



## **Mountsett Crematorium Joint Committee**

**Date**        **Friday 4 February 2011**  
**Time**        **10.00 am**  
**Venue**       **Bridges Room, Civic Suite - Gateshead Council**

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### **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. Chairman's Announcements
3. Declarations of Interest, if any.
4. Minutes of the meeting held on 23 September 2010. (Pages 1 - 6)
5. Appointment of Treasurer to the Joint Committee (Pages 7 - 10)  
Joint Report of Corporate Director Neighbourhood Services and  
Corporate Director Resources.
6. External Audit 2009/2010 - Progress Update (Pages 11 - 42)  
Joint Report of Corporate Director Neighbourhood Services and  
Corporate Director Resource
7. Financial Monitoring Report - Spend to 31 December 2010 and  
Forecast Outturn at 31 March 2011. (Pages 43 - 48)  
Joint Report of Corporate Director Neighbourhood Services and  
Corporate Director Resources.
8. Risk Register Update 2010/11 (Pages 49 - 82)  
Joint Report of Corporate Director Neighbourhood Services and  
Corporate Director Resources.
9. Review of the Effectiveness of the System of Internal Audit for 2009/10  
(Pages 83 - 116)  
Joint Report of Corporate Director Neighbourhood Services and  
Corporate Director Resources.
10. Internal Audit SLA 2011/2012 (Pages 117 - 154)  
Report of the Internal Audit Manager.



**DURHAM COUNTY COUNCIL  
MOUNTSETT CREAMTORIA JOINT COMMITTEE**

**AT A MEETING** of the **MOUNTSETT CREAMTORIA JOINT COMMITTEE** held in the Council Chamber, Civic Centre, Consett on **Thursday 23 SEPTEMBER 2010 at 10.00A.M.**

**PRESENT**

**Durham County Council:**

Councillors A. Bainbridge, J. Nicholson, O. Temple

Councillor C. Marshall (in attendance, representing B. Stephens).

**Gateshead Council:**

Councillors D. Davidson, M. Ord and M. Wallace.

**A1 Apologies for Absence**

Apologies for absence were received on behalf of Councillors M. Hodgson, O. Johnson, J. Docherty and B. Stephens (Durham County Council) and Councillors K. Dodds and P. Ronan (Gateshead Council).

It was noted that there had been some concerns regarding the dates and timings of meetings, and diary clashes which were occurring. It was noted that this meeting had been rescheduled from the list of dates originally circulated, and apologies were given for any inconvenience this had caused. It was noted that attempts were made to arrange a mutually convenient time for both Durham and Gateshead Councillors to attend.

**A2 Declarations of Interest**

There were no declarations of interest received.

**A3 Minutes**

**RESOLVED:** that the minutes of the meeting held 25 June 2010 be agreed as a correct record.

**Matters Arising:**

With regard to minute number A9, Councillor O. Temple asked for an update in relation to the Major Fixed Asset Acquisitions and disposal. The Head of Finance, HR and Business Support advised that the split was 65% - 35% as detailed in the Constitution.

Councillor Temple also asked the Superintendent and Registrar to provide an update in relation to minute number A2 and the Chairmanship of the Joint Committee. It was noted that since the partnership between the two authorities had been in place the Chairmanship of the Committee had always remained with the administering authority, however it was noted that legally the chairmanship could be alternated year on year between authorities if the Joint Committee found appropriate to do so.

**Chairman's Announcement**

**It was noted that due to the content of Items A4 and A5 on the agenda, the items should be taken with Members agreement at the end of the meeting after the Exclusion of Press and Public.**

## **A6 Financial Monitoring Report – Spend to 31 August 2010 and Provisional Outturn at 31 March 2011.**

The Head of Finance, HR & Business Support presented the report which set out details of income and expenditure in the period 1 April to 31 August 2010, along with a projection of the anticipated outturn to 31 March 2011, highlighting areas of over / underspend against the revenue budgets at a service expenditure level (for copy see file of minutes).

The report also detailed the funds and reserves of the Joint Committee at 1 April 2010 and estimated position at 31 March 2011, taking into account the forecast financial outturn.

The Head of Finance, HR & Business Support went on to provide explanations for significant variances between original budget and forecast outturn. They were as follows:-

- Employees - £3,370 saving based on current staffing levels and lack of a pay award.
- Premises – overspend of £32,754 relating to resurfacing of car park, replacement fencing and works to footpaths approved by the Joint Committee in June.
- Supplies and Services – Wesley Music system £2,300 more than budgeted, however this figure was offset by the Mercury Abatement budget of £10,680 which was not required until 2013.
- Income – Slight reduction in income receivable of £3,036 – due to anticipated reduction in cremations.
- Earmarked Reserves – A necessary contribution from the reserve of £9,040 rather than a contribution into the reserve of £15,000 as budgeted due to additional works approved by the Joint Committee. It was also noted that cremator reserve was currently in line with budget.

The Head of Finance, HR & Business Support recommended that members note the April – August 2010 revenue financial monitoring report, treatment regarding the funding of the additional premises costs and the revenue forecast in terms of the outturn position 2010/11. He further advised that quarterly reports would continue to be presented over the course of the year in line with the agreed Forward Plan.

Councillor Temple raised a query with regard to the Mercury Abatement Budget and whether it was to be factored into the 2011/12 budget, given that it was not required until 2013. The Head of Finance, HR & Business Support advised that it would be excluded from the 2011/12 budget.

**Resolved:** that the content of the report be received and accepted.

## **A7 Risk Register 2010/11**

The Head of Finance, HR & Business Support presented the report which provided an update on the current position with regards to the Risk Register of the Mountsett Crematoria Joint Committee. The report formed part of the 6 monthly review of risk as agreed in the Forward Plan (for copy see file of minutes).

In line with the previous report two risk registers had been prepared, separately identifying Service and Operational Risks.

Members were referred to paragraphs 8 – 11 of the report which provided an update in relation to Risks 12, 15, 13 and 14. It was noted that appropriate actions and target dates

had been set against Risks 12 and 15. Risks 13 and 14 had now been resolved and closed following successful implementation of harmonised fees and charges and Risk 14 in relation to Administrative Support had been covered in Risks 4 and 11. For full details of risks please see report.

In conclusion the Head of Finance, HR & Business Support advised that officers were happy that actions as addressed at the January meeting of the Committee had or were in the process of being implemented.

**Resolved:** that

- 1) The content of the report and updated position be noted.
- 2) The Risk Registers be kept up to date and reviewed by the Joint Committee on a half yearly basis.

#### **A8 Provision of Audit Services 2010 – 2014**

The Committee received a report which sought approval for a proposed Service Level Agreement (SLA) for the provision of an Internal Audit Service by Durham County Council to the Mountsett Crematoria Joint Committee for the period April 2010 – March 2014, together with an indicative 4 year strategic plan and annual plan showing the type of audit coverage.

The Audit Manager (Neighbourhood Services) advised that the Central Durham Crematorium Joint Committee had developed an SLA for the provision of Internal Audit with a view to increasing its accountability. This had been put in place following recommendations made by the Audit Commission in the Annual Governance Report in 2008/09.

To ensure consistency across services it was proposed that Mountsett Crematoria Joint Committee also enter into a SLA with Durham County Council for the provision of an Internal Audit Service.

The report detailed the proposed SLA for the period 2010-2014 and further detailed the proposed audit plan for 2010/11 including the terms of reference and associated costs.

Councillor Temple added that in his opinion the Committee would be unwise to accept the agreement without further information (particularly with regards to a whole service SLA) and a broader picture of other factors which may impact upon this decision. Members discussed the matter at length and agreed that a decision on the matter should be deferred until such a time when information on other possible impacts could be made available.

Further discussion took place regarding the terms of reference for the 2010/11 internal audit review and the Head of Finance, HR & Business Support added that he did have some concerns that the committee may not meet again before the audit is underway.

**Resolved:** that the decision on the Service Level Agreement, Audit Charter and Strategic Audit Plan be deferred until a time when additional information could be provided.

*Under this item the Committee will pass the appropriate resolution under Section 100 A(4) of the Local Government Act 1972 that the public be excluded from the meeting for the*

*following items of business (urgent or otherwise), which may involve the likely disclosure of exempt information as defined in paragraphs contained within Part 1 of Schedule 12A to the said Act.*

## **PART B**

### **A4 Audit Opinion and VFM Conclusion – 2009/10 Statement of Accounts.**

The Head of Finance, HR & Business Support presented the report which advised members of the outcome of the external audit which was carried out by BDO Stoy Hayward following a review of Mountsett Crematorium in October 2009.

The Head of Finance, HR & Business Support advised that there was relatively little direct communications with External auditors and that the audit had been conducted 'off site'.

The Committee were required to receive and accept the recommendations within the report by no later than September 2010.

The External Auditor had issued an unqualified opinion, with 4 recommendations/observations as follows:-

- 1) Income incorrectly coded – concern that accounts do not reflect current financial position – Action already implemented.
- 2) Income has been incorrectly coded – Loss of income through incorrectly paying VAT. – Action already implemented.
- 3) There are no documented guidelines regarding the disposal of a contaminated body – Action already implemented.
- 4) There is no postage book held. Stamps are recorded on a word document. – Action already implemented.

One other area had been identified in relation to the review of the effectiveness of the Internal Audit. It was recommended that this should be undertaken annually before the end of the financial year and should be undertaken alongside the review of risk assessment.

**Resolved:** that the contents and recommendations contained within the External Auditors report be received and accepted.

### **A5 Report of Superintendent & Registrar**

The Committee received a report of the Superintendent and Registrar which updated members on the number of cremations that had been undertaken during Quarter 2. It also provided detail on repairs and maintenance which had been agreed by the Committee at their last meeting in June 2010.

Detail was provided within the report on the tenders received. It was noted that an additional tender was expected in relation to the resurfacing of the car park. Once this had been received the work could be allocated to the contractor who submitted the lowest tender.

It was noted that the costs as outlined in the report could lead to a potential saving on previously reported estimates.

With regard to grounds maintenance it was noted that the grounds were in a good condition and visitors had commented on its appearance.

The Superintendent then went on to discuss the requirement for two further members of staff to be trained as Cremator Technicians. It was considered that to effectively cope with an emergency planning / civil contingency event, and to avoid having to rely on other crematoria assistance, that a number of volunteers should be trained as Cremator Technicians. Two members of staff from Neighbourhoods, had expressed an interest in undertaking training and therefore agreement was sought, for the enrolment of the two staff on the Cremator Technicians course, at a cost of £325 per person.

**Resolved:** that the content of the report be noted and;

- 1) the information on the tender process and associated costs be noted and the contract be awarded to those lowest tenders as reported. In addition a third tender shall be received in relation to the resurfacing of the car park and the contract awarded to the lowest tender, in addition;
- 2) agreement be given for the enrolment of two staff on the Cremator Technicians course at a cost of £325 per person.

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**Mountsett Crematorium Joint Committee**

**4 February 2011**

**Treasurer to the Joint Committee**



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**Report of the Clerk to the Joint Committee**

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**Purpose of the Report**

- 1 The purpose of this report is to inform members of the Mountsett Crematorium Joint Committee of revised arrangements with regards to the position of Treasurer to the Joint Committee.

**Background**

- 2 As members will recall, the former Treasurer, Mr Stuart D Crowe, retired in early July 2010 and whilst his position as Corporate Director: Resources at Durham County Council was awaiting permanent appointment, alternative interim arrangements were required to be put in place, with effect from 1 July 2010.
3. As an interim measure, Mr Jeff Garfoot – Head of Finance: Resources (Durham County Councils Deputy S151 Officer), has undertaken the role of Interim Treasurer to the Joint Committee with the day to day support undertaken by Direct Services and the Finance, HR and Business Support teams within Neighbourhood Services.

**Treasurer to the Joint Committee**

3. The new Corporate Director: Resources, Mr Don McLure was appointed into post on 4<sup>th</sup> October 2010 and in accordance with Durham County Council's constitution, it is proposed that he now , take on the role of Treasurer to the Joint Committee.
4. Day to day support to the Joint Committee will continue to be facilitated through the Direct Services and Finance, HR and Business Support teams within Neighbourhood Services.

**Recommendations**

6. It is recommended that:
  - Members note the appointment of Don McLure as Corporate Director at Durham County Council and support the proposals with regards to his appointment as Treasurer to the Joint Committee, effective immediately.

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**Contact: Lucy Stephenson, 0191 383 6644**

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**Appendix 1: Implications**

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**Finance**

There are no Financial implications associated with this report

**Staffing**

As detailed in the report, it is proposed that the Joint Committee note the change in Treasurer, effective immediately.

**Risk**

None, the transitional arrangements mitigate all risks, however in appointing the Corporate Director: Resources and S151 Officer, the requirement to appoint a suitable finance officer as Treasurer to the Joint Committee is in accordance with the DCC Constitution.

**Equality and Diversity**

None

**Accommodation**

None

**Crime and disorder**

None

**Human rights**

None

**Consultation**

Officers of Gateshead Council were consulted on the contents of this report

**Procurement**

None

**Disability Discrimination Act**

None

**Legal Implications**

Mountsett Crematorium Joint Committee is required to appoint a responsible Finance Officer as Treasurer to the Joint Committee. Under the DCC Constitution this role is undertaken by the Corporate Director: Resources (S151 Officer). This report has been prepared in accordance with Durham County Council's constitution

in its proposal to appoint the Corporate Director: Resources and Section 151 Officer as Treasurer to the Joint Committee.

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Mountsett Crematorium Joint Committee



4<sup>th</sup> February 2011

External Audit Report 2009/2010– Progress Update



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

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**Purpose of the Report**

1. The purpose of this report is to update members of the Mountsett Crematorium Joint Committee on the progress made against the external auditors BDO LLP findings and recommendations from the 2009/2010 Audit, as detailed in the Issues Arising Report dated 10 September 2010.

**Background Information**

2. Members will be aware that whilst the audit of the Annual return 2009/2010 did not highlight any material weaknesses in internal control, minor issues in relation to the Review of the Effectiveness of Internal Audit and the recommendations proposed within the Internal Audit Report were identified.
3. The following recommendations were made in order to strengthen the internal control arrangements of the Joint Committee:

- **R1: Internal Auditors Recommendations:**

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

- **R2: Review of the Effectiveness of Internal Audit:**

*‘The body should ensure a more robust review of the effectiveness of the internal audit is undertaken annually before the end of the financial year. This review is recommended to be undertaken when reviewing the risk assessment’*

4. In addition to these formal recommendations, the following considerations/recommendations have also been made by the Head of Finance, HR and Business Support based on findings of the external audit of the Central Durham Crematorium Accounts 2009/10:

- **R3 : Adoption of the lead authority member Code of Conduct by all members of the Mountsett Crematorium Joint Committee;**

- **R4 : Requirement for a separate “Declaration of Interests” return to be completed by all members of the Joint Committee on an annual basis; and**
- **R5 : A written record prepared between Durham County Council and the Committee setting out the terms of the Treasury Management Arrangements.**

## **Progress Update**

5. Significant progress has been made towards addressing the 2009/10 External Auditor recommendations:

### ***R1 – Internal Auditors Recommendation***

6. Whilst the 2009/2010 Internal Audit provided **Substantial** Assurance, the following governance and internal control issues (categorised as medium), were also identified:

#### Recording of Income

- **Income should be checked on a monthly basis to ensure that correct coding has been carried out.**

The Superintendent & Registrar now reconciles all income from the source recording document to the Interim FMS which in turn is reconciled by Financial Services to the Durham County Council FMS. Any miscoding is highlighted, and corrected via the robust Budgetary Control processes in place. This process was introduced in January 2010 and therefore this recommendation has been fully met.

#### Contaminated Bodies – Procedures

- **A policy should be compiled and adopted regarding the procedures to be followed for the disposal of a contaminated body.**

In conjunction with the Central Durham Crematorium, the Superintendent & Registrar has been working with a consultant in Communicable Disease at the health Protection Agency in Newcastle upon Tyne to provide a framework for any action necessary around contaminated body disposals. Initial processes have been put in place in that, upon notification of a contaminated body to be cremated, contact is to be made with the Health Protection Agency, whereby advice will given on a case by case basis.

The following action has also been added to the operational risk register: “*Such directions as may be given by the Health Protection Agency will be adhered to*”. Procedures have been put in place to ensure that, in the event of the receipt or potential receipt of a contaminated body, staff are aware of the need to contact the Health Protection Agency to seek advice and to make appropriate records of and act on that advice

## ***R2 – Review of the Effectiveness of Internal Audit***

7. A review of Durham County Council's system of Internal Audit was undertaken in March 2010 and reported to the Audit Committee of the County Council, who concluded that the system was "effective". A copy of that review was made available to the external auditor during the conduct of the audit on the 2009/10 Annual Return, Statement of Accounts and Annual Governance Statement, but was not presented to the Joint Committee for consideration.
8. To be fully compliant with the Account and Audit Regulations 2006, the Joint Committee should undertake its own independent review of the effectiveness of the Internal Audit Service. The Review of the Effectiveness of Internal Audit Report and Self Assessment Checklist included later in the Agenda for Members' consideration aims to address this.

## ***R3 – Adoption of the Lead Authority Member code of Conduct***

9. Members of the Joint Committee have not, since vesting day of the new DCC authority, formally considered and adopted the Durham County Council (as lead authority) Member Code of Conduct.
10. Attached at Appendix 2 is the Durham County Council Code of Conduct for Members and at Appendix 3 the written undertaking requiring signature for consideration by members. Formally considering these policies and adopting the Code, plus signing the written undertaking as part of this meeting will satisfy the requirements of this particular recommendation.

## ***R4 – Declarations of Interest***

11. During the 2009/2010 closure process officers also considered the Declaration of Personal Interests and the need for members of the Joint Committee to prepare a separate declaration, relevant to the activities of the Joint Committee. Attached at Appendix 4 is a proforma "Notification by a Member of a Local Authority of personal interest" (based on the DCC standard declaration of interest) for completion and signature by members. Copies of these are required from all members of the Joint Committee, including any NIL returns.

## ***R5 – Written Agreement for Treasury Management Arrangements***

12. The 2009/2010 closure process also highlighted the lack of any formal written agreement in relation to the Treasury Management Arrangements undertaken on behalf of the Joint Committee by Durham County Council.
13. The agreement, signed by the Head of Finance: Resources – Jeff Garfoot and the Chair is attached at Appendix 5 for consideration by members and for signature by the Chair to the Joint Committee.

## Recommendations and reasons

14. It is recommended that:-

- Members of the Joint Committee note the progress made with regards to addressing the External Audit recommendations arising from the Issues Arising report 2009/2010.
- Members of the Joint Committee note the contents of the Lead Authority Member Code of Conduct, formally adopt these and agree to signing the written undertaking and returning to the Head of Finance, HR & Business Support, Neighbourhood Services.
- Members of the Joint Committee complete and sign the declaration of Personal interest returning to the Head of Finance, HR & Business Support, Neighbourhood Services.
- Members of the Joint Committee note the contents of the Treasury Management Agreement, and authorise the Chair to sign the agreement on their behalf.

