the Federation of Burial & Cremation Authorities and the Cremation Society of Great Britain.

Background

4. This report provides Members of the Central Durham Crematorium Joint Committee with an update of performance and operational matters at the crematorium since the last meeting of the Joint Committee.

Performance Update - Number of Cremations

5. The table below provides details of the number of cremations for the period 1 January 2021 to 31 March 2021 inclusive, with comparative data in the same period last year:

	2019/20	2020/21	Change
January	233 + 1*	226 + 1*	- 7 + 0*
February	199 + 0*	221 + 3*	+ 22 + 3*
March	226 + 1*	223 + 1*	- 3 + 0*
TOTAL	658 + 2*	670 + 5*	+ 12 + 3*

* = Non-Viable Foetus (NVF) ** = Stillborns (STs) *** = Body part

6. The full profile of where families came from can be seen in Appendix 2. In summary, 207 came from Durham, 25 came from Spennymoor and 438 from other areas. There were 5 NVF cremations undertaken for the period covered by this report compared to 2 in the same period last year, which is an increase of 3 NVF and an increase of 12 cremations.
7. The total number of cremations in 2020/21 was 2,738 compared with 2,350 in 2019/20, an increase of 388 cremations, which is due to the Covid 19 pandemic.
8. The 2020/21 budget was set at a prudent assumption of 2,200 cremations during the year. The actual number of cremations undertaken was therefore 538 more than the budgeted position. This is reflected in an over achievement of cremation fee income of £325,839 in year, which is included in the financial monitoring report.
9. The table below shows the comparative figures for the previous ten financial years:

Year	Cremations
2010/11	2,282
2011/12	2,205
2012/13	2,379
2013/14	2,227
2014/15	2,287
2015/16	2,247
2016/17	2,324
2017/18	2,294

Year	Cremations
2018/19	2,392
2019/20	2,350
2020/21	2,738

Memorials

10. The table below outlines the number and value of the memorials sold in the period January to March 2021 compared to the same period the previous year.

	Jan-March Number	2019/20 £	Jan-March Number	2020/21 £
Vase Blocks	4	2,642	4	2,658
Large Plaques	18	7,686	18	7,724
Small Plaques	3	714	3	783
Niche	0	0	1	1,145
Renewal	23	3,948	28	4,676
Seat	0	0	1	1,042
Leaf Plaques	0	0	11	1,100
Total	48	14,990	66	19,128

11. In overall terms, the number and value of memorials sold of 66 / £19,128, compares to 48 / £14,990 in the same period last year. This is a year on year increase of 18 memorials sold and £4,138 additional income generated.
12. The table below identifies the total number and value of memorials sold during 2020/21 compared to 2019/20:

	2019/20 Total		2020/21 Total	
	Number	£	Number	£
Vase Blocks	18	11,878	20	13,172
Large Plaques	50	21,150	59	25,035
Small Plaques	9	2,280	13	3,393
Niche	6	7,650	7	8,787
Renewal	89	15,107	110	17,759
Seat	0	0	1	1,042
Leaf Plaques	0	0	13	1,300
Total	172	58,065	223	70,488

Operational Matters

Staffing matters

13. Members were updated at the last meeting with regards to the current Covid 19 situation that staff are faced with on a daily basis and they continue to demonstrate the high level of service that we can to the bereaved.
14. The staff continue to cope with the demands and are an asset to the Crematorium and I continue to thank them for their assistance during this difficult time.
15. Due to a recent Covid 19 outbreak at the crematorium several of the staff had to self-isolate and we therefore had to bring in relief staff from within our service area to cover. A number of these staff continue to assist where possible and are an asset to the Authority.
16. We have also had to undertake additional cleaning of the crematorium during the day by employing an additional cleaner who assists the crematorium staff for 3 hours during the day.

Credit Card Payments

17. The crematorium does not currently offer a credit card payment option to members of the public wanting to pay for some of our services and we are regularly asked if the payment option is available.
18. Discussions have therefore been held with the Income and Support team regarding the crematorium offering this service and a chip and pin machine has been ordered for a monthly rental of £16 per month plus nominal processing fees. The cost can be absorbed within existing office budgets and this will provide an enhanced service to families.

Cremation & Burial Conference & Exhibition 2021

19. The Joint Conference of the Federation of Burial and Cremation Authorities and the Cremation Society of Great Britain was due to be held at the Hilton Ageas Bowl, Southampton from 21 to 23 June 2021, however due to the pandemic has once again been cancelled.

Contact: Graham Harrison

Tel: 03000 265606

Appendix 1: Implications

Legal Implications

There are no legal implications associated with this report

Finance

As identified in the report with regards to the position of the Income.