## Background Papers

2009/2010 Issues Arising Report  
2009/2010 Internal Control Report

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

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## **Appendix 1: Implications**

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### **Finance**

None

### **Staffing**

There are no staffing implications associated with this report.

### **Risk**

Addressing the recommendations arising from the Annual Governance Report and Annual Audit letter 2009/10 will ensure that the Joint Committee will improve its governance arrangements and address the inefficiencies identified with regards to the maintenance of the Joint Committees books and records. Failure to address these concerns could potentially adversely affect future audit conclusions and could also affect the excellent working relationship that exists with our external auditors.

### **Equality and Diversity**

None

### **Accommodation**

There are no Accommodation implications associated with this report.

### **Crime and Disorder**

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

### **Human Rights**

None

### **Consultation**

Officers of Gateshead Council were consulted on this report.

### **Procurement**

None

### **Disability Discrimination Act**

None

### **Legal Implications**

The Accounts and Audit Regulations and Statement of Recommended Practice set out the legal and regulatory framework in which the accounts of the Joint Committee are prepared. The proposals within this report seek to strengthen the Joint Committees compliance with these regulations.

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**CODE OF CONDUCT  
FOR MEMBERS**

**Adopted by Durham County Council on 28 June 2007**

**CODE OF CONDUCT FOR MEMBERS**  
**EXECUTIVE SUMMARY**

The revised Code of Conduct is contained within a Statutory Instrument and it covers elected members, co-opted members and independent members of the Standards Committee.

<b>Interpretation</b>	<p><b>Paragraph 1</b></p> <p>The Code applies to any member of the Authority and it is your responsibility to comply with the Code.</p>
<b>Scope</b>	<p><b>Paragraph 2</b></p> <p>The Code applies whenever you are acting in your official capacity, and in relation to conduct in your private capacity the code only applies where such conduct has resulted in a criminal conviction. Additionally, where you are acting as a representative of the Authority, you must continue to observe the Authority's code, unless you are subject to another relevant authority's code, or unless (in relation to any other body) it conflicts with any other legal obligations.</p>
<b>General Obligations</b>	<p><b>Paragraph 3</b></p> <p>You must treat others with respect and not to do anything which may cause the Authority to breach equality legislation, or which compromises the impartiality of those who work for the Authority or bully anyone or intimidate persons involved in code of conduct cases.</p> <p><b>Paragraph 4</b></p> <p>You must not without consent disclose confidential information you have acquired and you must not prevent others from gaining access to information to which they are entitled.</p> <p><b>Paragraph 5</b></p> <p>You must not conduct yourself in a manner which could bring the Authority into disrepute.</p>
<b>General Obligations</b>	<p><b>Paragraph 6</b></p> <p>You must not use your position improperly to gain an advantage or confer a disadvantage and when using or authorising the use of the Authority's resources, you must act in accordance with the Authority's reasonable requirements, you must not permit those resources to be used for political purposes and you must have regard to the Local Authority Code of Publicity.</p>

<p><b>Personal Interests</b></p>	<p><b>Paragraph 7</b></p> <p>You must have regard to advice given by the Chief Finance Officer and Monitoring Officer and must give reasons for decisions made in accordance with any statutory requirements.</p> <p><b>Paragraph 8</b></p> <p>This paragraph provides a list of matters which constitute a personal interest.</p>
<p><b>Disclosure of Personal Interests</b></p>	<p><b>Paragraph 9</b></p> <p>Generally if you have a personal interest in any business of the Authority you must disclose that interest at any meeting at which the business is considered.</p>
<p><b>Prejudicial Interests</b></p>	<p><b>Paragraph 10</b></p> <p>Generally a personal interest is also a prejudicial interest if that interest could be regarded by a member of the public as so significant that it is likely to prejudice your judgement of the public interest. The paragraph provides that in specified circumstances you may regard yourself as not having a prejudicial interest.</p>
<p><b>Overview and Scrutiny Committees</b></p>	<p><b>Paragraph 11</b></p> <p>If you have been involved in making a decision or taking action on a matter you must not be involved in the Overview and Scrutiny Committee's consideration of that decision or action.</p>
<p><b>Participation in Relation to Disclosed Prejudicial Interests</b></p>	<p><b>Paragraph 12</b></p> <p>If you have a prejudicial interest you must, unless, for example, you are making representations and members of the public are also allowed to make representations on that matter, or you have obtained a dispensation, withdraw from any meetings at which the business is being considered, and you must not improperly influence decisions in relation to the business</p>
<p><b>Registration of Personal Interests</b></p>	<p><b>Paragraph 13</b></p> <p>You must notify the Monitoring Officer of your personal interests and any change to those interests must also be notified.</p>

<b>Notification of sensitive information</b>	<b>Paragraph 14</b> You can notify the Monitoring Officer of any sensitive information the availability of which to the public creates, or is likely to create, a serious risk that you or a person who lives with you may be subjected to violence or intimidation.
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# Code of Conduct for Members

## PART 1

### GENERAL PROVISIONS

#### 1 Introduction and interpretation

- (1) This Code applies to you as a member of the Authority.
- (2) You should read this Code together with the general principles prescribed by the Secretary of State (appended herewith).
- (3) It is your responsibility to comply with the provisions of this Code.
- (4) In this Code -

“meeting” means any meeting of -

- (a) the Authority;
- (b) the executive of the Authority;
- (c) any of the Authority’s or its executive’s committees, sub-committees, joint committees, joint sub-committees, or area committees;

“member” includes a co-opted member and an appointed member.

- (5) *(Only applicable to parish councils).*

#### 2 Scope

- (1) Subject to sub-paragraphs (2) to (5), you must comply with this Code whenever you -
  - (a) conduct the business of your authority (which, in this Code, includes the business of the office to which you are elected or appointed); or
  - (b) act, claim to act or give the impression you are acting as a representative of your authority, and references to your official capacity are construed accordingly.
- (2) Subject to sub-paragraphs (3) and (4), this Code does not have effect in relation to your conduct other than where it is in your official capacity.
- (3) In addition to having effect in relation to conduct in your official capacity, paragraphs 3(2)(c), 5 and 6(a) also have effect, at any other time, where that conduct constitutes a criminal offence for which you have been convicted.

- (4) Conduct to which this Code applies (whether that is conduct in your official capacity or conduct mentioned in sub-paragraph (3)) includes a criminal offence for which you are convicted (including an offence you committed before the date you took office, but for which you are convicted after that date).
- (5) Where you act as a representative of your authority -
  - (a) on another relevant authority, you must, when acting for that other authority, comply with that other authority's code of conduct; or
  - (b) on any other body, you must, when acting for that other body, comply with your authority's code of conduct, except and insofar as it conflicts with any other lawful obligations to which that other body may be subject.

### 3 **General obligations**

- (1) You must treat others with respect.
- (2) You must not -
  - (a) do anything which may cause your authority to breach any of the equality enactments (as defined in section 33 of the Equality Act 2006(a));
  - (b) bully any person;
  - (c) intimidate or attempt to intimidate any person who is or is likely to be -
    - (i) a complainant,
    - (ii) a witness, or
    - (iii) involved in the administration of any investigation or proceedings, in relation to an allegation that a member (including yourself) has failed to comply with his or her authority's code of conduct; or
  - (d) do anything which compromises or is likely to compromise the impartiality of those who work for, or on behalf of, your authority.
- (3) *(Only applicable to police authorities and the Metropolitan Police Authority).*

### 4 You must not -

- (a) disclose information given to you in confidence by anyone, or information acquired by you which you believe, or ought reasonably to be aware, is of a confidential nature, except where -



- (i) you have the consent of a person authorised to give it;
  - (ii) you are required by law to do so;
  - (iii) the disclosure is made to a third party for the purpose of obtaining professional advice provided that the third party agrees not to disclose the information to any other person; or
  - (iv) the disclosure is -
    - (aa) reasonable and in the public interest; and
    - (bb) made in good faith and in compliance with the reasonable requirements of the authority; or
  - (b) prevent another person from gaining access to information to which that person is entitled by law.
- 5 You must not conduct yourself in a manner which could reasonably be regarded as bringing your office or authority into disrepute.
- 6 You -
- (a) must not use or attempt to use your position as a member improperly to confer on or secure for yourself or any other person, an advantage or disadvantage; and
  - (b) must, when using or authorising the use by others of the resources of your authority -
    - (i) act in accordance with your authority's reasonable requirements;
    - (ii) ensure that such resources are not used improperly for political purposes (including party political purposes); and
  - (c) must have regard to any applicable Local Authority Code of Publicity made under the Local Government Act 1986.
- 7
- (1) When reaching decisions on any matter you must have regard to any relevant advice provided to you by -
    - (a) your authority's chief finance officer; or
    - (b) your authority's monitoring officer, where that officer is acting pursuant to his or her statutory duties.
  - (2) You must give reasons for all decisions in accordance with any statutory requirements and any reasonable additional requirements imposed by your authority.

## PART 2

### INTERESTS

#### Personal Interests

8

- (1) You have a personal interest in any business of your authority where either -
- (a) it relates to or is likely to affect -
- (i) any body of which you are a member or in a position of general control or management and to which you are appointed or nominated by your authority;
  - (ii) any body -
    - (aa) exercising functions of a public nature;
    - (bb) directed to charitable purposes; or
    - (cc) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union),  
of which you are a member or in a position of general control or management;
  - (iii) any employment or business carried on by you;
  - (iv) any person or body who employs or has appointed you;
  - (v) any person or body, other than a relevant authority, who has made a payment to you in respect of your election or any expenses incurred by you in carrying out your duties;
  - (vi) any person or body who has a place of business or land in your authority's area, and in whom you have a beneficial interest in a class of securities of that person or body that exceeds the nominal value of £25,000 or one hundredth of the total issued share capital (whichever is the lower);
  - (vii) any contract for goods, services or works made between your authority and you or a firm in which you are a partner, a company of which you are a remunerated director, or a person or body of the description specified in paragraph (vi);

- (viii) the interests of any person from whom you have received a gift or hospitality with an estimated value of at least £25;
  - (ix) any land in your authority's area in which you have a beneficial interest;
  - (x) any land where the landlord is your authority and you are, or a firm in which you are a partner, a company of which you are a remunerated director, or a person or body of the description specified in paragraph (vi) is, the tenant;
  - (xi) any land in the authority's area for which you have a licence (alone or jointly with others) to occupy for 28 days or longer; or
- (b) a decision in relation to that business might reasonably be regarded as affecting your well-being or financial position or the well-being or financial position of a relevant person to a greater extent than the majority of –
- (i) (in the case of authorities with electoral divisions or wards) other council tax payers, ratepayers or inhabitants of the electoral division or ward, as the case may be, affected by the decision;
  - (ii) *(only applicable to the Greater London Authority)*
  - (iii) *(only applicable to all other cases).*
- (2) In sub-paragraph (1)(b), a relevant person is -
- (a) a member of your family or any person with whom you have a close association; or
  - (b) any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors;
  - (c) any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or
  - (d) any body of a type described in sub-paragraph (1)(a)(i) or (ii).

### **Disclosure of personal interests**

9

- (1) Subject to sub-paragraphs (2) to (7), where you have a personal interest in any business of your authority and you attend a meeting of your authority at which the business is considered, you must disclose to that meeting the existence and nature of that interest at the commencement of that consideration, or when the interest becomes apparent.

- (2) Where you have a personal interest in any business of your authority which relates to or is likely to affect a person described in paragraph 8(1)(a)(i) or 8(1)(a)(ii)(aa), you need only disclose to the meeting the existence and nature of that interest when you address the meeting on that business.
- (3) Where you have a personal interest in any business of the authority of the type mentioned in paragraph 8(1)(a)(viii), you need not disclose the nature or existence of that interest to the meeting if the interest was registered more than three years before the date of the meeting.
- (4) Sub-paragraph (1) only applies where you are aware or ought reasonably to be aware of the existence of the personal interest.
- (5) Where you have a personal interest but, by virtue of paragraph 14, sensitive information relating to it is not registered in your authority's register of members' interests, you must indicate to the meeting that you have a personal interest, but need not disclose the sensitive information to the meeting.
- (6) Subject to paragraph 12(1)(b), where you have a personal interest in any business of your authority and you have made an executive decision in relation to that business, you must ensure that any written statement of that decision records the existence and nature of that interest.
- (7) In this paragraph, "executive decision" is to be construed in accordance with any regulations made by the Secretary of State under section 22 of the Local Government Act 2000(a).

### **Prejudicial interest generally**

10

- (1) Subject to sub-paragraph (2), where you have a personal interest in any business of your authority you also have a prejudicial interest in that business where the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest.
- (2) You do not have a prejudicial interest in any business of the authority where that business -
  - (a) does not affect your financial position or the financial position of a person or body described in paragraph 8;
  - (b) does not relate to the determining of any approval, consent, licence, permission or registration in relation to you or any person or body described in paragraph 8; or

- (c) relates to the functions of your authority in respect of -
  - (i) housing, where you are a tenant of your authority provided that those functions do not relate particularly to your tenancy or lease;
  - (ii) school meals or school transport and travelling expenses, where you are a parent or guardian of a child in full time education, or are a parent governor of a school, unless it relates particularly to the school which the child attends;
  - (iii) statutory sick pay under Part XI of the Social Security Contributions and Benefits Act 1992, where you are in receipt of, or are entitled to the receipt of, such pay;
  - (iv) an allowance, payment or indemnity given to members;
  - (v) any ceremonial honour given to members; and
  - (vi) setting council tax or a precept under the Local Government Finance Act 1992.

### **Prejudicial interests arising in relation to overview and scrutiny committees**

11 You also have a prejudicial interest in any business before an overview and scrutiny committee of your authority (or of a sub-committee of such a committee) where -

- (a) that business relates to a decision made (whether implemented or not) or action taken by your authority's executive or another of your authority's committees, sub-committees, joint committees or joint sub-committees; and
- (b) at the time the decision was made or action was taken, you were a member of the executive, committee, sub-committee, joint committee or joint sub-committee mentioned in paragraph (a) and you were present when that decision was made or action was taken.

### **Effect of prejudicial interests on participation**

12

- (1) Subject to sub-paragraph (2), where you have a prejudicial interest in any business of your authority -
  - (a) you must withdraw from the room or chamber where a meeting considering the business is being held -
    - (i) in a case where sub-paragraph (2) applies, immediately after making representations, answering questions or giving evidence;

- (ii) in any other case, whenever it becomes apparent that the business is being considered at that meeting;

unless you have obtained a dispensation from your authority's standards committee;

- (b) you must not exercise executive functions in relation to that business; and
  - (c) you must not seek improperly to influence a decision about that business.
- (2) Where you have a prejudicial interest in any business of your authority, you may attend a meeting (including a meeting of the overview and scrutiny committee of your authority or of a sub-committee of such a committee) but only for the purpose of making representations, answering questions or giving evidence relating to the business, provided that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise.

## PART 3

### Registration of Members' Interests

13

- (1) Subject to paragraph 14, you must, within 28 days of –
  - (a) this Code being adopted by or applied to your authority; or
  - (b) your election or appointment to office (where that is later),

register in your authority's register of members' interests (maintained under section 81(1) of the Local Government Act 2000) details of your personal interests where they fall within a category mentioned in paragraph 8(1)(a), by providing written notification to your authority's monitoring officer.

- (2) Subject to paragraph 14, you must, within 28 days of becoming aware of any new personal interest or change to any personal interest registered under paragraph (1), register details of that new personal interest or change by providing written notification to your authority's monitoring officer.

#### **Sensitive information**

14

- (1) Where you consider that the information relating to any of your personal interests is sensitive information, and your authority's monitoring officer agrees, you need not include that information when registering that interest, or, as the case may be, a change to that interest under paragraph 13.
- (2) You must, within 28 days of becoming aware of any change of circumstances which means that information excluded under paragraph (1) is no longer sensitive information, notify your authority's monitoring officer asking that the information be included in your authority's register of members' interests.
- (3) In this Code, "sensitive information" means information whose availability for inspection by the public creates, or is likely to create, a serious risk that you or a person who lives with you may be subjected to violence or intimidation.

## THE GENERAL PRINCIPLES WHICH GOVERN THE CONDUCT OF MEMBERS

**Extract from “The Relevant Authorities (General Principles) Order 2001:  
Statutory Instrument 2001 No. 14012**

1	<i>Selflessness</i>	Members should serve only the public interest and should never improperly confer an advantage or disadvantage on any person.
2	<i>Honesty and Integrity</i>	Members should not place themselves in situations where their honesty and integrity may be questioned, should not behave improperly and should on all occasions avoid the appearance of such behaviour.
3	<i>Objectivity</i>	Members should make decisions on merit, including when making appointments, awarding contracts, or recommending individuals for rewards or benefits.
4	<i>Accountability</i>	Members should be accountable to the public for their actions and the manner in which they carry out their responsibilities, and should co-operate fully and honestly with any scrutiny appropriate to their particular office.
5	<i>Openness</i>	Members should be as open as possible about their actions and those of their authority, and should be prepared to give reasons for those actions.
6	<i>Personal Judgement</i>	Members may take account of the views of others, including their political groups, but should reach their own conclusions on the issues before them and act in accordance with those conclusions.



7	<i>Respect for Others</i>	Members should promote equality by not discriminating unlawfully against any person, and by treating people with respect, regardless of their race, age, religion, gender, sexual orientation or disability. They should respect the impartiality and integrity of the authority's statutory officers, and its other employees.
8	<i>Duty to Uphold the Law</i>	Members should uphold the law and, on all occasions, act in accordance with the trust that the public is entitled to place in them.
9	<i>Stewardship</i>	Members should do whatever they are able to do to ensure that their authorities use their resources prudently and in accordance with the law.
10	<i>Leadership</i>	Members should promote and support these principles by leadership, and by example, and should act in a way that secures or preserves public confidence.

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**Written Undertaking**

I, ....., being a member of the Mountsett Crematorium Joint Committee, undertake to observe the code as to the conduct which is expected of Members of Durham County Council.

Signed.....Date .....

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## Notification by Member of a Local Authority of Personal Interests

I, *(full name)*

a Member of *(authority)*

Mountsett Crematorium Joint Committee

GIVE NOTICE that I have the following personal interests *(please state "None" where appropriate)*:

- (a) I am a member or in a position of general control or management of the following body/ies to which I have been appointed or nominated by the authority – **this relates to any appointments to outside bodies excluding school governorships etc.**

- (b) I am a member or in a position of general control or management of the following body/ies exercising functions of a public nature – **this includes details of any dual and triple hatted appointments you hold e.g. membership of Town and/or Parish Councils**

- (c) I am a member or in a position of general control or management of the following body/ies directed to charitable purposes, **e.g. local Freemasons Lodge, ROAB, Rotary Club**

- (d) I am a member or in a position of general control or management of the following body/ies one of whose principal purposes include the influence of public opinion or policy – **this includes membership of a political party and relevant Association of Councillors, membership of campaigning and, lobbying groups, e.g. Amnesty International, Countryside Alliance, Friends of the Earth, Trade Unions, CBI and professional associations**

- (e) [My Employment] [Business carried on by me] *(delete whichever does not apply)*

- (f) Name of [person] [body] who [employs] [has appointed] me.