Consultation

Officers of Spennymoor Town Council were consulted on the contents of this report.

Equality and Diversity / Public Sector Equality Duty

There are no Equality and Diversity implications associated with this report.

Climate Change

None.

Human Rights

There are no Human Rights implications associated with this report.

Crime and Disorder

There are no Crime and Disorder implications associated with this report.

Staffing

As identified in the report.

Accommodation

There are no accommodation implications associated with this report.

Risk

As identified in the report.

Procurement

There are no procurement issues associated with this report.

Appendix 2: Breakdown of Figures

	Jan	Feb	Mar	Total
Durham	75	69	63	207
Bishop Auckland	6	3	9	18
Blackhall	1	3	3	7
Chester Le Street	14	12	19	45
Chilton		1	1	2
Consett		1	1	2
Crook	2	1	9	12
Darlington		2	1	3
Easington		5	3	8
East Rainton		1		1
Esh Winning	2	5	3	10
Ferryhill	3	5	8	16
Fishburn		1	1	2
Gateshead	1	1	1	3
Great Lumley	3	3	1	7
Hartlepool	2			2
Haswell	4	2		6
Hetton Le Hole		2	1	3
Horden	7	10	4	21
Houghton	4	7	3	14
Howden	1			1
Kimblesworth			1	1
Lancashire			2	2
Lanchester	3		3	6
Langley Park		8	5	13
Middlesbrough		1		1
Murton	5	6	4	15
New Brancepeth	2		2	4
Newcastle		3	2	5
Newton Aycliffe	4	2	2	8
Northumberland	2	1		3
Ouston	1	1	1	3
Peterlee	14	12	17	43
Scotland		1		1
Sacrison	8	3	6	17
Seaham	14	6	5	25
Sedgefield	2	2	1	5
Sildon	1			1
Shotton	3	3	6	12

	Jan	Feb	Mar	Total
South Hetton			2	2
Spennymoor	10	8	7	25
Stanhope	1			1
Stanley	2	2	1	5
Station Town			2	2
Stockton			1	1
Sunderland		4	1	5
Southern England		1		1
Thornley		1	1	2
Tow Law	1	1	2	4
Trimdon	7	2	5	14
Washington		1		1
West Auckland	1			1
West Cornforth	6	5	1	12
Wheatley Hill	7	3	6	16
Willington	4	5	1	10
Wingate	3	3	3	9
Wolsingham		1	2	3
Yorkshire		1		1
Total	226	221	223	670

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**Central Durham Crematorium
Joint Committee**

28 April 2021



**Financial Monitoring Report –
Provisional Outturn as at 31 March 2021**

Joint Report of

**Alan Patrickson, Corporate Director of Neighbourhoods and
Climate Change**

**Paul Darby, Corporate Director of Resources (Interim) and
Treasurer to the Joint Committee**

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 This report provides members of the Central Durham Crematorium Joint Committee with details of the provisional outturn position for 2020/21 and the projected level of reserves and balances at 31 March 2021.

Executive summary

- 2 This report sets out details of income and expenditure in the period 1 April 2020 to 31 March 2021, showing the provisional revenue and capital outturn position for 2020/21 and highlighting areas of over / underspends against the approved budgets at a service expenditure analysis level.
- 3 The report also details the funds and reserves of the Joint Committee at 1 April 2020 and forecast final position at 31 March 2021, taking into account the updated provisional financial outturn.
- 4 The revenue outturn is a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £985,411 against a budgeted surplus of £761,132, £224,279 more than the budgeted position.
- 5 Contributions to earmarked reserves are £367,501 more than originally budgeted, mainly due to the additional cremations (to budget) carried out throughout the year and a number of capital schemes being carried forward into next year.

- 6 In line with the CDCJC Reserve Policy to maintain a General Reserve of 30% of the income budget, a transfer to the General Reserve of £20,100 is required at year end. This results in a net transfer to the Major Capital Works Reserve of (£277,733).
- 7 The retained reserves of the CDCJC at 31 March 2021 are forecast to be £1,638,566 along with a General Reserve of £517,770, giving a forecast total reserves and balances position of £2,156,336 at the year end.

Recommendation(s)

- 8 It is recommended that Members note the April 2020 to March 2021 financial monitoring report and associated provisional revenue and capital outturn positions at 31 March 2021, including the projected year position with regards to the reserves and balances of the Joint Committee.

Background

- 9 Scrutinising the financial performance of the Central Durham 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 Central Durham Crematorium

Financial Performance

- 10 Budgetary control reports, incorporating outturn projections, are considered by Neighbourhoods and Climate Change 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 Central Durham Crematorium are included within this report.
- 11 Members should be aware that the 2020/21 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 Central Durham Crematorium as at 31 March 2021.

Subjective Analysis (Type of Expenditure)	Base Budget 2020/21 £	Year to Date Actual April – March £	Provisional Outturn 2020/21 £	Variance Over/ (Under) £
Employees	285,430	319,038	329,431	44,001
Premises	277,255	266,139	279,069	1,814
Transport	2,800	3,390	3,390	590
Supplies & Services	136,051	182,736	183,154	47,103
Agency & Contracted	9,184	9,849	11,719	2,535
Capital Charges	213,738	3,533	213,738	0
Central Support Costs	40,310	40,310	40,310	0
Gross Expenditure	964,768	824,994	1,060,812	96,044
Income	(1,725,900)	(2,046,223)	(2,046,223)	(320,323)
Net Income	(761,132)	(1,221,229)	(985,411)	(224,279)
Transfer to / (from) Reserves				
- Masterplan Memorial Garden	5,000	0	5,000	0
- Major Capital Works	91,632	0	315,911	224,279
- Cremator Reline Reserve	25,000	0	25,000	0
- Small Plant	2,000	0	2,000	0
Distributable Surplus	(637,500)	0	(637,500)	0
80% Durham County Council	510,000	510,000	510,000	0
20% Spennymoor Town Council	127,500	127,500	127,500	0

Central Durham Crematorium Earmarked Reserves	Balance @ 1 April 2020 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2021 £
General Reserve	(497,670)	(576,350)	556,250	(517,770)
Masterplan Memorial Garden	(66,250)	(5,000)	0	(71,250)
Major Capital Works	(1,147,423)	(315,911)	38,178	(1,425,156)
Cremator Reline Reserve	(107,755)	(25,000)	0	(132,755)
Small Plant	(7,405)	(2,000)	0	(9,405)
Total	(1,826,503)	(924,261)	594,428	(2,156,336)

Explanation of Significant Variances between Base Budget and Provisional Outturn

- 13 As can be seen from the table above, the revenue outturn is indicating a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £985,411 against a budgeted surplus of £761,132, £224,279 more than the budgeted position.

14 This compares with the previously forecast position, based on income and expenditure to 31 December 2020, as reported to the Joint Committee on 27 January 2021, of a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £978,197 against a budgeted surplus of £761,132, £217,065 more than the budgeted position. The outturn position is therefore £7,215 less than what was previously forecast. A reconciliation of the projections at quarter 3 compared to the provisional outturn figures is as follows:

- Employee costs are £13,328 more than projected at quarter 3 mainly due to increased overtime working.
- Premises costs are (£44,474) lower than previously projected mainly due to cremator repairs not being completed this year.
- Transport costs relating to mileage expenses are (£106) lower than previously projected.
- Supplies and Service costs are £20,596 higher than previously projected mainly due to increased book of remembrance and webcasting costs.
- Agency and Contracted Services are £106 higher than previously projected.
- Income is £3,335 lower than previously projected.

15 The following section outlines the reasons for any significant budget variances by subjective analysis (type of expenditure) 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 a forecast overspend of **£44,001** in relation to employee costs. The reasons for this are identified below:

- Staffing costs overspent by **£44,001** due to staff redeployment, increased overtime and additional training costs.

15.2 **Premises**

The outturn shows a forecast overspend of **£1,814** in relation to premises costs. The reasons for this are identified below:

- One off SAMP budgets relating to the new viewing screens, new catafalque and memorial trees underspent by **(£2,845)**.
- Relining of a hearth and the re-surfacing of the memorial garden have not been carried out and will instead be completed in 21/22, resulting in an underspend of **(£8,450)**.
- Cremator servicing and repairs overspent by **£14,669** due to repairs to damaged flue ducts.
- Mortuary refrigerator packs overspent by **£1,648**.
- Grounds maintenance and building maintenance underspent by **(£4,277)**
- Contract cleaning overspent by **£1,069** due to extra cleans for Covid-19.

15.3 **Supplies and Services**

The outturn shows a forecast overspend of **£47,103** in relation to supplies and services costs. The reasons for this are identified below:

- Due to the projected increase in cremations (highlighted later within the income section of the report), medical referee expenditure is projected to overspend by **£15,363**.
- Purchasing of webcasts overspent by **£27,390** due to the free provision until November 20.
- The Book of Remembrance budget overspent by **£6,846** mainly due to the purchase of a new book.
- Other general office costs such as subscriptions and vending machines underspent by **(£796)**.
- The conference and seminars budget underspent by **(£1,700)** due to the cancellation of the annual conference.