- (g) Name of person(s) or body/ies (other than a relevant authority) who has/have made a payment to me in respect of my election or any expenses incurred by me in carrying out my duties.

- (h) Name(s) of any person(s) or body/ies having a place of business or land in the authority's area, and in which I have a beneficial interest in a class of securities of that person(s) or body/ies that exceeds the nominal value of £25,000, or one hundredth of the total issued share capital (whichever is lower)

- (i) Description of any contract for goods, services or works made between the authority and myself or a firm in which I am a partner, a company of which I am a remunerated director, or a person or body of the description specified in (h) above.

- (j) Address or other description (sufficient to identify location) of any land in the authority's area in which I have a beneficial interest – **this includes details of your home address**

- (k) Address or other description (sufficient to identify location) of any land where the landlord is the authority and I am, or a firm in which I am a partner, a company of which I am a remunerated director, or a person or body of the description specified in (h) above is, a tenant.

- (l) Address or other description (sufficient to identify the location) of any land in the authority's area for which I have a license (alone or jointly with others) to occupy for 28 days or longer.

Date

Signed .....

**NOTE - A member must within 28 days of becoming aware of any new personal interest or change to any personal interest specified above, register details of that new personal interest or change by providing written notification to the authority's monitoring officer of that change (form LGA 3 may be used for this purpose)**



## NOTES

### The Local Authorities (Model Code of Conduct) Order 2007

#### Personal interests

8. —(1) You have a personal interest in any business of your authority where either—

(a) it relates to or is likely to affect—

(i) any body of which you are a member or in a position of general control or management and to which you are appointed or nominated by your authority;

(ii) anybody—

(aa) exercising functions of a public nature;

(bb) directed to charitable purposes; or

(cc) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union),

of which you are a member or in a position of general control or management;

(iii) any employment or business carried on by you;

(iv) any person or body who employs or has appointed you;

(v) any person or body, other than a relevant authority, who has made a payment to you in respect of your election or any expenses incurred by you in carrying out your duties;

(vi) any person or body who has a place of business or land in your authority's area, and in whom you have a beneficial interest in a class of securities of that person or body that exceeds the nominal value of £25,000 or one hundredth of the total issued share capital (whichever is the lower);

(vii) any contract for goods, services or works made between your authority and you or a firm in which you are a partner, a company of which you are a remunerated director, or a person or body of the description specified in paragraph (vi);

(viii) the interests of any person from whom you have received a gift or hospitality with an estimated value of at least £25;

(ix) any land in your authority's area in which you have a beneficial interest;

(x) any land where the landlord is your authority and you are, or a firm in which you are a partner, a company of which you are a remunerated director, or a person or body of the description specified in paragraph (vi) is, the tenant;

(xi) any land in the authority's area for which you have a licence (alone or jointly with others) to occupy for 28 days or longer; or

(b) a decision in relation to that business might reasonably be regarded as affecting your well-being or financial position or the well-being or financial position of a relevant person to a greater extent than the majority of—

(i) (in the case of authorities with electoral divisions or wards) other council tax payers, ratepayers or inhabitants of the electoral division or ward, as the case may be, affected by the decision;

(ii) (in the case of the Greater London Authority) other council tax payers, ratepayers or inhabitants of the Assembly constituency affected by the decision; or

(iii) (in all other cases) other council tax payers, ratepayers or inhabitants of your authority's area.

(2) In sub-paragraph (1)(b), a relevant person is—

(a) a member of your family or any person with whom you have a close association; or

(b) any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors;

(c) any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or

(d) any body of a type described in sub-paragraph (1)(a)(i) or (ii).

#### Disclosure of personal interests

9. —(1) Subject to sub-paragraphs (2) to (7), where you have a personal interest in any business of your authority and you attend a meeting of your authority at which the business is considered, you must disclose to that meeting the existence and nature of that interest at the commencement of that consideration, or when the interest becomes apparent.

(2) Where you have a personal interest in any business of your authority which relates to or is likely to affect a person described in paragraph 8(1)(a)(i) or 8(1)(a)(ii)(aa), you need only disclose to the meeting the existence and nature of that interest when you address the meeting on that business.

(3) Where you have a personal interest in any business of the authority of the type mentioned in paragraph 8(1)(a)(viii), you need not disclose the nature or existence of that interest to the meeting if the interest was registered more than three years before the date of the meeting.

## **Prejudicial interest generally**

**10.** —(1) Subject to sub-paragraph (2), where you have a personal interest in any business of your authority you also have a prejudicial interest in that business where the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest.

(2) You do not have a prejudicial interest in any business of the authority where that business—

- (a) does not affect your financial position or the financial position of a person or body described in paragraph 8;
- (b) does not relate to the determining of any approval, consent, licence, permission or registration in relation to you or any person or body described in paragraph 8; or
- (c) relates to the functions of your authority in respect of—
  - (i) housing, where you are a tenant of your authority provided that those functions do not relate particularly to your tenancy or lease;
  - (ii) school meals or school transport and travelling expenses, where you are a parent or guardian of a child in full time education, or are a parent governor of a school, unless it relates particularly to the school which the child attends;
  - (iii) statutory sick pay under Part XI of the Social Security Contributions and Benefits Act 1992, where you are in receipt of, or are entitled to the receipt of, such pay;
  - (iv) an allowance, payment or indemnity given to members;
  - (v) any ceremonial honour given to members; and
  - (vi) setting council tax or a precept under the Local Government Finance Act 1992.

## **Prejudicial interests arising in relation to overview and scrutiny committees**

**11.** You also have a prejudicial interest in any business before an overview and scrutiny committee of your authority (or of a sub-committee of such a committee) where—

- (a) that business relates to a decision made (whether implemented or not) or action taken by your authority's executive or another of your authority's committees, sub-committees, joint committees or joint sub-committees; and
- (b) at the time the decision was made or action was taken, you were a member of the executive, committee, sub-committee, joint committee or joint sub-committee mentioned in paragraph (a) and you were present when that decision was made or action was taken.

## **Effect of prejudicial interests on participation**

**12.** —(1) Subject to sub-paragraph (2), where you have a prejudicial interest in any business of your authority—

- (a) you must withdraw from the room or chamber where a meeting considering the business is being held—
  - (i) in a case where sub-paragraph (2) applies, immediately after making representations, answering questions or giving evidence;
  - (ii) in any other case, whenever it becomes apparent that the business is being considered at that meeting;unless you have obtained a dispensation from your authority's standards committee;
- (b) you must not exercise executive functions in relation to that business; and
- (c) you must not seek improperly to influence a decision about that business.

(2) Where you have a prejudicial interest in any business of your authority, you may attend a meeting (including a meeting of the overview and scrutiny committee of your authority or of a sub-committee of such a committee) but only for the purpose of making representations, answering questions or giving evidence relating to the business, provided that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise.

## **Sensitive information**

**14.** —(1) Where you consider that the information relating to any of your personal interests is sensitive information, and your authority's monitoring officer agrees, you need not include that information when registering that interest, or, as the case may be, a change to that interest under paragraph 13.

(2) You must, within 28 days of becoming aware of any change of circumstances which means that information excluded under paragraph (1) is no longer sensitive information, notify your authority's monitoring officer asking that the information be included in your authority's register of members' interests.

(3) In this Code, "sensitive information" means information whose availability for inspection by the public creates, or is likely to create, a serious risk that you or a person who lives with you may be subjected to violence or intimidation.

## GUIDANCE NOTES ON COMPLETING THIS FORM

- (a) If the Council has appointed or nominated you as its official representative on any outside body or bodies please set out in this section the name(s) of any such body/ies.
- (b) If you are a member, or you hold a position of general control or management, of any other public authority or body (for example, the police or fire authority for the area) details should be included in this section.
- (c) If you are a member, or you hold a position of general control or management, of any charity or similar organisation, details should be included in this section.
- (d) If you are a member, or you hold a position of general control or management, of any organisation whose main purpose is to influence public opinion or policy (for example, a lobbying or campaigning group, whether national or local) you should set out the name(s) here.
- (e) In this section you should include details of your job, or any business that you carry on. Please indicate which, by deleting those words in square brackets which do not apply.
- (f) If you are employed, or have been appointed, give in this section the name of the person or body who employs or has appointed you. Please indicate whichever applies by deleting the appropriate words in square brackets.
- (g) Complete this section by giving details of any payments you have received in respect of your election expenses (for example, from a political party or other group) or payments made to you in connection with carrying out your official duties. This does **not** include any allowance received by you from the Council of which you are a member.
- (h) If you are a shareholder of a company or similar body, which occupies premises in the Council's area, you should give details of such company or other body. This only applies if your holding is over a nominal value of £25,000 or over 1 per cent of the total share capital of a relevant company. If less than this, there is no need to complete this section.
- (i) If you are a partner in a firm or a paid director of a company, such as in (h) above, which supplies goods, services or works to the Council, you should give in this section particulars of any contract between the firm/company and the Council (continue on a separate sheet if there is not enough space).
- (j) This section should be completed with details of any property or land within the Council's area, **including your home**, in which you have a "beneficial interest". Having a "beneficial interest" means being the owner, landlord or tenant of land or other property, except if it is held under a trust.
- (k) If you are a partner in a firm or a paid director of a company or similar body which is a tenant of the Council, please give the address of the premises or description of any relevant land, sufficient to identify it.
- (l) In this section you should give details of any premises or land occupied by you (either alone or with others) in respect of which you have a license (rather than, for example, a lease or other tenancy agreement) to occupy for 28 days or more.

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## Mountsett Crematorium Joint Committee

4 February 2011

Financial Monitoring Report – Position at 31/12/10, with Forecast Outturn at 31/03/11




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

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#### Purpose of the Report

1. The purpose of this report is to set out details of income and expenditure in the period 1 April 2010 to 31 December 2010, together with the forecast outturn position for 2010/11, highlighting areas of over / underspend against the revenue budgets at a service expenditure analysis level.
2. The report also sets out details of the funds and reserves of the Joint Committee at 1 April 2010 and the projected position at 31 March 2011, taking into account the forecast financial outturn projection of income and expenditure this year.

#### Background

3. Scrutinising the financial performance of the 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

4. Budgetary control reports, incorporating outturn projections, are considered by Neighbourhood Services' Management Team on a monthly basis. The County Council's Corporate Management Team also considers monthly 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.
5. The figures contained within this report have been extracted from the General Ledger, and have been scrutinised and supplemented with information and market intelligence supplied by the Superintendent and Registrar. The following table highlights the projected outturn financial performance of the Mountsett Crematorium at 31 March 2011:

<b>Subjective Analysis</b>	<b>Base Budget 2010/2011 £</b>	<b>Year to Date Actual April – Dec £</b>	<b>Projected Outturn 2010/2011 £</b>	<b>Variance Over/ (Under) £</b>
Employees	115,615	81,898	111,848	(3,767)
Premises	119,100	80,020	146,452	27,352
Transport	300	78	300	0
Supplies & Services	68,250	27,868	57,870	(10,380)
Agency & Contracted	17,415	1,450	17,415	0
Central Support Costs	8,330	0	8,330	0
<b>Gross Expenditure</b>	<b>329,010</b>	<b>191,313</b>	<b>342,215</b>	<b>13,205</b>
<b>Income</b>	<b>(573,900)</b>	<b>(353,082)</b>	<b>(546,640)</b>	<b>27,260</b>
<b>Net Income</b>	<b>(244,890)</b>	<b>(161,769)</b>	<b>(204,425)</b>	<b>40,465</b>
<b>Transfer to Reserves</b>				
- Repairs Reserve	15,000	0	(25,465)	(40,465)
- Cremator Reserve	65,000	0	65,000	0
<b>Distributable Surplus</b>	<b>(164,890)</b>	<b>0</b>	<b>(164,890)</b>	<b>0</b>
<b>35% Gateshead Council</b>	<b>57,712</b>	<b>0</b>	<b>57,712</b>	<b>0</b>
<b>65% Durham County</b>	<b>107,178</b>	<b>0</b>	<b>107,178</b>	<b>0</b>
<b>Mountsett Crematorium Earmarked Reserves</b>	<b>Balance @ 1 April 2010 £</b>	<b>Transfers to Reserve £</b>	<b>Transfers From Reserve £</b>	<b>Balance @ 31 March 2011 £</b>
Major Repairs Reserve	(37,547)		25,465	(12,082)
Cremator Replacement Reserve	(160,412)	(65,000)		(225,412)
<b>Total</b>	<b>(197,959)</b>	<b>(65,000)</b>	<b>25,465</b>	<b>(237,494)</b>

## Explanation of Significant Variances between Original Budget and Forecast Outturn

6. As can be seen above, the projected outturn is showing a Forecast surplus (before transfers to reserves and distribution of surpluses to the partners authorities) of £204,425 at the year end against a budgeted surplus of £244,890 (before transfers to reserves and distribution of surpluses to the partners authorities), £40,465 less than the budgeted position. The following section outlines the reasons for any significant variances by subjective analysis area:

### 6.1 Employees

The Forecast outturn is projecting a £3,767 underspend based on current staffing levels. The base budget assumed a 1.00% pay award, however, it is anticipated that this will not now materialise. In addition to this, are savings of £926 arising from revised winter working patterns and an anticipated reduction in holiday cover payments of £1,997.

## 6.2 Premises

The probable outturn is projecting a £27,352 overspend. The main variances to budget are detailed below:

- As previously reported, additional / unbudgeted premises costs (relating to car park resurfacing and replacement metal fencing) have resulted in an overspend of £20,025 this year;
- The previous outturn reported an overspend of £12,729 in relation to replacement paving. Following a decision by the Superintendent & Register to landscape the area in keeping with the surroundings area, this overspend has now reduced to £2,340;
- Non Domestic rates are forecast to exceed the budget by £3,747. This will need correcting in 2011/12;
- Cremator relining costs have exceeded the £18,000 budget provision by £1,240.

## 6.3 Supplies and Services

The £10,380 forecasted underspend on supplies and services expenditure is due to the following reasons:

- The Wesley Music System has cost £2,300 more than the budget sum due to extra maintenance costs.
- The Mercury Abatement provision of £10,680 is not required during 2010/2011 as payments will not be required until 2013/14.
- As a result of an anticipated reduction in cremations during 2010/2011, an underspend of £2,000 is projected in respect of Medical Referee charges.

## 6.4 Income

The 2010/11 budget assumed there would be 1,172 cremations in 2010/11. The projected outturn based on trend data in the first 9 months and discussions with local funeral directors, assumes a total of 1,114 cremations during 2010/11, resulting in a reduced income of £27,260 this year.

## 6.5 Earmarked Reserves

The additional premises costs, requiring funding from the Repairs Reserve, have been slightly reduced due to underspends on Supplies and Services and Employees costs (net of unachievable income). This has resulted in a necessary contribution **from** the reserve of £25,465 rather than a contribution **into** the reserve of £15,000, as budgeted.

The contribution of £65,000 to the Cremator Reserve is currently projected in line with the original budget resulting in a year end reserve of £225,412.

**Overall the earmarked reserves projection for 2010/11 is £237,494, an in year increase of £39,535 or approximately 20%.**

## **Recommendations and reasons**

7 It is recommended that:-

- Members note the April to December 2010 Revenue spend financial monitoring report and associated provisional outturn position 2010/11;

## **Background Documents**

2010/11 Revenue Budget and Fees and Charges Report – As approved by the Mountsett Crematorium Joint Committee

Previous 2010/11 Financial Monitoring Reports – As previously presented to the Mountsett Crematorium Joint Committee

Oracle Financial Management System Reports

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

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## **Appendix 1: Implications**

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### **Finance**

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

### **Staffing**

There are no staffing implications associated with this report.

### **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 Superintendent and Registrar. 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 Superintendent and Registrar, should mitigate the risks associated with achievement of the forecast outturn position.

### **Equality and Diversity**

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

### **Accommodation**

There are no Accommodation implications associated with this report.

### **Crime and Disorder**

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

### **Human Rights**

There are no Human Rights implications associated with this report

### **Consultation**

Officers of Gateshead Council were consulted on the contents of this report.

### **Procurement**

None

### **Disability Discrimination Act**

None

### **Legal Implications**

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

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**Mountsett Crematorium Joint Committee**

**04 February 2011**

**Risk Register 2010/11**



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**Joint Report of Terry Collins – Corporate Director: Neighbourhood Services; Jeff Garfoot – Head of Finance: Resources (Interim Treasurer to the Joint Committee)**

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**Purpose of the Report**

1. To provide an update on the current position with regards to the Risk Register of the Mountsett Crematorium Committee.

**Background**

2. A Risk Assessment report was presented to Members at the 23<sup>rd</sup> September 2010 meeting which included a comprehensive risk register that identified all known risks of a Service and Operational nature, with all risks scored using the Durham County Council methodology approach to Risk Management. In approving the report, the Committee committed to regular monitoring and reporting of both strategic and operation risks.

**Risk Assessment – January 2011**

3. The Risk Register considered and approved by the Joint Committee in September 2010 has been reviewed, reassessed and updated in accordance with the Durham County Council methodology/approach to Risk Management. This entails an assessment of both the gross and net risk from each area, the difference between the gross and net risk score being that the net risk result is after taking into account existing control measures. Full details of the Durham County Risk Management Methodology are set out at Appendix 2.
4. In line with the previous report, two risk registers have been prepared, separately identifying Service and Operational risks.
5. Both sections of the Risk Register have been reviewed by the Risk Officer responsible for Neighbourhood Services and the Crematorium Manager. Net risk ratings have been agreed by consensus and actions to mitigate and/or tackle issues arising from the individual risks have been agreed for the forthcoming year.
6. The Service Risks (i.e. those that are key to the service achieving its strategic objectives and priorities for improvement, linked to service improvement plans and the budget setting cycle) have been plotted onto a risk matrix, based on Net Risk Scores. This is set out at Appendix 3, together with individual risk assessments for each of these. The risk matrix plots the risk to a grid based upon the assessment of likelihood

and impact scores. The higher a risk is in the top right corner of the matrix the bigger a risk it is to the service.

7. All Strategic risks have low Net Scores and there have been no changes to the scores following the review. The risks are at tolerable levels.
8. The actions associated with Risk 12 “Managing Excess Deaths” and Risk 15 “Lack of evidence for Employers Liability claims” have now been completed and moved into the control measures. The completion of these actions have now reduced these risks to a tolerable level.
9. As with Service Risks, the Operational Risks (i.e. those that are key to the operational areas of the service which relate to individual tasks carried out on a routine basis) have also been plotted onto a risk matrix and these are set out at Appendix 4, together with individual risk assessments for each of these.
10. As with the Strategic Risks, there have been no changes to Operational Net Risk Scores.
11. All risk actions have now been completed with the exception of one, Risk 8 “Slips trips and falls”, where one action remains outstanding. The outstanding action relates to carrying out training in risk assessments for ladder duties, which had been arranged but the course was cancelled. The training is to be re-arranged and as a result the timescale for this action has been amended.
12. No emerging risk were identified.

### **Embedding Risk Management - Monitoring and Review**

13. In order to ensure that risk management is embedded and that the risk register is kept up to date, regular reviews will continue to be carried out to ensure any new and emerging risks are identified, existing risks are removed if no longer appropriate and existing risks are reviewed taking into account current issues.

### **Conclusions**

14. The original risk register has been revised and updated and rescored in accordance with Durham County Council criteria.

### **Recommendations**

15. It is recommended that:-
  - Members of the Mountsett Joint Crematorium Committee note the content of this report and the updated position.
  - The Risk Registers be kept up to date and reviewed by the Joint Committee on a half yearly basis.

## **Background Papers**

- Risk Assessment – Report to Mountsett Crematorium Joint Committee – 23 September 2010
- Risk Assessment – Report to Mountsett Crematorium Joint Committee – 29 January 2010
- Risk Assessment – Report to Mountsett Crematorium Joint Committee – 12 June 2009
- External Audit Report – Report to Mountsett Crematorium Joint Committee – 30 October 2009

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**Contact(s): Paul Darby, 0191 383 6594**  
**Ian Houlton, 01207 218 733**  
**Ian Staplin, 01207 570 255**  
**Marian Shanks, 0191 372 7639**

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## **Appendix 1: Implications**

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### **Finance**

There are no financial implications associated with this report. Exposure to financial risk is integral to the gross and net risk assessments undertaken and included in the Risk Registers attached at Appendix 3 and 4.

### **Staffing**

None

### **Risk**

The report and associated appendices sets out in detail the strategic and operational risks, control measures in place to mitigate these and improvement actions associated with these. Each risk has been scored and against the Durham County Council 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.

### **Equality and Diversity**

None

### **Accommodation**

None

### **Crime and Disorder**

None

### **Human Rights**

None

### **Consultation**

Officers of Gateshead Borough Council were consulted on the contents of this report.

### **Procurement**

None

### **Disability Discrimination Act**

None

### **Legal Implications**

None

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## Appendix 2: Durham County Council Risk Management Process

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The risk management process at Durham County Council is based upon a cycle:-



Once a Risk has been identified it is analysed and evaluated as follows:-

- Likelihood X Impact (taking into account Financial + Service Delivery + Stakeholder impacts)

Initially the **Gross Risk** is assessed by scoring the impact and likelihood of the risk **without** taking account of any controls that the Council may already have in place. It is essential to determine this Gross risk, as it is the key baseline against which to evaluate this risk on an ongoing basis.

The **Net Risk** is then determined **after** taking account of any controls that the Council may already have in place, and the likelihood that the risk event may occur over a given period.

In order to calculate the scores for Likelihood and Impact the Risk Assessment criteria is used as outlined below.

After scoring the risk a decision is made whether to Tolerate, Transfer, Treat or Terminate the risk. If any control improvements or actions have been identified as a result of reviewing the risk these are allocated to a responsible officer with timescales to ensure they are carried out before the next review.

## DURHAM COUNTY COUNCIL – IMPACT FACTORS

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



**DURHAM COUNTY COUNCIL – LIKELIHOOD FACTORS**

<b>Factor</b>	<b>Description</b>	<b>Expected Frequency</b>
5	Highly Probable	<ul style="list-style-type: none"> <li>• <b>More than once a year</b></li> <li>• Something that is already occurring or is likely to be a regular occurrence throughout a one year period</li> <li>• Inevitable i.e. the event is expected to occur in most circumstances</li> <li>• &gt;80% chance of occurring</li> </ul>
4	Probable	<ul style="list-style-type: none"> <li>• <b>Once a year</b></li> <li>• Something that has occurred in the last year, or is likely to occur at least once throughout a one-year period.</li> <li>• Probable or where the conditions of the loss occur on a regular basis i.e. the event will probably occur in most circumstances</li> <li>• 61% to 80% chance of occurring</li> </ul>
3	Possible	<ul style="list-style-type: none"> <li>• <b>Every 1-3 years</b></li> <li>• Likely only to happen at some point over the next 1 to 3 years.</li> <li>• Possible but responding to well understood situations i.e. the event might occur at some time</li> <li>• 31% to 60% chance of occurring</li> </ul>
2	Unlikely	<ul style="list-style-type: none"> <li>• <b>Every 3-5 years</b></li> <li>• 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</li> <li>• 11% to 30% chance of occurring</li> </ul>
1	Remote	<ul style="list-style-type: none"> <li>• <b>Over 5 years</b></li> <li>• Rare activity or is unlikely based on current intelligence i.e. the event may only occur in exceptional circumstances</li> <li>• &lt; 10% chance of occurring</li> </ul>

### Appendix 3: Service Risk Register

RISK MATRIX							
5	Highly Probable						LIKELIHOOD
4	Probable						
3	Possible		12	3			
2	Unlikely	4	7,11,15				
1	Remote		1,2,5,6,8,9	10			
		Insignificant (Score 1-3)	Minor (Score 4-6)	Moderate (Score 7-9)	Major (Score 10-12)	Critical (Score 13-15)	
		IMPACT					

Risk No.	Risk – By Risk Number	Net Risk Score	Ranking
1	Not implementing changes in legislation	6	8
2	Non compliance with the new fire order	6	8
3	Impact on staff morale due to uncertainty over Job Evaluation and Single Status	21	1
4	Sickness absence of staff	8	6
5	Disclosure of confidential information through incorrect disposal/maintenance of information	5	11
6	Failure of Cremators	6	8
7	Power Failure	10	3
8	Adverse inspection/Audit report	5	11
9	Loss of Income/Money	5	11
10	Breakdown of Partnership	7	7
11	Loss of knowledge and ability to cover existing workload through premature staff loss	10	3
12	Managing Excess Deaths	12	2
13	Joint Committee fail to Harmonise Fees and Charges in line with Durham Crematorium CLOSED Sept 2010		
14	Administration Duties CLOSED Sept 2010		
15	Lack of Evidence for Employers Liability Claims	10	3

<b>Risk. No.</b>	<b>Risk – Ranked by Net Risk Score</b>	<b>Net Risk Score</b>	<b>Ranking</b>
3	Impact on staff morale due to uncertainty over Job Evaluation and Single Status	21	1
12	Managing Excess Deaths	12	2
13	Joint Committee fail to Harmonise Fees and Charges in line with Durham Crematorium CLOSED Sept 2010		
7	Power Failure	10	3
11	Loss of knowledge and ability to cover existing workload through premature staff loss	10	3
15	Lack of Evidence for Employers Liability Claims	10	3
4	Sickness absence of staff	8	6
10	Breakdown of Partnership	7	7
1	Not implementing changes in legislation	6	8
2	Non compliance with the new fire order	6	8
6	Failure of Cremators	6	8
5	Disclosure of confidential information through incorrect disposal/maintenance of information	5	11
8	Adverse inspection/Audit report	5	11
9	Loss of Income/Money	5	11
14	Administration Duties CLOSED Sept 2010		

DESCRIPTION OF RISK		
Business Unit	Mountsett Crematorium (Joint Risk – Durham CC & Gateshead MBC)	
Risk	1	
Risk Owner	Ian Staplin	
Detail of Risk	Not implementing changes in Legislation	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Non compliance with the law</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Reputational Damage</li> <li>Criticism by Stakeholders</li> <li>Results in negative press coverage</li> <li>Financial penalties / prosecution</li> <li>Loss of operator's licence</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Delivery Impact (1 to 5)	3	
Stakeholder Impact (1 to 5)	2	
<b>Total Gross Impact Score (sum above)</b>	<b>6</b>	
Likelihood (1 to 5)	2	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>12</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Regular updates from professional institutes – ICCMM &amp; FBCA</li> <li>Membership of external organisations</li> <li>Updates received from a number of sources inc Justice Dept</li> <li>Copies of periodicals circulated among staff members</li> <li>Share best practice and communication with Durham</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Impact (1 to 5)	3	
Stakeholder Impact (1 to 5)	2	
<b>Total Net Impact Score (sum above)</b>	<b>6</b>	
Likelihood (1 to 5)	1	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>6</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE</b> / TRANSFER / TREAT / TERMINATE</li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
Completed by	Date	
T Maddison / Ian Staplin	10/01/11	

DESCRIPTION OF RISK		
Business Unit	Mountsett Crematorium (Joint Risk – Durham CC & Gateshead MBC)	
Risk	2	
Risk Owner	Ian Staplin	
Detail of Risk	Non compliance New Regulatory Fire Order	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Non compliance with new fire order</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Injury to staff and public</li> <li>Damage to building</li> <li>Public Liability / Insurance Implications</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)		1
Service Delivery Impact (1 to 5)		3
Stakeholder Impact (1 to 5)		2
<b>Total Gross Impact Score (sum above)</b>		<b>6</b>
Likelihood (1 to 5)		2
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>		<b>12</b>
Existing Control Measures		
<ul style="list-style-type: none"> <li>Staff aware of the new order.</li> <li>Responsible officer for building in place</li> <li>Fire wardens in place</li> <li>Fire extinguishers in place</li> <li>Relevant information displayed</li> <li>Auto gas control fitted in control room</li> <li>Regular inspections carried out</li> <li>Corporate Fire Risk Assessment in place and reviewed annually</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)		1
Service Impact (1 to 5)		3
Stakeholder Impact (1 to 5)		2
<b>Total Net Impact Score (sum above)</b>		<b>6</b>
Likelihood (1 to 5)		1
<b>Total Net Risk Score (Total Impact * Likelihood)</b>		<b>6</b>
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE</b> / TRANSFER / TREAT / TERMINATE – taking into account existing control measures and planned actions</li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
Completed by	Date	
T Maddison / Ian Staplin	10/01/11	

DESCRIPTION OF RISK		
Business Unit	Mountsett Crematorium	
Risk	3	
Risk Owner	Ian Staplin	
Detail of Risk	Impact on Staff Morale due to uncertainty over Job Evaluation and Single Status	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Job Evaluation</li> <li>Staff in Durham Crematorium are paid at different rates than at Mountsett.</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Impact on staff morale affecting ability to deliver services</li> <li>Staff may leave</li> <li>Reluctance of trained staff to move to Mountsett.</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Delivery Impact (1 to 5)	4	
Stakeholder Impact (1 to 5)	2	
<b>Total Gross Impact Score (sum above)</b>	7	
Likelihood (1 to 5)	5	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	35	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Keep staff informed of the process by regular meeting and team briefings</li> <li>Bereavement Services manager has completed JRD's for the service which have been agreed.</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Impact (1 to 5)	4	
Stakeholder Impact (1 to 5)	2	
<b>Total Net Impact Score (sum above)</b>	7	
Likelihood (1 to 5)	3	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	21	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE</b> / TRANSFER / TREAT / TERMINATE taking into account existing control measures and planned actions</li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
Completed by	Date	
T Maddison / Ian Staplin	10/01/11	

DESCRIPTION OF RISK		
Business Unit	Mountsett Crematorium	
Risk	4	
Risk Owner	Ian Staplin	
Detail of Risk	Sickness absence of key staff	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>• Unexpected sickness absence by key staff</li> <li>• Prolonged Sickness Absences</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>• Failure to deliver service</li> <li>• Reputational damage</li> <li>• Loss of confidence</li> <li>• Loss of income due to invoices not being raised.</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Delivery Impact (1 to 5)	3	
Stakeholder Impact (1 to 5)	2	
<b>Total Gross Impact Score (sum above)</b>	<b>6</b>	
Likelihood (1 to 5)	3	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>18</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>• Internal procedures and policies are in place.</li> <li>• Back to Work interviews are undertaken</li> <li>• Sickness Monitoring is undertaken</li> <li>• Family friendly policies in place with HR advice available</li> <li>• Internal recruits have been recruited and trained as volunteer cremator technicians.</li> <li>• Reciprocal arrangement with Durham Crematorium for staff to cover in place</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Impact (1 to 5)	2	
Stakeholder Impact (1 to 5)	1	
<b>Total Net Impact Score (sum above)</b>	<b>4</b>	
Likelihood (1 to 5)	2	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>8</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li>• <b>TOLERATE</b> / TRANSFER / TREAT / TERMINATE</li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
<b>Completed by</b>	<b>Date</b>	
T Maddison / Ian Staplin	10/01/11	

DESCRIPTION OF RISK		
Business Unit	Mountsett Crematorium	
Risk	5	
Risk Owner	Ian Staplin	
Detail of Risk	Disclosure of confidential information through the incorrect disposal/maintenance of information	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Loss of data</li> <li>Data could be disclosed to unauthorised persons</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Breach of confidentiality</li> <li>Breach of Data Protection</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Delivery Impact (1 to 5)	1	
Stakeholder Impact (1 to 5)	3	
<b>Total Gross Impact Score (sum above)</b>	<b>5</b>	
Likelihood (1 to 5)	2	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>10</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Internal procedures and policies are in place for document retention and disposal</li> <li>Secure environment for storage of information</li> <li>Data quality and security controls in place</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Impact (1 to 5)	1	
Stakeholder Impact (1 to 5)	3	
<b>Total Net Impact Score (sum above)</b>	<b>5</b>	
Likelihood (1 to 5)	1	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>5</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE</b> / TRANSFER / TREAT / TERMINATE taking into account existing control measures</li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
<b>Completed by</b>		<b>Date</b>
T Maddison / Ian Staplin		10/01/11



DESCRIPTION OF RISK		
Business Unit	Mountsett Crematorium	
Risk	6	
Risk Owner	Ian Staplin	
Detail of Risk	Failure of cremators	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Age and wear and tear</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Impact on the ability to deliver services</li> <li>Loss of income</li> <li>Reputational damage</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)		1
Service Delivery Impact (1 to 5)		3
Stakeholder Impact (1 to 5)		2
<b>Total Gross Impact Score (sum above)</b>		<b>6</b>
Likelihood (1 to 5)		2
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>		<b>12</b>
Existing Control Measures		
<ul style="list-style-type: none"> <li>Maintenance contract in place –response within 24 hours</li> <li>Contingency plans in place to cover long term breakdown</li> <li>Reciprocal arrangement with Durham</li> <li>Gateshead Crematoria would assist in the event of an emergency</li> <li>Cremators work independently so likelihood of both failing at same time is extremely remote.</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)		1
Service Impact (1 to 5)		3
Stakeholder Impact (1 to 5)		2
<b>Total Net Impact Score (sum above)</b>		<b>6</b>
Likelihood (1 to 5)		1
<b>Total Net Risk Score (Total Impact * Likelihood)</b>		<b>6</b>
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE</b> / TRANSFER / TREAT / TERMINATE</li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
<b>Completed by</b>		<b>Date</b>
T Maddison / Ian Staplin		10/01/11

DESCRIPTION OF RISK		
Business Unit	Mountsett Crematorium	
Risk	7	
Risk Owner	Ian Staplin	
Detail of Risk	Power failure	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Loss of utility services</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Impact on the ability to deliver services</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Delivery Impact (1 to 5)	3	
Stakeholder Impact (1 to 5)	1	
<b>Total Gross Impact Score (sum above)</b>	<b>5</b>	
Likelihood (1 to 5)	3	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>15</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Written contingency plans in place to cover loss of service</li> <li>Reciprocal agreement with Durham Crematorium</li> <li>In an emergency Gateshead Crematoria could assist</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Impact (1 to 5)	3	
Stakeholder Impact (1 to 5)	1	
<b>Total Net Impact Score (sum above)</b>	<b>5</b>	
Likelihood (1 to 5)	2	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>10</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE</b> / TRANSFER / TREAT / TERMINATE</li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
Completed by	Date	
T Maddison / Ian Staplin	10/01/11	

DESCRIPTION OF RISK		
Business Unit	Mountsett Crematorium	
Risk	8	
Risk Owner	Ian Staplin	
Detail of Risk	Adverse inspection/audit report	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Lack of evidence for inspections</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Detrimental Impact on the service</li> <li>Reputational damage</li> <li>Greater levels of audit and inspection</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)		1
Service Delivery Impact (1 to 5)		3
Stakeholder Impact (1 to 5)		3
<b>Total Gross Impact Score (sum above)</b>		<b>7</b>
Likelihood (1 to 5)		2
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>		<b>14</b>
Existing Control Measures		
<ul style="list-style-type: none"> <li>Policies and procedures in place adhered to and can be evidenced.</li> <li>Filing systems in place</li> <li>New employees are subject to an induction process</li> <li>Health and Safety policy available.</li> <li>Fire Risk assessments in place</li> <li>Regular Health &amp; Safety inspection of building carried out and documented.</li> <li>Annual Audit of accounts.</li> <li>Adequate signage for first aiders, fire wardens and fire extinguishers in place</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)		1
Service Impact (1 to 5)		2
Stakeholder Impact (1 to 5)		2
<b>Total Net Impact Score (sum above)</b>		<b>5</b>
Likelihood (1 to 5)		1
<b>Total Net Risk Score (Total Impact * Likelihood)</b>		<b>5</b>
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE</b> / TRANSFER / TREAT / TERMINATE</li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
Completed by	Date	
T Maddison / Ian Staplin	10/01/11	

DESCRIPTION OF RISK		
Business Unit	Mountsett Crematorium	
Risk	9	
Risk Owner	Ian Staplin	
Detail of Risk	Loss of income/money	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Theft</li> <li>Non payment of crematorium fees</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Detrimental Impact on the service</li> <li>Reputational damage</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Delivery Impact (1 to 5)	2	
Stakeholder Impact (1 to 5)	2	
Total Gross Impact Score (sum above)	5	
Likelihood (1 to 5)	2	
Total Gross Risk Score (Total Impact * Likelihood)	10	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Cash/cheques collected and banked in a safe and timely manner</li> <li>Any overdue accounts are subject to recovery through finance</li> <li>Accountancy reconcile income on a regular basis</li> <li>Schedule of income maintained on a daily basis</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Impact (1 to 5)	2	
Stakeholder Impact (1 to 5)	2	
Total Net Impact Score (sum above)	5	
Likelihood (1 to 5)	1	
Total Net Risk Score (Total Impact * Likelihood)	5	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE</b> / TRANSFER / TREAT / TERMINATE</li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
Completed by	Date	
T Maddison / Ian Staplin	10/01/11	

DESCRIPTION OF RISK		
Business Unit	Mountsett Crematorium	
Risk	10	
Risk Owner	Ian Staplin	
Detail of Risk	Breakdown of Partnership	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Partner withdraws funding</li> <li>Partner wants to exit agreement.</li> <li>Partner becomes insolvent</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Detrimental Impact on finances</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	2	
Service Delivery Impact (1 to 5)	3	
Stakeholder Impact (1 to 5)	2	
<b>Total Gross Impact Score (sum above)</b>	<b>7</b>	
Likelihood (1 to 5)	1	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>7</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Formal partnership agreement in place</li> <li>Maintain a good working relationship</li> <li>Maintain financial viability of the facility</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	2	
Service Impact (1 to 5)	3	
Stakeholder Impact (1 to 5)	2	
<b>Total Net Impact Score (sum above)</b>	<b>7</b>	
Likelihood (1 to 5)	1	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>7</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE</b> / TRANSFER / TREAT / TERMINATE</li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
Completed by	Date	
T Maddison / Ian Staplin	10/01/11	