15.4 Income

An increase in income of **(£320,323)** from the 2020/21 budget is included within the updated outturn forecasts. The reasons for this are identified below:

- The sale of large plaques, vase blocks, columbaria units and seats etc. was more than budget, resulting in an overachievement of income of **(£25,406)**.
- The outturn includes an additional 538 cremations compared to the budget, totalling an increased income to budget of **(£325,839)**. The outturn allows for a total of 2,738 cremations against a budgeted 2,200 during 2020/21.
- Sale of urns underachieved by **£17,710**. It was agreed at the January 2020 meeting to increase the cost of urns to £10 and to sell them with every cremation, however this has not yet commenced.
- Organ fee income underachieved by **£1,255** as the organ is not currently permitted to be used due to Covid-19.
- Interest received is **£11,957** lower than the budget as the bank accounts are not accruing any interest due to the current interest rate of 0.1%.

16 Capital Programme

The following table highlights the capital outturn of the Central Durham Crematorium:

	Base Budget 2020/21 £	Revised Budget 2020/21 £	Year to Date Actual April - Mar £	Forecast Outturn 2020/21 £	Variance to Revised Budget Over/ (Under) £
Redevelopment Works					
Energy improvement works	0	0	5,769	5,769	5,769
Office accommodation improvements	0	25,503	12,309	12,309	(13,194)
Improvements to roadway	0	7,473	0	0	(7,473)
Replacement of chapel dome	20,000	20,000	0	0	(20,000)
Re-lining of 2 cremators	71,300	71,300	0	0	(71,300)
Enlarging of cremator 1	70,000	70,000	0	0	(70,000)
Total	161,300	194,276	18,078	18,078	(176,198)

The cost of the Redevelopment Works is being financed from the Major Capital Works reserve. The outturn shows a forecast underspend of **(£176,198)** and the main reasons for this are identified below:

- The majority of the energy improvement works were carried out in 2019/20 and the **£5,769** costs in the current year relate to unbudgeted final account claims.
- The office accommodation improvements were included in the 2019/20 budget but the works were not completed by the year end so the budgets were carried forward into the current year. The improvements have now been completed with an underspend of **(£13,194)**.
- The roadway improvements were included in the 2019/20 budget, but the works were not completed so the remaining budget was carried forward into the current year. However, the budget was not spent in the current year, resulting in a underspend of **(£7,473)** and a larger project to widen the access road and gates has been included in the 2021/22 SAMP.
- The replacement of the chapel dome has not yet commenced, resulting in an underspend of **(£20,000)**, which will be carried forward into 2021/22.
- The re-lining and enlarging of the cremators were rescheduled to the new financial year, resulting in underspends of **(£71,300)** and **(£70,000)**, which will both be carried forward into 2021/22.

17 Earmarked Reserves

Contributions to earmarked reserves are **£367,501** more than originally budgeted, mainly due to the additional cremations (to budget) carried out throughout the year and a number of capital schemes being carried forward into next year.

In line with the CDCJC Reserve Policy to maintain a General Reserve of 30% of the income budget, a transfer to the General Reserve of **£20,100** is required at year end. This results in a net transfer to the Major Capital Works Reserve of **(£277,733)**.

The retained reserves of the CDCJC at 31 March 2021 are forecast to be **£1,638,566** along with a General Reserve of **£517,770**, giving a forecast total reserves and balances position of **£2,156,336** at the year end.

Contact:	Philip Curran	Tel: 03000 261967
	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 Central Durham Crematorium are included within the body of the report.

Consultation

None. However, Officers of Spennymoor Town 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 CDCJC.

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 the 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.

Climate Change

None.

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Joint Report of

Alan Patrickson, Corporate Director, Neighbourhoods and Climate Change

Paul Darby, Corporate Director of Resources (Interim) and Treasurer to the Joint Committee

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To inform the Central Durham Crematorium Joint Committee of the outcome of the half-yearly risk review in March 2021.

Executive summary

- 2 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.
- 3 The latest review took account of valuable learning and experience gained during the COVID19 pandemic response.
- 4 Since the previous review, the net impact of one risk, managing excess deaths/cremations capacity, has been uprated from minor to moderate. One new risk, relating to breaches of coronavirus regulations, has been added.
- 5 The net evaluation of each risk except one, managing excess deaths/cremations capacity, remains within the risk appetite.

Recommendation(s)

- 6 It is recommended that members of the Crematorium Joint Committee note the content of this report and the updated position.

Background

- 7 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

- 8 The current service risk register is included in **Appendix 4**.
- 9 The latest risk review took account of valuable learning and experience gained during the COVID19 pandemic response.
- 10 The description of the managing excess deaths risk (no. 1) has been changed to better reflect the nature of the risk, which is that demand for cremations may exceed capacity. Despite extremely challenging circumstances, controls have been effective and the risk has not materialised. Due to the potential level of service disruption, the net impact has been uprated from minor to moderate. There is still potential for a third wave of COVID-19 or a local outbreak, although the overall position has improved substantially due to low infection rates, fewer outbreaks, testing arrangements, and progress with the vaccination programme.
- 11 One new risk, related to COVID19, has been added to the register, *"Non-compliance with coronavirus regulations by members of the public, leading to a local outbreak and capacity issues in deaths management services"*. Common types of breach relate to the permitted number of mourners, due to funerals being publicised through social media, and social distancing. Funeral directors issue instructions and guidance through clients. The net evaluation is moderate impact, unlikely occurrence. This will continue to be monitored during the pandemic.
- 12 A profile of service risks is included in **Appendix 5**.

Conclusion

- 13 The net evaluation of all risks except number one (cremations capacity) remains within the risk appetite (shaded area in appendix 5).

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

Appendix 1: Implications

Legal Implications

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

Finance

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

Consultation

Officers of Spennymoor Town Council were consulted on the contents of this report.

Equality and Diversity / Public Sector Equality Duty

None

Human Rights

None

Crime and Disorder

None

Staffing

None

Accommodation

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 Central Durham Crematorium Joint Committee.

Procurement

None

Climate Change

None

Appendix 2: How Central Durham Crematorium risks are managed

Two risk registers have been developed for Durham 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 Central Durham 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 Central Durham 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)			
		1 Very Unlikely	2 Unlikely	3 Likely	4 Very Likely
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 Central Durham 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	Demand for cremations exceeds capacity.	Moderate	Possible	21	Treat	Description amended to better reflect the nature of the risk. Net impact uprated from minor to moderate.
2	Serious breach of health and safety legislation.	Moderate	Unlikely	16	Tolerate	
3	Non-compliance with coronavirus regulations by members of the public leading to a local outbreak and capacity issues in deaths management services.	Moderate	Unlikely	16	Tolerate	New risk, related to COVID19.
4	ICT and Power Failure.	Minor	Unlikely	10	Tolerate	
5	Loss of knowledge and ability to cover existing workload through premature staff loss.	Minor	Unlikely	10	Tolerate	
6	Breakdown of the partnership (with Spennymoor Town Council).	Moderate	Remote	7	Tolerate	
7	Sickness absence of key staff.	Moderate	Remote	7	Tolerate	
8	Failure of Cremators / Specialist Equipment	Minor	Remote	6	Tolerate	
9	Harm or damage to the public or vehicles due to tree branches falling.	Insignificant	Unlikely	6	Tolerate	
10	Disclosure of confidential information through incorrect disposal / maintenance of information (data breach).	Minor	Remote	5	Tolerate	
11	Loss of Income/Money	Minor	Remote	5	Tolerate	
12	Potential breach of equality and diversity legislation.	Insignificant	Remote	3	Tolerate	

Appendix 5: Profile of Service Risks for Central Durham 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.

As the net evaluations of all risks, except number one, 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)	6 Partnership 7 Sick Absence	2 Health & Safety Breach 3 COVID non-compliance	1 Cremations Capacity		
Minor (score 4 – 6)	8 Cremators 10 Confidentiality 11 Income Loss	4 ICT & Power Failure 5 Staff Loss			
Insignificant (score 1 – 3)	12 Equality & Diversity Breach	9 Tree Branches			

Central Durham Crematorium
Joint Committee

28 April 2021

Annual Internal Audit Report 2020/21



Report of the Interim 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 2020/21. (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 2020/21 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. Due to the COVID 19 pandemic restrictions, the number of transactions subject to review during the recent audit was reduced in comparison to sample sizes used previously in order to allow the work to be carried out remotely whilst still meeting the requirements of delivering a full audit review.
6. The report provides a **Substantial** overall assurance opinion on the adequacy and effectiveness of internal control operating across the Joint Committee in 2020/21.
7. This Substantial opinion identifies that there is a sound system of control. Any weaknesses identified expose some of the system objectives to minor risk.
8. This opinion is however qualified, in light of the ongoing coronavirus pandemic which has resulted in a significant level of strain being placed on normal procedures and control arrangements. The level of impact is also changing as the situation develops. It is therefore not possible to quantify the additional risk arising from the ongoing measures or the overall impact on the

framework of governance, risk management and control that have been put in place.

Recommendation

9. 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 2020/21.

Background

10. 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.
11. 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: Stephen Carter - Interim Chief Internal Auditor and Corporate
Fraud Manager DCC**
Tel: 03000 269 665

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

Climate Change

None

Legal Implications

Compliance with Public Sector Internal Audit Standards.