DESCRIPTION OF RISK		
Business Unit	Mountsett Crematorium	
Risk	11	
Risk Owner	Ian Staplin	
Detail of Risk	Loss of knowledge and ability to cover existing workload through staff loss.	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Staff leaving for alternative employment</li> <li>Sudden departure of staff</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Failure in service delivery</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Delivery Impact (1 to 5)	3	
Stakeholder Impact (1 to 5)	3	
<b>Total Gross Impact Score (sum above)</b>	<b>7</b>	
Likelihood (1 to 5)	2	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>14</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Reciprocal agreement in place with Durham Crematorium to provide emergency cover</li> <li>Close communication with small team</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Impact (1 to 5)	2	
Stakeholder Impact (1 to 5)	2	
<b>Total Net Impact Score (sum above)</b>	<b>5</b>	
Likelihood (1 to 5)	2	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>10</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE</b> / TRANSFER / TREAT / TERMINATE</li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
<b>Completed by</b>	<b>Date</b>	
T Maddison / Ian Staplin	10/01/11	

DESCRIPTION OF RISK	
Business Unit	Mountsett Crematorium
Risk	12
Risk Owner	Ian Staplin
Detail of Risk	Managing excess deaths
BACKGROUND TO RISK EVENT	
Risk Causes	<ul style="list-style-type: none"> <li>Flu pandemic</li> <li>Catastrophic incident</li> <li>Loss of experienced staff/not enough trained staff</li> </ul>
Potential Impact	<ul style="list-style-type: none"> <li>Huge strain on crematorium capacity - unable to cope</li> <li>Equipment failure</li> <li>Staff Overtime</li> <li>Existing Staff Resources unable to cope</li> <li>Number of deaths too high to cope with</li> <li>Funeral Directors unable to deliver coffins</li> </ul>
GROSS RISK ASSESSMENT	
Financial Impact (1 to 5)	2
Service Delivery Impact (1 to 5)	2
Stakeholder Impact (1 to 5)	2
<b>Total Gross Impact Score (sum above)</b>	<b>6</b>
Likelihood (1 to 5)	3
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>21</b>
Existing Control Measures	
<ul style="list-style-type: none"> <li>Reciprocal Agreement with Durham Crematorium staff to assist with cover</li> <li>Internal Policies and Procedures in Place</li> <li>Testing has been carried out in Durham to ensure cremators are able to cope with 8 cremations per day – Manufacturers have confirmed Mountsett cremators could deal with this also</li> <li>Plans are in place should the requirement be to move from normal to enhanced operation</li> <li>Stocks of consumable spares for each cremator is purchased and stored on site</li> <li>Stocks of Cremation forms held</li> <li>Training of additional volunteer Cremator Technicians in Durham has been undertaken</li> <li>Procedure notes for administration are prepared and kept in the Crematorium/Cemetery Office</li> <li>Procedure notes produced for Funeral Directors and Clergy to advise how services would operate at enhanced and critical levels</li> <li>Training of volunteer Cremator Technicians to assist in enhanced and critical situations has been completed</li> <li>Working with Civil Contingencies unit excess deaths group</li> <li>Supplies of suitable containers for Cremated remains, flat pack urns or heavy duty plastic bags</li> </ul>	
NET RISK ASSESSMENT	
Financial Impact (1 to 5)	2
Service Impact (1 to 5)	1
Stakeholder Impact (1 to 5)	1
<b>Total Net Impact Score (sum above)</b>	<b>4</b>
Likelihood (1 to 5)	3
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>12</b>

CONCLUSION

- **TOLERATE** / TRANSFER / TREAT / TERMINATE

CONTROL IMPROVEMENTS/ ACTIONS

Activity	Responsible	Timescales
<b>Completed by</b>	<b>Date</b>	
T Maddison / Ian Staplin	10/01/11	



DESCRIPTION OF RISK		
Business Unit	Mountsett Crematorium	
Risk	15	
Risk Owner	Ian Staplin	
Detail of Risk	Lack of evidence for Employers Liability Claims	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Claims arise from lack of compliance with Health and Safety policy</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Reputational damage</li> <li>Financial detriment</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Delivery Impact (1 to 5)	1	
Stakeholder Impact (1 to 5)	3	
<b>Total Gross Impact Score (sum above)</b>	<b>5</b>	
Likelihood (1 to 5)	2	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>10</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Staff aware of Health and Safety policies and procedures – copy held on site</li> <li>Trained First Aiders in place</li> <li>Fire Wardens and relative notices in place.</li> <li>Fire risk assessment has been carried out</li> <li>Regular Health &amp; Safety inspections of the building carried out by Health &amp; Safety Officers</li> <li>Training in Health &amp; Safety Risk assessments completed and communicated to staff</li> <li>Fire extinguishers are labelled and regularly serviced</li> </ul>		
Financial Impact (1 to 5)	1	
Service Impact (1 to 5)	1	
Stakeholder Impact (1 to 5)	3	
<b>Total Net Impact Score (sum above)</b>	<b>5</b>	
Likelihood (1 to 5)	2	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>10</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE</b> / TRANSFER / TREAT / TERMINATE</li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
Completed by	Date	
T Maddison/ Ian Staplin	10/01/11	

## Appendix 4: Operational Risk Register

RISK MATRIX							
5	Highly Probable						LIKELIHOOD
4	Probable						
3	Possible		7				
2	Unlikely						
1	Remote	8	2,3,4,5	1,6			
		Insignificant (Score 1-3)	Minor (Score 4-6)	Moderate (Score 7-9)	Major (Score 10-12)	Critical (Score 13-15)	
		IMPACT					

Risk. No.	Risk – By Risk Number	Net Risk Score	Ranking
1	Injury to staff and visitors	7	2
2	Exterior Pathways and Steps	5	5
3	Use of hand tools and machinery for gardening	5	5
4	Cleaning Duties	5	5
5	Violence/Assault from Member of the Public	6	4
6	Fire	7	2
7	Risk Assessments and Reviews not undertaken	10	1
8	Slips, trips and falls	3	8

<b>Risk. No.</b>	<b>Risk – Ranked by Net Risk Score</b>	<b>Net Risk Score</b>	<b>Ranking</b>
<b>7</b>	<b>Risk Assessments and Reviews not undertaken</b>	<b>10</b>	<b>1</b>
<b>1</b>	<b>Injury to staff and visitors</b>	<b>7</b>	<b>2</b>
<b>6</b>	<b>Fire</b>	<b>7</b>	<b>2</b>
<b>2</b>	<b>Exterior Pathways and Steps</b>	<b>5</b>	<b>5</b>
<b>3</b>	<b>Use of hand tools and machinery for gardening</b>	<b>5</b>	<b>5</b>
<b>4</b>	<b>Cleaning Duties</b>	<b>5</b>	<b>5</b>
<b>5</b>	<b>Violence/Assault from Member of the Public</b>	<b>6</b>	<b>4</b>
<b>8</b>	<b>Slips, trips and falls</b>	<b>3</b>	<b>8</b>

DESCRIPTION OF RISK		
Business Unit	Mountsett Crematorium (Joint Risk – Durham CC & Gateshead MBC)	
Risk	1	
Risk Owner	Ian Staplin	
Detail of Risk	Operational Risk - Injury to staff and visitors	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Hot apparatus – staff handling hot ash pans</li> <li>Staff raking down and removing metal from remains</li> <li>Hydraulic lifting gear.</li> <li>Dust</li> <li>Transferring remains into and between containers.</li> <li>Noise from machinery</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Injury to staff</li> <li>Employee / Public liability claim</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	2	
Service Delivery Impact (1 to 5)	3	
Stakeholder Impact (1 to 5)	2	
<b>Total Gross Impact Score (sum above)</b>	<b>7</b>	
Likelihood (1 to 5)	2	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>14</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Only certified, qualified and trained staff allowed to operate machinery</li> <li>Machinery regularly maintained and serviced</li> <li>Extractor fans and masks used.</li> <li>Risk Assessments training completed.</li> <li>If procedures or machinery changed additional training would be arranged.</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	2	
Service Impact (1 to 5)	3	
Stakeholder Impact (1 to 5)	2	
<b>Total Net Impact Score (sum above)</b>	<b>7</b>	
Likelihood (1 to 5)	1	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>7</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE</b> / TRANSFER / TREAT / TERMINATE</li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
<b>Completed by</b>	<b>Date</b>	
T Maddison / Ian Staplin	10/01/11	

DESCRIPTION OF RISK		
Business Unit	Mountsett Crematorium (Joint Risk – Durham CC & Gateshead MBC)	
Risk	2	
Risk Owner	Ian Staplin	
Detail of Risk	Operational Risk - Exterior pathway and steps	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Path and steps in state of disrepair</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Injury to staff and public</li> <li>Employee / Public liability claim</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	3	
Service Delivery Impact (1 to 5)	1	
Stakeholder Impact (1 to 5)	1	
<b>Total Gross Impact Score (sum above)</b>	<b>5</b>	
Likelihood (1 to 5)	2	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>10</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Paths and steps well maintained – additional investment in repairs agreed by Joint in June 2010</li> <li>Inspected regularly</li> <li>Access levels regularly cleaned</li> <li>Recoding sheets introduced to document reports of defects</li> <li>Method of reporting defects and chasing reported works has been established.</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	3	
Service Impact (1 to 5)	1	
Stakeholder Impact (1 to 5)	1	
<b>Total Net Impact Score (sum above)</b>	<b>5</b>	
Likelihood (1 to 5)	1	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>5</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE</b> / TRANSFER / TREAT / TERMINATE</li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
Completed by	Date	
T Maddison / Ian Staplin	10/01/11	

DESCRIPTION OF RISK		
Business Unit	Mountsett Crematorium (Joint Risk – Durham CC & Gateshead MBC)	
Risk	3	
Risk Owner	Ian Staplin	
Detail of Risk	Operational Risk - Use of hand tools and machinery for gardening	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Vibration</li> <li>Noise</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Injury to staff</li> <li>Employee liability claim</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	3	
Service Delivery Impact (1 to 5)	1	
Stakeholder Impact (1 to 5)	1	
<b>Total Gross Impact Score (sum above)</b>	<b>5</b>	
Likelihood (1 to 5)	2	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>10</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Tools kept in good order</li> <li>Ear protectors and protective clothing provided and used.</li> <li>Training in Health &amp; Safety Risk Assessments completed and communicated to staff.</li> <li>Machinery regularly serviced and maintained</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	3	
Service Impact (1 to 5)	1	
Stakeholder Impact (1 to 5)	1	
<b>Total Net Impact Score (sum above)</b>	<b>5</b>	
Likelihood (1 to 5)	1	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>5</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE</b> / TRANSFER / TREAT / TERMINATE</li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
Completed by	Date	
T Maddison / Ian Staplin	10/01/11	

DESCRIPTION OF RISK		
Business Unit	Mountsett Crematorium (Joint Risk – Durham CC & Gateshead MBC)	
Risk	4	
Risk Owner	Ian Staplin	
Detail of Risk	Operational Risk – Accident caused as a result of cleaning duties	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Hazardous cleaning materials</li> <li>Wet floor</li> <li>Noise (vacuums)</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Injury to staff/public</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	3	
Service Delivery Impact (1 to 5)	1	
Stakeholder Impact (1 to 5)	1	
<b>Total Gross Impact Score (sum above)</b>	<b>5</b>	
Likelihood (1 to 5)	2	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>10</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Least hazardous cleaning products used</li> <li>Floors mopped at quiet times wet floor signage displayed</li> <li>Public areas are fully carpeted.</li> <li>Vacuum regularly maintained and PAT tested</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	3	
Service Impact (1 to 5)	1	
Stakeholder Impact (1 to 5)	1	
<b>Total Net Impact Score (sum above)</b>	<b>5</b>	
Likelihood (1 to 5)	1	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>5</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE</b> / TRANSFER / TREAT / TERMINATE</li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
Completed by	Date	
T Maddison / Ian Staplin	10/01/11	

DESCRIPTION OF RISK		
Business Unit	Mountsett Crematorium (Joint Risk – Durham CC & Gateshead MBC)	
Risk	5	
Risk Owner	Ian Staplin	
Detail of Risk	Operational Risk - Violence/assault from member of public	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Attack by a member of the public</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Injury to staff</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	3	
Service Delivery Impact (1 to 5)	2	
Stakeholder Impact (1 to 5)	1	
<b>Total Gross Impact Score (sum above)</b>	<b>6</b>	
Likelihood (1 to 5)	2	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>12</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Staff trained in dealing with aggressive situations</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	3	
Service Impact (1 to 5)	2	
Stakeholder Impact (1 to 5)	1	
<b>Total Net Impact Score (sum above)</b>	<b>6</b>	
Likelihood (1 to 5)	1	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>6</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE</b> / TRANSFER / TREAT / TERMINATE</li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
<b>Completed by</b>	<b>Date</b>	
T Maddison / Ian Staplin	10/01/11	



DESCRIPTION OF RISK		
Business Unit	Mountsett Crematorium (Joint Risk – Durham CC & Gateshead MBC)	
Risk	6	
Risk Owner	Ian Staplin	
Detail of Risk	Operational Risk – Risk of Fire	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Storage of fuels etc.</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Impact on the ability to deliver services</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Delivery Impact (1 to 5)	3	
Stakeholder Impact (1 to 5)	3	
<b>Total Gross Impact Score (sum above)</b>	<b>7</b>	
Likelihood (1 to 5)	2	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>14</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>No smoking policy in place</li> <li>Fuels kept in locked stores.</li> <li>No smoking signs displayed</li> <li>Regular H&amp;S Inspections carried out by Health &amp; Safety.</li> <li>Fire alarm and procedures in place re regular testing and evacuation drills etc.</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Impact (1 to 5)	3	
Stakeholder Impact (1 to 5)	3	
<b>Total Net Impact Score (sum above)</b>	<b>7</b>	
Likelihood (1 to 5)	1	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>7</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE</b> / TRANSFER / TREAT / TERMINATE</li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
Completed by	Date	
T Maddison / Ian Staplin	10/01/11	

DESCRIPTION OF RISK		
Business Unit	Mountsett Crematorium (Joint Risk – Durham CC & Gateshead MBC)	
Risk	7	
Risk Owner	Ian Staplin	
Detail of Risk	Operational Risk - Risk Assessments and reviews not undertaken	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Staff unaware of risks affecting service</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Detrimental Impact on the service</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Delivery Impact (1 to 5)	3	
Stakeholder Impact (1 to 5)	2	
<b>Total Gross Impact Score (sum above)</b>	<b>6</b>	
Likelihood (1 to 5)	3	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>18</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Full review undertaken</li> <li>Risk assessment procedures in place</li> <li>Health &amp; Safety recommendations completed.</li> <li>Staff training on risk assessments completed.</li> <li>Full review undertaken for all activities in the Business</li> <li>Risk assessments completed and communicated to staff</li> <li>Investigated Refresher training from Federation of Burial and Cremation Authorities</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Impact (1 to 5)	2	
Stakeholder Impact (1 to 5)	2	
<b>Total Net Impact Score (sum above)</b>	<b>5</b>	
Likelihood (1 to 5)	2	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>10</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE</b> / TRANSFER / TREAT / TERMINATE</li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
<b>Completed by</b>	<b>Date</b>	
T Maddison / Ian Staplin	10/01/11	

DESCRIPTION OF RISK		
Business Unit	Mountsett Crematorium (Joint Risk – Durham CC & Gateshead MBC)	
Risk	8	
Risk Owner	Ian Staplin	
Detail of Risk	Operational Risk - Slips, Trips and Falls	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Manual handling</li> <li>Tripping hazards</li> <li>Step ladders 2 rung</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Injury to staff</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Delivery Impact (1 to 5)	1	
Stakeholder Impact (1 to 5)	1	
<b>Total Gross Impact Score (sum above)</b>	<b>3</b>	
Likelihood (1 to 5)	1	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>3</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Regular inspections of office and work areas carried out.</li> <li>Ensure training is kept up to date</li> <li>Manual handling training provided where appropriate</li> <li>Staff issued with Manual Handling Risk Assessment</li> <li>Good Housekeeping – walkways kept clear at all times.</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Impact (1 to 5)	1	
Stakeholder Impact (1 to 5)	1	
<b>Total Net Impact Score (sum above)</b>	<b>3</b>	
Likelihood (1 to 5)	1	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>3</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li>TOLERATE / TRANSFER / <b>TREAT</b> / TERMINATE</li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
1. Risk Assessments training to be carried out for ladder duties	G Harrison	31/03/11
Completed by		Date
T Maddison/ Ian Staplin		10/01/11

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## Mountsett Crematorium Joint Committee

26 January 2011

### Review of the Effectiveness of the System of Internal Audit



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

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#### Purpose of the Report

1. To outline the findings of a review of the effectiveness of the system of internal audit.

#### Background

2. The Mountsett Crematorium Joint Committee (MCJC) has a requirement under the Accounts and Audit (Amended) (England) Regulations 2006 to review the effectiveness of its system of internal audit each year.
3. The review helps to inform consideration of the system of internal control, which in turn supports the Joint Committee's Annual Governance Statement (AGS).
4. Guidance produced by the CIPFA Audit Panel defines the system of internal audit as:

*“the framework of assurance available to satisfy a body that the risks to its objectives, and the risks inherent in undertaking its work, have been properly identified and are being managed by controls that are adequately designed and effective in operation.”*

5. There is an expectation placed upon the Joint Committee to consider the effectiveness of key elements of the system which include:
  - the process by which the control environment and key controls have been identified - the risk management system and processes;
  - the process by which assurance has been gained over controls – its coverage of the key controls and key assurance providers;
  - the adequacy and effectiveness of the remedial action taken where there are deficits in controls, which will be led by the joint committee and implemented by management; and
  - the operation of the Joint Committee and the Internal Audit function to current codes and standards.

6. Since vesting day, an Internal Audit Service has been provided to the Mountsett Crematorium Joint Committee by Durham County Council, in continuation of an informal agreement between the former Derwentside District Council and the Joint Committee.
7. A review of Durham County Council's system of Internal Audit was undertaken in March 2010 and reported to the Audit Committee of the County Council, who concluded that the system was "effective". A copy of that review was made available to the external auditor during the conduct of the audit on the 2009/10 Statement of accounts and Annual Governance Statement, but was not presented to the Joint Committee for consideration.
8. To be fully compliant with the Account and Audit Regulations 2006, the Joint Committee should undertake its own independent review of the effectiveness of the internal Audit service. This report aims to address this. Sources of assurance and supporting evidence to assist the Committee in reaching its conclusion are detailed below, drawing on the self-assessment checklist attached at Appendix 2.

### **Risk Management**

9. Separate reports on the Joint Committee's risk management arrangements are presented to the Joint Committee every six months. Arrangements for the identification, monitoring and management of risk, both strategic and operational risk, are considered to be strong and fully embedded.

### **Internal Audit**

10. The CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 sets the Standard for Internal Audit across 11 key areas of activity.
11. CIPFA has developed a self assessment checklist based on the Code of Practice which sets the minimum standards required to maintain an effective internal audit service.
12. A desktop self-assessment of the Durham County Internal Audit Service has been jointly undertaken by the Head of Finance, HR & Business Support, Neighbourhood Services and the Manager of Internal Audit & Risk (The Head of Internal Audit) against this checklist to inform this review.
13. To enable the Joint Committee to form its own independent view, the checklist has been amended to reflect the specific relationship between the two parties. The resultant assessment is attached for Member consideration at Appendix 2. As can be seen, a number of areas have been improved (compliance achieved) during the current year when compared to 2009/10 and in overall terms the service compares favourably against the CIPFA checklist.