**CENTRAL DURHAM CREMATORIUM
JOINT COMMITTEE**

**INTERNAL AUDIT
ANNUAL REPORT
2020/21**

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Appendix 3 Internal Audit Report Central Durham Crematorium 2020/21

Introduction

1. This report summarises the work carried out by Durham County Council Internal Audit and Risk Service during 2020/21, as part of the three year Service Level Agreement covering the provision of Internal Audit Services up to 31 March 2021.
2. All Internal Audit work carried out in 2020/21 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 01 October 2020.
7. In accordance with the Internal Audit Charter, a risk based audit approach has been applied to work undertaken in 2020/21.
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 2020/21 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 2020/21 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 review was carried out during January / February 2021 in accordance with terms of reference agreed with the Crematorium's Bereavement Services Manager. Due to the COVID 19 pandemic restrictions, the number of transactions subject to review was reduced in comparison to the sample sizes used during previous internal audit reviews to allow the work to be carried out remotely whilst still meeting the requirements of delivering a full audit review.
12. The audit 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.
13. 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 review being reported for consideration by the Joint Committee on 01 October 2020 and on 28 April 2021
14. 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.
15. 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.

16. 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)

17. 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 be considered as part of the consideration of the system of internal control".
18. The Council's Audit Committee at its meeting on 29 June 2020 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.
19. For 2019/20, 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 2019/20.
20. A self-assessment for 2020/21 has been 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 the Council's Audit Committee at its meeting in June 2021.
21. With the Durham County Council Internal Audit Service being appointed from 2019/20 to also deliver the Internal Audit requirements for Spennymoor Town Council, a similar assessment was undertaken by the Town Council which considered the arrangements in place to provide itself with sufficient assurance that the standards of an adequate and effective internal audit of its risk management, internal control and governance processes had been maintained throughout the 2019/20 Internal Audit year. A further exercise undertaken for the 2020/21 Internal Audit year was reviewed and approved by the Town Council's Policy and Resources Committee on 02 March 2021.

22. In compliance with the services' quality assurance framework, the 2020/21 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.
23. 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.
24. The accuracy of audit findings was confirmed by the Bereavement Services Manager who was given the opportunity to challenge audit findings and the draft report prior to it being finalised.
25. A customer satisfaction survey is issued after every audit to provide feedback and help the service continually improve.

Audit Opinion Statement

26. The Joint Committee has responsibility for maintaining a sound system of internal control that supports the achievement of its objectives.
27. 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.
28. 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 the Central Durham 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

29. Based on the work undertaken, the Interim 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 2020/21. 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 2020/21 Annual Governance Statement.

30. This opinion is however qualified, in light of the ongoing coronavirus pandemic and the continuing impact of this on the Council which has resulted in a significant level of strain being placed on normal procedures and control arrangements. The level of impact is also changing as the situation develops. It is therefore not possible to quantify the additional risk arising from the ongoing measures or the overall impact on the framework of governance, risk management and control that have been put in place



Internal Audit Report

Durham Crematorium

Ref No: 13580/2021

Final Report

Assurance Opinion: Substantial

Prepared by: Jill Natrass, Senior Auditor

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Date issued: 22 March 2021

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Introduction

1. As part of the 2020/21 Internal Audit Plan, an audit was carried out during January and February 2021 to evaluate the control framework in place on the management of the risks associated with Durham Crematorium.
2. The last audit in this area was completed in March 2020 when a substantial level of assurance was given.
3. Due to the COVID 19 pandemic restrictions, the hardcopy documentation required to carry out the audit review was collated by the Bereavement Services Manager and collected from the Crematorium by the auditor who carried out the review remotely, working from home, in accordance with the latest Government guidance. Where required, additional supporting information was obtained electronically by email, via audit's access to the Burial and Cremation Software System (BACAS) and meetings were held remotely via Teams.
4. The number of transactions subject to review during the recent audit was reduced in comparison to the sample sizes subject to review during previous internal audit reviews. The reason for this was to minimise the burden on the Bereavement Services Manager and Crematorium staff in collating and providing information to Internal Audit, to allow the audit review to be carried out remotely during the COVID-19 pandemic, at a time when the Crematorium Service was working under extreme pressure.
5. This audit testing approach was agreed with the service prior to the audit review commencing and met the requirements of delivering a full audit review, even though no testing was carried out on site.