## **Additional assurance**

14. In order to provide some independent assurance of the effectiveness of the Internal Audit Service provided to the Joint Crematorium, a brief review of the service was also undertaken by the external auditor as part of the 2009/10 final accounts audit process.
15. This included a review of the effectiveness of the system of internal audit reported to the Council's Audit Committee. No formal report was issued as a result of this review but some verbal feedback was given as to how the service could be improved. This primarily related to improving the accountability for the audit service to the Joint Committee. This was already in the process of being addressed through the development of an Internal Audit Charter setting out the audit strategy and terms of reference for the service to be provided and the implementation of a formal SLA. Both documents were considered by the Joint Committee at its meeting on 23rd September 2010, but decisions on adopting the SLA were deferred pending consideration of an SLA covering other support services. Both these reports are to be considered by members of the Joint Committee on 4<sup>th</sup> February 2011.
16. The external auditor also made recommendations about the need for the Joint Committee to review its own terms of reference to ensure that they included the expected role and responsibilities of an Audit Committee where appropriate. This will need to be developed in the coming year.
17. The effectiveness of the internal audit service is also measured through quality assurance questionnaires. At the completion of each audit assignment it is standard practice to issue a customer satisfaction survey to the manager responsible for the activity reviewed. Managers are asked to rate each aspect of the audit review process on a scale of 1-5 (1 very poor, 2 poor, 3 satisfactory, 4 good, 5 very good). During 2009/10 only 1 survey was issued, which was completed and returned by the Superintendent and Registrar, who concluded that the service was considered to be good (level 4).
18. Additional performance indicators have been incorporated into the Internal Charter which will be measured and reported upon in the 2010/11 Annual Internal Audit Report.

## **Summary and Key Observations**

19. It is evident that the informal arrangement for the provision of internal audit services in place between the Joint Crematorium and the former District Council, which continued in 2009/10 within Durham County Council, did not comply with all of the requirements of CIPFA's Code of Practice for Internal Audit.
20. Areas of non compliance in 2009/10 have been substantially addressed in the current year through the formalisation of arrangements to improve accountability.
21. The review of the effectiveness of the System of Internal Audit in operation during 2010/11 (attached at Appendix 2) will be updated and any amendments reported to the Joint Committee as part of the annual audit report.

## **Recommendation**

22. Members are asked to consider the contents of the report and whether, based on the evidence disclosed, they are satisfied with the effectiveness of the system of Internal Audit and therefore whether assurance can be placed on the work of this service.
23. Members are asked to note that the review against the CIPFA checklist will be refreshed and updated, with the resultant outcomes reported in the Annual Report of the Head of Internal Audit in April.

## **Background Papers**

Audit Files & Working Papers  
CIPFA Checklist

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

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## **Appendix 1: Implications**

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### ***Finance***

There are no direct financial implications arising for the Joint Crematorium as a result of this report, although the Internal Audit Service aims, through audit planning arrangements, to review core systems in operation and ensure through the broad programme of work ensure that the Joint Crematorium has made safe and efficient arrangements for the proper administration of its financial affairs.

### **Staffing**

None

### **Risk**

Risk is intrinsic to the system of internal audit and governance.

### **Equality and Diversity**

None

### **Accommodation**

None

### **Crime and Disorder**

None

### **Human Rights**

None

### **Consultation**

None

### **Procurement**

None

### **Disability Discrimination Act**

None

### **Legal Implications**

None

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**Internal Audit Effectiveness Checklist – Self Assessment of Compliance with the CIPFA Code of Practice 2006 Central Durham Crematorium Joint Committee**

1	Scope of Internal Audit				
1.1	Terms of Reference	Y	P	N	Comments/Areas for Improvement
1.1.1	Do Terms of Reference: <ul style="list-style-type: none"> <li>a) Establish the responsibilities and objectives of IA?</li> <li>b) Establish the organisational independence of IA</li> <li>c) establish the accountability, reporting lines and relationships between the H of IA and:               <ul style="list-style-type: none"> <li>o with those charged with governance?</li> <li>o those parties to whom the H of IA may report?</li> </ul> </li> <li>d) Recognise that IA's remit extends to the entire control environment of the organisation?</li> <li>e) Identify IA's contribution to the review of the effectiveness of the control environment?</li> <li>f) Require and enable the H of IA to deliver an annual audit opinion?</li> <li>g) define the role of IA in any fraud-related or consultancy work (see also 1.3.2)</li> <li>h) Explain how IA's resource requirements will be assessed?</li> <li>i) Establish IA's right of access to all records, assets, personnel and premises, including those of partner organisations, and its authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities?</li> </ul>			√ √ √ √ √ √ √ √	This has been addressed during 2010 with the development of an Internal Audit Charter which has been specifically tailored to meet the requirements of the Joint Committee and has been presented to the Joint Committees for approval as previously there were no formal terms of reference in place.
1.1.2	Does the H of IA advise the organisation on the content and the need for subsequent review of the terms of reference?			√	The new Internal Audit Charter refers to it being reviewed annually
1.1.3	Have the terms of reference been formally approved by the organisation?			√	The new Internal Audit Charter for the Mounsett Crematoria Joint Committee was presented to the Committee on the 23 <sup>rd</sup> September 2010. but was deferred together with the proposed Service Level Agreement and Strategic Audit Plan until a time when additional information relating to current costs of the service could be established.

**Internal Audit Effectiveness Checklist – Self Assessment of Compliance with the CIPFA Code of Practice 2006 Central Durham Crematorium Joint Committee**

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<b>1</b>	<b>Scope of Internal Audit</b>				
<b>1.1</b>	<b>Terms of Reference (contd.)</b>	<b>Y</b>	<b>P</b>	<b>N</b>	<b>Comments/Areas for Improvement</b>
1.1.4	Are terms of reference regularly reviewed?			√	The new Internal Audit Charter is planned to be reviewed on an annual basis and will be submitted to the Joint Committee for approval.
<b>1.2</b>	<b>Scope of work</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
1.2.1	Are the organisations assurance, risk management and monitoring mechanisms taken into account when determining IA's work and where effort should be concentrated?		√		The scope of Internal audits work has previously been agreed directly with the Crematorium Superintendent, on an ad hoc basis, however during 2010/11 this has now been formalised in a Service Level Agreement. (SLA) Further improvements are planned in 2010/11 to ensure that Service strategic and operational risks, risk management arrangements and monitoring mechanisms have been considered in determining the work required under the SLA
1.2.2	Where services are provided in partnership has the H of IA identified:  How assurance will be sought?  Agreed access rights, where appropriate?		√		This has been addressed within the Audit Charter and the SLA

**Internal Audit Effectiveness Checklist – Self Assessment of Compliance with the CIPFA Code of Practice 2006 Central Durham Crematorium Joint Committee**

1	Scope of Internal Audit				
<b>1.3</b>	<b>Other work</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
1.3.1	Where IA undertakes consultancy and/or fraud and corruption work, does it have the skills, and resources to do this?	√			Skills and any development needs will be addressed through the PDP process. Internal audit will only undertake work where it is considered that they have the necessary skills and can add value.
1.3.2	Do the terms of reference define IA's role in: Fraud and corruption? Consultancy work?		√ √		These are now defined within the Audit Charter
<b>1.4</b>	<b>Fraud &amp; Corruption</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
1.4.1	Has the H of IA made arrangements, within the organisation's anti-fraud and anti-corruption policies, to be notified of all suspected or detected fraud, corruption or impropriety?	√			The Mounsett Crematoria Joint Committee has adhered to The Councils financial regulations, standing orders and other policies and procedures on an informal basis. Arrangements are now set out in the Counter Fraud Strategy which is adopted by the Joint Committee under the terms of the Audit Charter

**Internal Audit Effectiveness Checklist – Self Assessment of Compliance with the CIPFA Code of Practice 2006 Central Durham Crematorium Joint Committee**

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<b>2</b>	<b>Independence</b>				
<b>2.1</b>	<b>Principles of Independence</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
2.1.1	Is IA: a) Independent of all activities it audits? b) Free from non-audit (operational) duties?	√ √			
2.1.2	Where IA staff have been consulted during system, policy or procedure development, are they precluded from reviewing and making comments during routine or future audits?	√			The structure of the service allows adequate flexibility to ensure independence is not compromised
<b>2.2</b>	<b>Organisational Independence</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
2.2.1	Does the status of IA allow it to demonstrate independence?	√			Defined in Audit Charter
2.2.2	Does the H of IA have direct access to: Officers? Members?	√ √			Defined in Audit Charter
2.2.3	Does the H of IA have to report in his or her own name to Members and officers?		√		The Head of Internal Audit does report in her own name and will submit an audit opinion on the control environment to the Joint Committee on an annual basis.
2.2.4	a) Is there an assessment that the budget for IA is adequate? b) does any budget delegated to service areas ensure that: IA adherence to the code is not compromised? The scope for IA is not affected? IA can continue to provide assurance for the Annual Governance Statement	√ √ √		√	N/a The fee for Internal Audit Services will be agreed annually with the Joint Committees and will be set in accordance with the level of work required in providing adequate assurance for the Annual Governance Statement.
<b>2.3</b>	<b>Status of the Head of Internal Audit</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
2.3.1	Is the H of IA managed by a member of the Corporate Management Team?	√			The Head of IA reports directly to the Joint Committee

**Internal Audit Effectiveness Checklist – Self Assessment of Compliance with the CIPFA Code of Practice 2006 Central Durham Crematorium Joint Committee**

<b>2</b>	<b>Independence</b>				
<b>2.4</b>	<b>Independence of IA Contractors</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
2.4.1	Does the planning process recognise and tackle potential conflicts of interest where contractors also provide non-internal audit services?			√	N/A
<b>2.5</b>	<b>Declaration of Interest</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
2.5.1	Do all audit staff make formal declarations of interest?	√			
2.5.2	Does the planning process take account of the declarations of interest registered by staff?	√			

**Internal Audit Effectiveness Checklist – Self Assessment of Compliance with the CIPFA Code of Practice 2006 Central Durham Crematorium Joint Committee**

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<b>3</b>	<b>Ethics for Internal Auditors</b>				
<b>3.1</b>	<b>Purpose</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
3.1.1	Does the H of IA regularly remind staff of their ethical responsibilities?	√			Last addressed formally through IA away day in January 2010 but also more recently through completion of Job Record Documents as part of the job evaluation process.
<b>3.2</b>	<b>Integrity</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
3.2.1	Has the IA team established an environment of trust and confidence?	√			Relationships between Audit staff and the Crematorium Superintendent is good. New reporting requirements under the terms of the SLA seeks to develop an environment of trust and confidence with the Joint Committee.
3.2.2	Do internal auditors demonstrate integrity in all aspects of their work?	√			Customer surveys completed at the end of each audit review provide feedback if this were not the case.
<b>3.3</b>	<b>Objectivity</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
3.3.1	Are internal auditors perceived as being objective and free from conflicts of interest?	√			
3.3.2	Is a time period set by the H of IA for staff where they do not undertake an audit in an area where they have had previous operational roles?			√	This will be considered on a one to one risk assessed basis
3.3.3	Are staff rotated on regular/annually audited areas?		√		It is likely that to ensure consistency of practice staff may be expected to cover crematorium work two years in a row, however, plans are in place to train other staff so that this work can be rotated more appropriately.



**Internal Audit Effectiveness Checklist – Self Assessment of Compliance with the CIPFA Code of Practice 2006 Central Durham Crematorium Joint Committee**

3	Ethics for Internal Auditors				
3.4	<b>Competence</b>	Y	P	N	
3.4.1	<p>Does the H of IA ensure that staff have sufficient knowledge of:</p> <p>a) The organisation's aims objectives, risks and governance arrangements?</p> <p>b) The purpose, risks and issues of the service area?</p> <p>c) The scope of each audit assignment?</p> <p>d) Relevant legislation and other regulatory arrangements that relate to the audit?</p>	Y			<p>Close working relationships exists between IA and the Crematorium Superintendent.</p> <p>Audit Managers are primarily responsible for maintaining awareness within their respective client service areas and ensuring that all teams members carry out adequate research in relation to assignments they are allocated which will include objectives, risks, governance issues and relevant legislation and other regulatory arrangements surrounding the service under review.</p> <p>The scope of each audit assignment is discussed with the Crematorium Superintendent agreed and signed off so that all risks and issues will be included as part of the review if relevant.</p> <p>Where necessary, the Head of Internal Audit will arrange to buy in services where the in house team lacks sufficient knowledge in a particular area and it is not considered to be cost effective to develop those skills in house.</p>
3.5	<b>Confidentiality</b>	Y	P	N	
3.5.1	Do IA staff understand their obligations in respect to confidentiality?	√			Part of employee Code of Conduct and Internal Audit Charter

**Internal Audit Effectiveness Checklist – Self Assessment of Compliance with the CIPFA Code of Practice 2006 Central Durham Crematorium Joint Committee**

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4 Audit Committees					
4.1 Purpose of the Audit Committee		Y	P	N	
4.1.1	Does the organisation have an independent audit committee?	√			The Joint Crematoria Committee will operate as their own assumed audit committee in future. Terms of reference will need to be strengthened to reflect this expanded role.
4.2 Internal Audit's relationship with the Audit Committee		Y	P	N	
4.2.1	Is there an effective working relationship between the audit committee and IA?	√			Restricted at the moment to Committee meetings only, although the Audit Charter does include reference to direct access to Chair and regular meetings outside of the Committee(s) is possible if requested.
4.2.2	Does the committee approve the IA strategy and monitor progress?	√			See 1.1.3
4.2.3	Does the committee approve the annual internal audit plan and monitor progress?			√	Only the Crematorium Superintendent agreed the internal audit work for 2009/10 and prior years. With the introduction of the SLA the Joint Committee will have much more input into the level of work to be carried out and will be able to discuss and amend any proposed audit plan including allocated audit days in the future.
4.2.4	Does the H of IA:				
	a) Attend the committee and contribute to its agenda?	√			Only when relevant.
	b) Participate in the committee's review of its own remit and effectiveness?	√			Only if requested
	c) Ensure that the committee receives and understands documents that describe how IA will fulfil its objectives?	√			Review of Internal Audit Charter or SLA
	d) Report on outcomes of IA work to the committee?	√			)
	e) Establish if anything arising from the work of the committee requires consideration of changes to the audit plan, or vice versa?	√			)
	f) Present the annual IA report to the committee?	√			) As part of the annual report
					)

**Internal Audit Effectiveness Checklist – Self Assessment of Compliance with the CIPFA Code of Practice 2006 Central Durham Crematorium Joint Committee**

					)
4.2.5	Is there the opportunity for the H of IA to meet privately with the audit committee?		√		Opportunity is always available but not yet utilised

**Internal Audit Effectiveness Checklist – Self Assessment of Compliance with the CIPFA Code of Practice 2006 Central Durham Crematorium Joint Committee**

<b>5</b>	<b>Relationships</b>				
<b>5.1</b>	<b>Principles of good relationships</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
5.1.1	Is there a protocol that defines the working relationship for IA with: a) Management? b) Other IA's? c) External auditors? d) Other regulators and inspectors? e) Elected members?	√		√	Internal Audit Charter Area for development re partnership working/joint assurance Nothing formal in place – however long standing relationship via lead authority. No formal arrangements in place No formal arrangements in place
<b>5.2</b>	<b>Relationships with management</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
5.2.1	Does the H of IA seek to maintain effective relationships between internal auditors and managers?	√			Particularly in relation to advice and guidance on financial matters. Review and agreement of audit reports prior to submission to Committee.
5.2.2	Is the timing of audit work planned in conjunction with management?	√			Timing of audit agreed annually with the Joint Committee(s)
<b>5.3</b>	<b>Relationships with other internal auditors</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
5.3.1	Do arrangements exist with other internal auditors that include joint working, access to working papers, respective roles and confidentiality?		√		Where relevant.
<b>5.4</b>	<b>Relationships with external auditors</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
5.4.1	Is it possible for IA and external audit to rely on each others work?	√			Wherever possible the work of both audit functions will complement and supplement each other.
5.4.2	Are there regular meetings between the H of IA and External Audit Manager?		√		Contact with the External auditors for Mounsett. Is currently limited to correspondence. Improved contact including meeting with External auditors would be welcomed.

**Internal Audit Effectiveness Checklist – Self Assessment of Compliance with the CIPFA Code of Practice 2006 Central Durham Crematorium Joint Committee**

<b>5</b>	<b>Relationships</b>				
<b>5.4</b>	<b>Relationships with external auditors (contd.)</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
5.4.3	Are internal and external audit plans co-ordinated?		√		N/a work programmes for both rather fixed. Internal audit in respect of SLA and External audit statutory provision, although External Audit are consulted.
<b>5.5</b>	<b>Relationships with other regulators and inspectors</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
5.5.1	Has the H of IA sought to establish a dialog with the regulatory and inspection agencies that interact with the organisation?			√	Would be willing where this is considered relevant.
<b>5.6</b>	<b>Relationships with Elected Members</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
5.6.1	Do the terms of reference for IA define channels of communication with Members and describe how such relationships should operate?	√			Internal Audit Charter
5.6.2	Does the H of IA maintain good working relationships with Members?	√			Regular reports to Joint Committees

**Internal Audit Effectiveness Checklist – Self Assessment of Compliance with the CIPFA Code of Practice 2006 Central Durham Crematorium Joint Committee**

<b>6 Staffing, Training and Continual Professional Development</b>					
<b>6.1 Staffing Internal Audit</b>		<b>Y</b>	<b>P</b>	<b>N</b>	
6.1.1	Is IA appropriately staffed (numbers, grades, qualifications, personal attributes and experience) to achieve its objectives and comply with these standards?	√			In respect of meeting SLA requirements resources are built in to the audit plan for this. Audit will also be carried out by person(s) with appropriate qualifications and experience.
6.1.2	Does the H of IA have access to appropriate resources where the necessary skills and expertise are not available within the audit team?		√		This is unlikely to happen unless under extreme circumstances. An Internal audit framework with an external partner is being developed to address this issue.
6.1.3	Is the H of IA professionally qualified and experienced?	√			CIPFA qualified and IIA affiliated member.
6.1.4	Does the H of IA have wide experience of IA and management?	√			25 years audit experience, 15 at a senior level
6.1.5	a) Do all IA staff have up to date job descriptions? b) Are there person specifications that define the required qualifications, competencies, skills, experience and personal attributes for IA staff?	√ √			Reviewed recently for LGR
<b>6.2 Training and Continual Professional Development</b>		<b>Y</b>	<b>P</b>	<b>N</b>	
6.2.1	a) Has the H of IA defined the skills and competencies for each level of auditor? b) Are individual auditors periodically assessed against these predetermined skills and competencies? c) Are training and development needs identified and included in an appropriate ongoing development programme? d) Is the development programme recorded, regularly reviewed and monitored?	√  √ √		√	Job descriptions/Personal Specifications  Quality assurance processes provide on-going assessment. More formal assessment of competencies being considered using CIPFA's "Excellent Internal Auditor " framework  Part of Corporate Performance Appraisal Process
6.2.2	Do individual auditors maintain a record of their professional training and development activities?	√			Annual returns provided for HR

**Internal Audit Effectiveness Checklist – Self Assessment of Compliance with the CIPFA Code of Practice 2006 Central Durham Crematorium Joint Committee**

<b>7</b>	<b>Audit Strategy and Planning</b>				
<b>7.1</b>	<b>Audit Strategy</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
7.1.1	a) Is there an IA strategy for delivering the service? b) Is it kept up to date with the organisation and its changing priorities?	√ √			Part of Internal Audit Charter Reviewed annually
7.1.2	Does the strategy include: a) IA objectives and outcomes? b) How the H of IA will form and evidence his/her opinion on the control environment? c) How IA's work will identify and address local and national issues and risks? d) How the service will be provided, i.e. internally, externally, or a mix of both? e) The resources and skills required to deliver the strategy?	√ √ √ √ √			.
7.1.3	Has the strategy been approved by the Audit Committee?	√			June 2009 by the Councils Audit Committee, not the Mounsett Crematoria Joint Committee
<b>7.2</b>	<b>Audit Planning</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
7.2.1	Is there a risk based plan that is informed by the organisation's risk management, performance management and other assurance processes?	√			Further improvements planned for 2011/12
7.2.2	Where the risk management process is not fully developed or reliable, does the H of IA undertake his/her own risk assessment process?	√			From an audit perspective within 'Galileo' and for every audit review using Control risk self assessment criteria
7.2.3	Are stakeholders consulted on the audit plan?	√			Both officers and members of the joint Committees have the opportunity to influence the work carried out. This is also explained in the audit charter and SLA.