Conclusion

6. 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

7. The review covering the period 1st January 2020 to 31st December 2020 confirmed that there were effective arrangements in place for the management of the risks associated with the operation of Durham Crematorium.
8. Compliance testing in relation to the adherence to Crematorium regulations and the associated income related income was carried out for a sample of transactions selected which took place during the months of February, March, June and November 2020

9. The Business Continuity Plan and the Pandemic procedures had been brought into use at the start of the COVID 19 Pandemic and have since been updated where necessary. Some staff employed within other areas of DCC Neighbourhood Services have been trained as standby Cremator Operators as a result of the pandemic.
10. Effective budgetary control and performance monitoring processes were in place. Budgetary control meetings between the Bereavement Services Manager and the Senior Accountancy Assistant took place in April, August, November, and December 2020.
11. Fees had been appropriately approved by the Central Durham Crematorium Joint Committee (CDCJC) on 29th January 2020 where it was agreed that fees would increase from the 1st April 2020. However, it was confirmed by the Bereavement Services Manager that DCC's Corporate Management Team (CMT) subsequently agreed that the fees applied from 1st April 2020 would remain at the 19/20 rates but at the time of the audit review taking place, supporting documentation to clarify this decision making could not be located by the service and therefore a best practice recommendation has been made within this report
12. At the CDCJC meeting which took place on 1st October 2020 it was then agreed for fees to be increased with effect from 1st November 2020 and supporting documentation was obtained.
13. Audit testing confirmed that all charges in respect of cremations, memorial plaques, and entries into the book of remembrance had been correctly applied in accordance with the charging decisions outlined above.
14. BACS Income received for the sample of transactions reviewed during the period 5th June 2020 and 24th November 2020 was traced to the income receipt record book completed by the crematorium staff and the finance spreadsheet.
15. Cash and cheque income received directly at the crematorium was traced from the income record book that is completed by the crematorium staff, to the paying in book, Loomis collection receipt and the finance spreadsheet.
16. All income was found to be accurately recorded and it was confirmed that an independent reconciliation of all income to the bank account was carried out by the Senior Accountancy Assistant.
17. The supporting documentation for sample dates 5th June 2020 and 24th November 2020, including the application form, medical forms, authorisation to cremate, and treatment of ashes were supplied to the auditor to work on remotely. As the Cremation Register could not be taken away a Teams meeting was held with the Technical Assistant to cross-reference the information on the supporting paperwork to the Register. This confirmed that the Cremation Register had been accurately updated.

18. Where Funeral Directors were unable to visit the family of the deceased due to the COVID 19 restrictions it was not always possible for the usual required signatures to be provided on the Cremation applicant i.e. signatures of family/Next of Kin. Where this was found to be the case, it was required that a signed declaration from the Funeral Director was obtained which acted as confirmation that the instructions on the Cremation application form were in accordance with those requested to the Funeral Director by the applicant.
19. Invoices for cremation costs for the sample of 20 transactions reviewed confirmed that invoices had been promptly raised on the date when each cremation had taken place and that all except one invoice had received a corresponding payment.
20. Due to remote auditing being applied during this review, it was not possible for an independent physical check of petty cash monies to be carried out by Internal Audit. However, a review of petty cash purchases was carried out using the petty cash book and the purchases made were deemed to be appropriate.
21. There were three petty cash reimbursements made during the period 1st January 2020 to December 2020 totalling £430 and each of these had been appropriately requested by the Bereavement Services Manager and had been reconciled to the bank account by the Senior Accountancy Technician. Prior to remote working arrangements being in place, the Bereavement Services Manager visited County Hall and supplied physical copies of petty cash receipts to the Senior Accountancy Assistant, but this has not happened since the COVID-19 governments restrictions came into place. Therefore, a best practice recommendation has been made within this report
22. It acknowledged that the value of petty cash expenditure is of low value and that the Senior Accountancy Assistant has a proactive role to play in the operation of petty cash and therefore it is considered that the current controls in place for the administration of petty cash are reasonable and proportionate under the current circumstances. However, a Best Practice recommendation has been made within this report which for the service to consider.
23. A report obtained from the SAGE accountancy system confirmed that for all relevant expenditure incurred during the audited year, that purchase orders had been appropriately raised and authorised by the relevant Crematorium staff.
24. Salary information for the period 1st January to 31st December 2020 was obtained from SharePoint and the payroll data held in Finance. From this, five employees in receipt of additional payments including payments for overtime, additional hours, step up payments, and two employees in receipt of sick pay, were selected and reviewed against timesheets and the relevant information held in Resourcelink. All required supporting documentation was found and was appropriately authorised with information being accurately recorded on Resourcelink.

25. As a result of the audit, there was one medium priority finding. A summary of this is set out below:

- A report was obtained from BACAS on 5th February 2021 which identified that there were 48 outstanding invoices over 30 days old for the value of £28,122, which related to outstanding debts in relation to 27 different Funeral Directors and it is acknowledged that the increase in the number of cremations has in turn increased the workload at the Crematorium, as well as sickness absence, which has impacted on the recovery of unpaid Funeral Director invoices.

Furthermore, the audit identified that Crematorium invoices which are produced from BACAS do not specify the payment terms and therefore it is possible that Funeral Directors may not be aware of the payment requirements.

In addition, discussions it was identified that there are instances where BACS payments are received without the relevant Cremation number(s) being provided by Funeral Directors which results in Cremation staff having to identify the corresponding invoice(s).

26. One best practice recommendation has also been identified during the audit;

- Documentation to support the CMT decision making where it was agreed for Crematorium fees to remain at the 19/20 rates during the period 1st April 2021 to 31st October 2021 should be obtained and retain for future reference.

27. 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.

Background

28. This review has been carried out in accordance with the Terms of Reference.

29. 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.

30. 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.

31. In carrying out the audit, the time and assistance afforded by Graham Harrison and his staff and Eleanor Tuffnell in Finance was greatly appreciated.

Scope and Audit Approach

32. 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.

Limitations

33. Due to the Covid-19 restrictions in place at the time of this audit a site visit was made by the auditor to collect original documentation to allow remote auditing to take place. The Cremation Registers were not collected or utilised as part of the source documentation which was reviewed during this audit review as the registers are required for daily use by the Crematorium and were retained at the home of the Technical Assistant.

Overall Assurance Opinion and Priority of Our Recommendations

34. 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.

35. 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.

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Appendix A – Action Plan of Findings and Recommendations



Finding	Recommendation	Management Comment	Responsibility Timescale																					
<p>Action Ref: 01</p> <p>The total value of invoices raised and issued to Funeral Directors during the period 1st January to 31st December 2020 was approximately £978,200</p> <p>A report was obtained from BACAS on 5th February 2021 which identified that there were 48 outstanding invoices over 30 days old for the value of £28,122, which related to outstanding debts in relation to 27 different Funeral Directors, with ten of these invoices relating to the Co-operative Funeral service, based at various geographical locations.</p> <p>A summary of these outstanding invoices is detailed below for information.</p> <table border="1" data-bbox="62 983 719 1268"> <thead> <tr> <th><u>Month Raised</u></th> <th><u>No of invoices Outstanding</u></th> <th><u>£</u></th> </tr> </thead> <tbody> <tr> <td>June</td> <td>2</td> <td>1,406</td> </tr> <tr> <td>July</td> <td>1</td> <td>700</td> </tr> <tr> <td>October</td> <td>7</td> <td>2,902</td> </tr> <tr> <td>November</td> <td>15</td> <td>9,630</td> </tr> <tr> <td>December</td> <td>23</td> <td>13,484</td> </tr> <tr> <td>Total</td> <td>48</td> <td>28,122</td> </tr> </tbody> </table> <p>Although it is acknowledged that the current value of the outstanding debts represents a small percentage</p>	<u>Month Raised</u>	<u>No of invoices Outstanding</u>	<u>£</u>	June	2	1,406	July	1	700	October	7	2,902	November	15	9,630	December	23	13,484	Total	48	28,122	<p>Priority: Medium</p> <p>To assist the Crematorium staff in the recovery of outstanding invoice payments from Funeral Directors, Crematorium invoices should provide details of the payment terms and conditions, as agreed by the service.</p> <p>All Funeral Directors should be required to provide details of the corresponding cremation number(s) each time they make BACS payments.</p>	<p>Details of payment terms have now been included on invoices.</p> <p>An updated letter to Funeral directors advising them of the fees and charges has been done and it ask that they provide details of the corresponding cremation number(s) each time they make BACS payments.</p>	<p>Implemented</p> <p>Bereavement Services Manager</p>
<u>Month Raised</u>	<u>No of invoices Outstanding</u>	<u>£</u>																						
June	2	1,406																						
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Appendix A – Action Plan of Findings and Recommendations



Finding	Recommendation	Management Comment	Responsibility Timescale
<p>of the total income raised, previous audit reviews have not identified this as being an issue. It is also acknowledged that the increase in the number of cremations has in turn increased the workload at the Crematorium as well as sickness absence which has impacted on the recovery of unpaid Funeral Director invoices.</p> <p>Furthermore, the audit identified that Crematorium invoices which are produced from BACAS do not specify the payment terms and therefore it is possible that Funeral Directors may not be aware of the payment requirements.</p> <p>In addition, discussions held with the Bereavement Services Manager revealed that there are instances where BACS payments are received without the relevant Cremation number(s) being provided by Funeral Directors which results in Cremation staff having to identify the corresponding invoice(s).</p>			

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