**Internal Audit Effectiveness Checklist – Self Assessment of Compliance with the CIPFA Code of Practice 2006 Central Durham Crematorium  
Joint Committee**

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7.2.4	Does the plan demonstrate a clear understanding of the organisations functions?	√			
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**Internal Audit Effectiveness Checklist – Self Assessment of Compliance with the CIPFA Code of Practice 2006 Central Durham Crematorium Joint Committee**

7	Audit Strategy and Planning				
7.2	Audit Planning (contd.)	Y	P	N	
7.2.5	Does the plan: a) Cover a fixed period of no more than one year? b) Outline the assignments to be carried out? c) Prioritise assignments? d) Estimate the resources required? e) Differentiate between assurance and other work? f) Allow a degree of flexibility?	√ √  √ √ √		  √	Contained within SLA reviewed annually Where relevant Work programme agreed in SLA, although additional work could be prioritized if requested No of days agreed annually Outlined in SLA Where required
7.2.6	Is there an imbalance between the resources available and resources needed to cover the plan, is the audit committee informed of the proposed solutions?			√	N/a SLA resources would always be found to meet Internal audit obligations, unless significant additional work was required by the Joint Crematorium Committee eg Fraud
7.2.7	Has the plan been approved by the audit committee?	√			SLA deferred by Joint Committee at a meeting on the 23 <sup>rd</sup> September 2010
7.2.8	If significant matters arise that jeopardise the delivery of the plan, are these addressed and reported to the audit committee?	√			Through regular progress reporting

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<b>8 Undertaking Audit Work</b>					
<b>8.1</b>	<b>Planning</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
8.1.1	a) Is a brief prepared for each audit? b) Is the brief discussed and agreed with the relevant managers?	√ √			TOR prepared and agreed for each review Also use of Control risk self assessment
8.1.2	Does the brief set out: a) Objectives? b) Scope? c) Timing? d) Resources? e) Reporting requirements?	√ √ √ √ √			
<b>8.2</b>	<b>Approach</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
8.2.1	Is a risk-based audit approach used?	√			
8.2.2	Does the audit approach show when management should be informed of interim findings where key (serious) issues have arisen?	√			Covered in Internal Audit Charter
8.2.3	Does the audit approach include a quality review process for each audit?	√			All working papers and reports reviewed by Audit Managers
<b>8.3</b>	<b>Recording Audit Assignments</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
8.3.1	Has the H of IA defined a standard for audit documentation and working papers?	√			Templates used
8.3.2	Do quality reviews ensure that the defined standard is followed consistently for all audit work?	√			Review carried out at each stage of the audit.
8.3.3	Are working papers such that an experienced auditor can easily: a) Identify the work that has been performed?	√			.

**Internal Audit Effectiveness Checklist – Self Assessment of Compliance with the CIPFA Code of Practice 2006 Central Durham Crematorium Joint Committee**

	b) Re-perform it if necessary?	√			
	c) See how the work supports the conclusions reached?	√			

**Internal Audit Effectiveness Checklist – Self Assessment of Compliance with the CIPFA Code of Practice 2006 Central Durham Crematorium Joint Committee**

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<b>8 Undertaking Audit Work</b>					
<b>8.3</b>	<b>Recording Audit Assignments (contd.)</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
8.3.4	Is there a defined policy for the retention of all audit documentation, both paper and electronic?	√			In accordance with Information Commissioner guidelines at present. Draft Retention and Disposals policy still to be approved.
8.3.5	Do all retention and access policies conform to appropriate legislation, i.e. Data Protection Act, Freedom of Information Act, etc and any organisational requirements?		√		.See above
8.3.6	Is there an access policy for audit files and records?	√			The external auditor has access to audit files and records. F of I work access is restricted to staff engaged on reviews.

**Internal Audit Effectiveness Checklist – Self Assessment of Compliance with the CIPFA Code of Practice 2006 Central Durham Crematorium Joint Committee**

9	Due Professional Care				
9.1	Responsibilities of the Individual Auditor	Y	P	N	
9.1.1	<p>Are there documents that set out the requirements on all audit staff in terms of:</p> <ul style="list-style-type: none"> <li>a) Being fair and not allowing prejudice or bias to override objectivity?</li> <li>b) Declaring interests that could be perceived to be conflicting or could potentially lead to conflict?</li> <li>c) Receiving and giving gifts and hospitality from employees, clients, suppliers or third parties?</li> <li>d) Using all reasonable care in obtaining sufficient, relevant and reliable evidence on which to base conclusions?</li> <li>e) Being alert to the possibility of intentional wrongdoing, errors or omissions, poor value for money, failure to comply with management policy or conflict of interest?</li> <li>f) Having sufficient knowledge to identify indicators that fraud or corruption may have been committed?</li> <li>g) Disclosing all material facts known to them which, if not disclosed, could distort their reports or conceal unlawful practice?</li> <li>h) Disclosing any non-compliance with these standards?</li> <li>i) Not using information they gain in the course of their duties for personal use?</li> </ul>	<p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p>	<p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p>		<p>Durham County Council’s Internal Audit Charter</p> <p>Durham County Council’s Internal Audit Charter/Employee Code of Conduct</p> <p>Durham County Council’s Employee Code of Conduct</p> <p>Durham County Council’s Internal Audit Charter, Counter Fraud Strategy</p> <p>Risk Matrices</p> <p>Durham County Council’s Employee Code of Conduct</p> <p>Areas where partial response will be addressed through the development of a detailed IA Manual</p>

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<b>9.2</b>	<b>Responsibilities of the Head of Internal Audit</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
9.2.1	Has the H of IA established a monitoring and review programme to ensure that due professional care is achieved and maintained?	√			Quality assurance arrangements and customer surveys
9.2.2	Are there systems in place for individual auditors to disclose any suspicions of fraud, corruption or improper conduct?	√			Day to day management arrangements. Confidential Reporting Code/Whistle blowing policy
<b>10</b>	<b>Reporting</b>				
<b>10.1</b>	<b>Principles of Reporting</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
10.1.1	Is an opinion on the control environment and risk exposure given in each audit?	√			. Internal Audit Charter
10.1.2	Has the H of IA determined the way in which IA will report?	√			Internal Audit Charter
10.1.3	Has the H of IA set out the standards for audit reporting?	√			Internal Audit Charter
10.1.4	Are there laid down timescales for reports to be issued?	√			. Internal Audit Charter
<b>10.2</b>	<b>Reporting on Audit Work</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
10.2.1	Do the reporting standards include: a) Format of the reports?	√			Internal Audit Charter
10.2.2	b) Quality assurance of reports?	√			
10.2.3	c) The need to state the scope and purpose of the audit?	√			
	d) The requirement to give an opinion?	√			
10.2.4	e) Process for agreeing reports with the recipient?	√			
10.2.5	f) An action plan or record of points arising from the audit and, where appropriate, of agreements reached with management together with appropriate timescales?	√			
10.2.6					
10.2.7	Does the audit reporting process include discussion and agreement of reports?	√			. Internal Audit Charter
10.2.8	Has the H of IA determined a process for prioritising recommendations according to risk?	√			Internal Audit Charter

**Internal Audit Effectiveness Checklist – Self Assessment of Compliance with the CIPFA Code of Practice 2006 Central Durham Crematorium Joint Committee**

10.2.9	Are areas of disagreement recorded appropriately?	√			
10.2.10	Are those weaknesses giving rise to significant risks that are not agreed drawn to the attention of senior management?	√			

**Internal Audit Effectiveness Checklist – Self Assessment of Compliance with the CIPFA Code of Practice 2006 Central Durham Crematorium Joint Committee**

<b>10 Reporting</b>					
<b>10.2</b>	<b>Reporting on Audit Work (contd.)</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
10.2.11	Is the circulation of each report determined when preparing the audit brief?		√		Steps taken in the current year to ensure that circulation of reports and the manager with authority to agree TOR's and clear draft reports, i.e the Key contact is agreed with the relevant Manager prior to each review commencing.
10.2.12	a) Does the reporting process include details of circulation of that particular audit report? b) Is this included in the brief for each individual audit?	√	√		Copy of the audit charter to be supplied to each lead officer at pre audit meeting wef from 2011/12
10.2.13	Does the H of IA have mechanisms in place to ensure that: a) Recommendations that have a wider impact are reported to the appropriate forums? b) Risk registers are updated?	√ √			All final reports and their circulation is reviewed by the H of IA Pro-forma in use for reassessment to take place following each review and fed back to risk management (this is also relevant for any review carried out to the Mounsett Crematoria)
<b>10.3</b>	<b>Follow-up Audits and Reporting</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
10.3.1	Has the H of IA defined the need for and the form of any follow-up action?	√			Internal Audit Charter and quarterly report templates to Directors. Mirrored for the Crematoria Joint Committees
10.3.2	Has the H of IA established appropriate escalation procedures for IA recommendations not implemented by the agreed date?	√			As above
10.3.3	Where appropriate, is a revised opinion given following a follow-up audit and reported to management?	√			
10.3.4	Are the findings of audits and follow-ups used to inform the planning of future audit work?	√			This will inform the work to be carried out in future years under the SLA.



**Internal Audit Effectiveness Checklist – Self Assessment of Compliance with the CIPFA Code of Practice 2006 Central Durham Crematorium Joint Committee**

10	Reporting				
10.4	Annual Reporting and Presentation of Audit Opinion	Y	P	N	
10.4.1	Does the H of IA provide an annual report to support the Annual Governance Statement	√			In 2009/10 only the audit report relating to the annual review of the Crematorium was reported to the Joint Committee. This has been strengthened with the introduction of the SLA and an annual report will be presented.
10.4.2	<p>Does the H of IA's annual report:</p> <p>a) Include an opinion on the overall adequacy and effectiveness of the organisation's control environment?</p> <p>b) Disclose any qualifications to that opinion, together with the reasons for the Qualification?</p> <p>c) Present as summary of the audit work from which the opinion was derived, including reliance placed on work by other assurance bodies?</p> <p>d) Draw attention to any issues the H of IA judges particularly relevant to the preparation of the Annual Governance Statement?</p> <p>e) Compare the actual work undertaken with the planned work and summarise the performance of the internal audit function against its performance measures and targets?</p> <p>f) Comment on compliance with the standards of the Code?</p> <p>g) Communicate the results of the internal audit quality assurance programme?</p>			<p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p>	<p>Arrangements for 2010/11 as part of the SLA will be to present an annual audit report and audit opinion, review of the audit work carried out, outline any issues that may be relevant for inclusion in the Annual Governance Statement, and compare performance achieved with that planned</p> <p>Reference made to Internal Audit Charter which refers to Code of Practice. Covered in this effectiveness review</p> <p>Reference made to follow-up arrangements</p>
10.4.3	Has the H of IA made provision for interim reporting to the organisation during the year?	√			Crematoria Joint Committee will agree SLA annually, which will include reporting arrangements

**Internal Audit Effectiveness Checklist – Self Assessment of Compliance with the CIPFA Code of Practice 2006 Central Durham Crematorium Joint Committee**

<b>11</b>	<b>Performance, Quality and Effectiveness</b>				
<b>11.1</b>	<b>Principles of Performance, Quality and Effectiveness</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
11.1.1	Is there an audit manual?		√		Processes and procedures in relation to the audit management database Galileo. Full Audit Manual under development
11.1.2	Does the manual provide guidance on: a) Carrying out day to day audit work? b) Complying with the Code?		√ √		As above
11.1.3	Is the audit manual reviewed regularly and updated to reflect changes in working practices and standards?		√		As above
11.1.4	Does the H of IA have arrangements in place to access the performance and effectiveness of: a) Each individual audit? b) The internal audit service as a whole?	√ √			Review process, customer surveys on completion of each review  PI' s agreed and monitored
<b>11.2</b>	<b>Quality Assurance of Audit Work</b>	<b>Y</b>	<b>P</b>	<b>N</b>	
11.2.1	Does the H of IA have processes in place to ensure that work is allocated to auditors who have the appropriate skills, experience and competence?	√			Review process, PDP's, quality test checks, Regular Management Team meetings
11.2.2	Does the H of IA have a process in place to ensure that all staff are supervised appropriately throughout all audits?	√			Management structure and review processes
11.2.3	Does the supervisory process cover: a) Monitoring process? b) Assessing quality of audit work? c) Coaching staff?	√ √ √			

**Internal Audit Effectiveness Checklist – Self Assessment of Compliance with the CIPFA Code of Practice 2006 Central Durham Crematorium Joint Committee**

11	Performance, Quality and Effectiveness				
11.3	Performance and Effectiveness of the Internal Audit Service	Y	P	N	
11.3.1	Does the H of IA have a performance management and quality assurance programme in place?	√			Bi weekly managers meetings, monthly 1-2-1's with Audit Managers, monthly team meetings, divisional forum 3 times year, service improvement plan, training plan, review of all final audit reports, away day
11.3.2	<p>Does the performance management and quality assurance framework include as a minimum:</p> <p>a) A comprehensive set of targets to measure performance:</p> <ul style="list-style-type: none"> <li>• Which are developed in consultation with appropriate parties?</li> <li>• Which are included in service level agreements, where appropriate?</li> <li>• Against which the H of IA measures, monitors and reports appropriately on progress?</li> </ul> <p>b) User feedback obtained for each individual audit and periodically the whole service?</p> <p>c) A periodic review of the whole service against the strategy and the achievement of its aims and objectives, the results of which are used to inform the future strategy?</p> <p>d) Internal quality reviews to be undertaken periodically to ensure compliance with this Code and the audit manual?</p> <p>e) An action plan to implement improvements?</p>	<p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p>		<p>√</p>	<p>Developed in consultation with staff and approved by Audit Committee for 2010/11 SLA's with Police and Fire Authorities under review</p> <p>Assumed acceptance by Crematoria Joint Committee as these have been approved by the Council's Audit Committee.</p> <p>Post audit questionnaire, annual feedback questionnaire to be considered</p> <p>Annual review of Internal Audit Charter and periodic reviews of audit need risk assessment process</p> <p>Where documented procedures are in existence</p> <p>Operational improvement plan/SIP</p>
11.3.3	Does the H of IA compare the performance and the effectiveness of the service over time, in terms of both the achievement of targets and the quality of the service provided to the user?			√	2009/10 first year of operation of new service. Comparisons will be made in future and against CIPFA benchmarking data Monthly reports of productive/non productive time allocated.

**Internal Audit Effectiveness Checklist – Self Assessment of Compliance with the CIPFA Code of Practice 2006 Central Durham Crematorium Joint Committee**

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11	Performance, Quality and Effectiveness				
11.3	Performance and Effectiveness of the Internal Audit Service (contd.)	Y	P	N	
11.3.4	Do the results of the performance management and quality assurance programme evidence that the internal audit service is: <ul style="list-style-type: none"> <li>a) Meeting its aims and objectives?</li> <li>b) Compliant with the Code?</li> <li>c) Meeting IA quality standards?</li> <li>d) Effective, efficient, continuously improving?</li> <li>e) Adding value and assisting the organisation in achieving its objectives?</li> </ul>		√ √ √ √		Performance management and quality assurance programme to be reviewed during 2010/11 to improve accountability and effectiveness of service
11.3.5	Does the H of IA report on the results of the performance management and quality assurance programme in the annual report?	√			. Not in 2009/10
11.3.6	Does the H of IA provide evidence from his/her review of the performance and quality of the internal audit service to the organisation for consideration as part of the annual review of the effectiveness of the system of internal audit?	√			



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**Mountsett Crematorium Joint Committee**

**04 February 2011**

**Provision of Audit Services 2010-2014**



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**Report of the Head of Internal Audit & Risk**

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**Purpose of the Report**

1. The purpose of this report is to present for approval a proposed Service Level Agreement (SLA) for the provision of an Internal Audit Service by Durham County Council to the Mountsett Crematorium Joint Committee for the period April 2010 to March 2014, together with an indicative 4 year strategic plan and annual plan showing the scope of audit coverage for 2010/11.

**Background**

2. Following recommendations by the Audit Commission in the Annual Governance (AG) report 2008/09, for the Central Durham Crematorium Joint Committee arrangements for the provision of Internal Audit were strengthened in 2009/10 through the development of a formal service level agreement. This agreement has been reviewed for 2010/11.
3. To increase its accountability it was also agreed that Internal Audit would present an annual audit plan of work for approval to the Committee and an annual report to inform the Annual Governance Statement.
4. To ensure consistency across services it is proposed that the Mountsett Crematorium Joint Committee also enter into a service level agreement (SLA) with Durham County Council for the provision of an Internal Audit Service.
5. This report sets out details of the proposed SLA for the period April 2010 to March 2014 and details of the proposed audit plan for 2010/11.

**Service Level Agreement (SLA)**

6. It is proposed that a 4 year SLA be established for the provision of an Internal Audit Service to the Joint Committee to provide a commitment for both parties over the medium term. This includes the provision of risk management and corporate governance support by the Council's Risk & Governance Manager, in addition to internal audit services, if required. This longer term agreement will allow the Joint Committee to budget effectively for the cost of audit services and will enable the Durham County Council Audit Service to plan the use of its resources more effectively.
7. The proposed SLA, attached at Appendix 2, has been developed in consultation with the Treasurer to the Joint Committee and reflects the nature of the current partnership, the

services to be provided, the period of agreement, the number of audit days to be delivered, and the cost of the service expressed as a cost per day and total estimated annual budget.

8. Members should be aware that previously the cost of the work carried out by the Internal Audit Service has been included in a general administration recharge. This does not accurately reflect the cost of the level of work carried out as the basis of the recharge only reflects the direct audit days required to carry out the agreed planned annual audit review. Work involved in reviewing agreements, planning and reporting etc has been absorbed by the service as overhead. It is therefore proposed that all work carried out directly on behalf of the Joint Committee will be recharged in future and the resultant budget requirement for an Internal Audit Service is set out in the SLA. Details of all work to be carried out will be itemised in Annual Audit Plans so that costs are more transparent.
9. The SLA is supplemented by a detailed Audit Charter, which explains the nature of Internal Audit's role and how it intends to carry out its work. (See Appendix 2, Schedule 3).
10. The SLA will be supplemented by a corresponding 4 year Strategic Audit Plan based on an audit needs assessment, which helps to develop the audit strategy by focusing audit resources against areas of higher risk. A proposed Strategic Audit Plan based on an initial internal audit risk analysis is attached at Appendix 3. Year 1 of this Strategic Audit Plan will form the basis of the Annual Audit Plan for the current year. Years 2-4 are indicative and will be developed in consultation with the Treasurer to the Joint Committee (or his nominated representative) the Crematorium Superintendent and the External Auditor. This strategic plan will be subject to revision as part of the annual planning process.

### **2010/11 Audit Plan / Scope**

11. Internal Audit will provide an Internal Audit Service to the Mountsett Crematorium Joint Committee in 2010/11 in accordance with the SLA, year 1 of the strategic audit plan and the internal audit charter.
12. The Internal Audit Service will be provided under the relevant standards of the CIPFA Code of Audit Practice for Internal Audit in Local Government.
13. Internal audit will review, appraise and report upon the effectiveness of the internal control environment including the risk management and corporate governance arrangements. It is the responsibility of management to establish and maintain appropriate systems of internal controls.
14. In addition to the completion of the audit plan, audit staff will support the management of the Central Durham Crematorium by providing informal advice and assistance through discussion of key issues and risks as they arise throughout the year.



15. Details of the proposed areas of work to be covered by Internal Audit in 2010/11, which have been developed in consultation with the Treasurer to the Joint Committee are shown below:

### **Management and Governance**

Internal Audit is responsible for the following:

- Annual risk analysis
- Assessment of internal audit needs
- Review of audit strategy
- Annual report and opinion
- Liaising with the Crematorium Superintendent
- Liaising with the Head of Finance, HR and Business Support and other relevant staff.
- Attendance at pre meetings of the Joint Committee.
- Reporting to the Joint Committee
- Following up of previous audit recommendations.

### **Systems Testing**

#### **Fundamental Accounting systems**

The Crematorium uses the main financial systems (Payroll, Accounts payable, Accounts receivable, Pensions and General Ledger) of Durham County Council. Each year Internal Audit reviews these systems as part of its fundamental accounting systems audits to ensure that the systems have adequate controls in place. Previously Internal Audit has relied upon the assurance gained from these reviews to inform the work carried out on behalf of the Joint Committee. The External Auditor has expressed an opinion that the level of assurance gained in this way is insufficient. Consequently additional testing not previously considered by Internal Audit will be carried out to ensure that all transactions relating to the operation of the Crematorium are reflected accurately in the relevant Durham County Council systems.

#### **Crematorium Onsite / Detailed Review**

The overall objective of the review is to provide a risk based assessment of the systems in place in order to form an opinion as to whether they are robust and provide an adequate basis for effective control. Detailed terms of reference for the work to be carried out for 2010/11 will be agreed with the Crematorium Superintendent prior to commencement of the audit. The proposed scope for the 2010/11 audit is attached at Appendix 4.

#### **Other proposed areas of work**

##### **Advice and assistance**

Internal Audit will continue to offer ad hoc advice and assistance on a wide range of areas including Standing Orders, Financial regulations, Financial Management Standards etc.

## **Contingency**

Set aside for special assignments including fraud and corruption investigations

## **Recommendations**

15. It is recommended that:-

- Members approve the Chair to sign the enclosed Service Level Agreement.
- Members approve the Audit Charter
- Members approve the Strategic Audit Plan for the current year and future years.
- Members approve the proposed scope for the 2010/11 audit.

## **Background Documents**

Mountsett Crematorium Annual Governance Report 2008/09 and 2009/10  
Internal Audit Report 2009/10

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**Contact(s): Peter Jackson 0191 383 4872**

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**Implications**

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**Finance**

With the approval of a service level agreement costs in respect of the internal audit service will be agreed in advance for a specified number of years (subject to any agreed inflationary increase) and will cover a specified number of days. This means that the cost of the service is more transparent and the committee has more control over the work areas covered. Details of how costs will be factored into the Joint Committee budget and how they will be recharged are shown in the Service Level Agreement.

**Staffing**

There are no staffing implications associated with this report. Internal Auditors are provided from within the Internal Audit, Risk and Governance Team of Durham County Council.

**Equality and Diversity**

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

**Accommodation**

There are no Accommodation implications associated with this report.

**Crime and Disorder**

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

**Sustainability**

There are no Sustainability implications associated with this report.

**Human Rights**

There are no Human Rights implications associated with this report.

**Localities and Rurality**

There are no Localities and Rurality implications associated with this report.

**Young People**

There are no Young People implications associated with this report.

**Consultation**

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

**Health**

There are no Health implications associated with this report.

## STRATEGIC ANNUAL AUDIT PLAN 2010 – 2014

## APPENDIX 3

AREA	2010/11	2011/12	20012/13	20013/14
<b>Management and Assurance</b>				
Preparation of Internal Audit plan (including risk assessment of audit needs, planning for reviews and production of report)	3	3	3	3
Production of Annual report and opinion	2	2	2	2
Attendance at ad hoc meetings, Committee pre meetings and Committee meetings	1	1	1	1
Regular liaison with relevant staff and follow up of recommendations	1	1	1	1
<b>Fundamental Accounting Systems</b>				
Audit testing in relation to Crematorium sub systems to include Personnel, Payroll, Expenditure/Purchasing, Accounts Payable, Accounts receivable.	2	2	2	2
<b>Crematorium Review</b>				
Establishment audit to include Petty Cash, Budgetary Control and Financial Reporting, Income & Debt Collection, Bank Reconciliation, Asset Management, stock control, Strategic Risks, Operational Risks, Risk Management Assurance Review and Corporate Governance Assurance Review	7	7	7	7
<b>Advice and Assistance</b>	2	2	2	2
<b>Redevelopment of Crematorium</b>	0	0	0	0
<b>Contingency</b>	2	2	2	2
<b>Total</b>	20	20	20	20

<b>Optional Additional Services;</b>	2010/11	2011/12	20012/13	20013/14
Risk Management Support				
Corporate Governance Support				

**BASIS OF CHARGE**

1. Charges in respect of the period 1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2011 will be recharged to the Joint Committee using the existing methodology.
2. The cost of providing the internal audit service for the period 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2014 will be based on planned audit days of 20, at a charge of £250 per day and an estimated cost of £5000 for the year. This excludes any additional work required from the Risk Management and Governance Section.
3. This audit fee set out above covers the cost of all planning, management, research, preparation, audit visits, follow-up, production of reports, and presentation of reports to managers and members, discussions and travelling time. The daily charge is inclusive of all travelling costs and other overheads.
4. Any requests for additional services, including VFM studies, special investigations and specific consultancy/project work that can not be accommodated from the contingency provision and the provisions of clause 4.1.3 (surplus/insufficient contingency) plans will be considered against the availability of the necessary resources and skills. The cost of this work will be subject to the agreement of additional fees at an appropriate daily charge, depending on the nature of the work required, in accordance with clause 4.1.5.
5. Internal Audit will continue to give assurance on the Crematorium's Risk Management and Governance arrangements as part of its annual review. However, additional support from the Risk Management and Governance Section is available and can be accommodated within this agreement. Where required the maximum number of days are to be agreed annually and the cost of this work will be subject to the agreement of additional fees at the same daily cost as the Internal Audit Service.
6. A recharge for fees payable will be annually in arrears based on the actual audit fee provision and any variances agreed under clauses 4.1.3 and 4.1.5 and 5.0

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## APPENDIX 2



# **Service Level Agreement**

for the provision of Internal Audit Services to

## **MOUNTSETT CREMATORIUM JOINT COMMITTEE**

## **AGREEMENT FOR THE PROVISION OF AN INTERNAL AUDIT SERVICE**

**THIS AGREEMENT** is made the [23rd] of [September] **two thousand and ten** **BETWEEN DURHAM COUNTY COUNCIL** ( the Council ) **and** **MOUNTSETT CREMATORIUM JOINT COMMITTEE** (“ the Partnership” )

### **1. PROVISION OF SERVICES**

1.1. The Mountsett Crematorium Joint Committee engages the Council to provide an Internal Audit service as set out in Schedule 1 and in return for the payments as set out in Schedule 2.

### **2. DURATION**

2.1. This agreement will be effective immediately and will continue until 31<sup>st</sup> March 2014 ("the Term")

### **3. THE COUNCIL'S OBLIGATIONS**

#### **3.1. Services**

3.1.1. The scope of the Audit Service available to the Mountsett Crematorium Joint Committee is summarised in Schedule 1.

3.1.2. The Council will provide an Internal Audit service with all reasonable skill and care and in compliance with:

- The Accounts and Audit Regulations 2003 as amended by The Accounts and Audit (Amendment) (England) Regulations 2006, (Regulations)
- Guidance on the Regulations, which indicate that proper internal control practices are those contained in CIPFA's Code of Practice for Internal Audit in Local Government in the UK 2006.
- All other relevant CIPFA auditing guidelines, best professional practice (e.g. from the Institution of Internal Auditors), and legislation
- The Joint Committee's relevant policies, rules, standing orders, procedures and standards. (These are the policies, rules, standing orders, procedures and standards of Durham County Council adopted by the Mountsett Crematorium Joint Committee)
- The Internal Audit Charter which sets out the detailed terms of reference and audit strategy for how the service is to be delivered



- The terms and conditions of this agreement.

- 3.1.3. The Council will provide strategic risk management and corporate governance support, if required, in accordance with best professional practice, and as provided for in the audit fee provision (see clause 4.1.1 and 5.0).
- 3.1.4. To ensure that the Services are delivered by auditors and such other staff who are appropriately experienced qualified and competent and who receive adequate training and supervision.
- 3.1.5. To submit to the Joint Committee on an annual basis as part of the Annual Audit report a reconciliation of the charges for services provided during the year to be recharged to the Joint Committee in accordance with Schedule 2.

### **3.2. Accommodation**

- 3.2.1. To provide at its own cost its own office accommodation, administrative support and services as may be necessary for the provision of the Service.

### **3.3. Insurance**

- 3.3.1. To ensure that adequate insurance cover is affected and maintained in respect of, any property held by it for the purposes of this agreement, employee liability, public liability and liability for professional negligence.

## **4. THE JOINT COMMITTEE'S OBLIGATIONS**

### **4.1. Audit Fee Provision**

- 4.1.1. To make available such audit fee provision as set out in Schedule 2 for the provision of agreed services for the year 2011/12 and the 2 subsequent years. Notwithstanding the contents of Schedule 2, the audit fee provision will be the subject of annual review and agreement by both parties as part of the Joint Committee's normal budget timetable. Final confirmation of the audit fee provision must be agreed no later than the 31<sup>st</sup> March in each year.
- 4.1.2. Both parties intend that the annual audit fee provision will be set at such a level as to cover the costs incurred by the Council in delivering the annual audit plan, any elements of risk management and / or corporate governance work and a contingency provision for unplanned work. An indicative annual budget and number of days allocated to each of these areas as at the date of this agreement is set out in Schedule 2.

- 4.1.3. The parties agree that, without affecting the annual audit fee provision and the principles set out in Schedule 2, at the Joint Committee's request;
- the percentage split between the service elements to be provided can be varied up to 10% provided always that the maximum number of days specified in Schedule 2 is not exceeded.
  - Any surplus (unused) contingency days in any financial year may be used during the same financial year on any element of work as agreed between the two parties.
  - Any surplus (unused) allocated days in any financial year not required for the delivery of the service up to a maximum of 10% (rounded up to the nearest day ) of the total number of days may be treated as a credit and carried forward into the next financial year.
  - Any days which as a result of sickness absence across the Audit Team are unused will not be subject to such carry over. Under such circumstances all efforts will be made to deliver the plan but where this is not possible all available resources will be focused on the highest risk areas to give a reasonable level of assurance. The cost of any such days lost will be deducted from the annual audit fee.
  - Any additional days used in any financial year required for the delivery of the service up to a maximum of 10% (rounded up to the nearest day) of the total number of days may be treated as a debit and deducted from the following year's allocation subject to the Mountsett Crematorium Joint Committee being satisfied that such reduction will not have an adverse impact on the delivery of the following year's Audit Plan.
- 4.1.4. The parties agree that all variations, other than those referred to in the clause 4.1.3 above, require the express written consent of both parties.
- 4.1.5. Notwithstanding clause 4.1.3 above, the Joint Committee may make in year changes to the Audit Plan so as to bring the delivery of the Audit Plan within budget and within the allocated number of days as set out in Schedule 2 .This includes either deleting low priority planned work from the Audit Plan or requesting an increase in the Audit Plan where the time required for any additional work exceeds the contingency provision set out in Schedule 2. In cases where an increase is requested the Council will endeavour to respond to the request dependent

upon the availability of resources and at such additional cost as agreed between the parties.

- 4.1.6. To pay the Council annually the payments as set out in Schedule 2. The payment principles set out in Schedule 2 will apply for the purposes of determining the payments paid to the Council by the Joint Committee.

## **4.2. Service Delivery**

4.2.1. The Joint Committee is required to make arrangements for:

- 4.2.1.1. Allowing Council staff access to the Joint Committee's business premises at reasonable times for the provision of the Services
- 4.2.1.2. The provision of suitable accommodation for the use of the Internal Audit Service on the Joint Committee's business premises, at its own cost, as may be necessary.
- 4.2.1.3. Agreed adherence to Durham County Council's Members Code of Conduct and Constitution
- 4.2.1.4. Allowing Council staff access to all relevant assets, records (including those belonging to third parties, subject to the Joint Committee having lawful authority to do so) documents, correspondence, electronic files, software and other systems as may be necessary for the provision of the Service.
- 4.2.1.5. Providing free of charge access to the Joint Committee's network and IT applications including email, intranet and internet and to grant such licenses as are necessary to enable a maximum of 6 Council staff to access the Joint Committee's computer networks at the Joint Committee's offices using the Council's ICT equipment subject to the Council signing a security declaration.
- 4.2.1.6. Allowing and facilitating where necessary direct access by the Audit Manager to the Chair of the Joint Committee and the Treasurer (or his nominated representative) for the purpose of delivering the Service.
- 4.2.1.7. The management of risks and the effectiveness of the control environment to mitigate risks
- 4.2.1.8. Approving the Internal Audit Charter, Strategic and Annual Audit Plans
- 4.2.1.9. Considering the Annual Internal Audit Report

- 4.2.1.10. Taking whatever action it considers necessary as a result of an audit
- 4.2.1.11. Reviewing its internal control system, including its corporate governance and risk management arrangements, and preparing its annual governance statement to comply with responsibilities under the Accounts and Audit Regulations and relevant CIPFA guidance (including the maintenance of an Audit Committee or equivalent).
- 4.2.1.12. Notifying internal audit promptly of any material change in the risks facing the Joint Committee.
- 4.2.1.13. Agreeing variations to the audit plan during its currency to allow Internal Audit to respond to changing risks.

## **5. MANAGEMENT OF THE SERVICE**

- 5.1. Peter Jackson, (Audit Manager), is responsible for the management and delivery of the service and will in practice fulfil the role of the Head of Internal Audit for the Joint Committee. Any queries arising from specific audit reports and general day to day enquiries about the service should be addressed to the Audit Manager:
  - In person at Durham County Council, County Hall, Durham
  - E-mail: [peter.jackson2@durham.gov.uk](mailto:peter.jackson2@durham.gov.uk)
  - Telephone 0191 383 4872
- 5.2. The Audit Manager will report to the Crematorium Superintendent, the Head of Finance, HR and Business Support and to the Mountsett Crematorium Joint Committee.
- 5.3. The Audit Manager and the Crematorium Superintendent will meet periodically to review performance on delivering agreed services and agree any changes to the delivery of the Service. Such meetings may be attended by other such persons as either party may wish.
- 5.4. The Head of Internal Audit & Risk at the Council is ultimately responsible for the performance and effectiveness of services provided to the Joint Committee under this agreement. Any issues concerning any aspect of the delivery of the service or terms of this agreement that can not be satisfactorily resolved with the Audit Manager should be referred to the Council's Head of Internal Audit & Risk. Contact details are:

Avril Wallage, Head of internal Audit & Risk, Durham County Council,  
County Hall, Durham  
e.mail:avril.wallage@durham.gov.uk  
Telephone 0191 383 3537

5.5 The Audit Manager will meet with the Crematorium Superintendent each financial year to consider the audit fee for the following financial year. Such meetings will be scheduled in line with the Joint Committee's normal budget timetable. (Final confirmation of the audit fee provision must be agreed no later than the 31<sup>st</sup> March in each year) and be attended by such other persons as either party may wish.

5.6 The Crematorium Superintendent is responsible for ensuring :

- Responses to draft audit reports are received within timescales specified in the Internal Audit Charter.
- Providing information to substantiate the implementation of audit recommendations when requested.
- Co-operating with Internal Audit staff when required
- Liaising with the Audit manager
- Compliance with relevant Codes of Conduct and Durham County Council Policies and Procedures

## **6 FRAUD AND IRREGULARITY**

6.5 The Audit Manager will inform the Crematorium Superintendent of any suspected irregularity reported to or discovered by any member of the Council's staff.

6.6 The Joint Committee will notify the Audit Manager of all suspected fraudulent irregularities.

6.7 It will be the responsibility of the Joint Committee to determine the extent to which the Council will be requested to assist in any subsequent investigation. Where the Council is requested to investigate, the approach and the day to day management of the investigations will be the responsibility of the Audit Manager.

6.8 A contingency provision (as set out in Schedule 2) will be included in the Audit Plan to allow for unplanned work (whether investigations, counter fraud, assurance VFM or advice) to be undertaken. Use of the contingency provision allocation will be agreed between the parties and the provisions of clause 4.1.3, (surplus/insufficient contingency days), will apply.

## **7 INFORMATION AND CONFIDENTIALITY**

7.5 Each party will provide all information within its control necessary to enable the other to discharge its obligations under this agreement.

7.6 Neither party shall, without the written consent of the other party, make use of for its own purposes or disclose or allow to be disclosed to any person, (except as may be required by law or by an authorised body in evaluating the Internal Audit work e.g. external audit), this Agreement or any material connected with it.

## **8 DATA PROTECTION AND FREEDOM OF INFORMATION**

8.5 Each party will:

8.5.1 Comply with the Data Protection Act 1998

8.5.2 Maintain the confidentiality of personal data to which it has authorised access under the terms of this Agreement

8.5.3 Take reasonable technical and organisational measures against the unauthorised or unlawful processing of personal data and against the accidental loss of destruction of or damage to personal data (including adequate back up procedures and disaster recovery systems).

8.5.4 Provide such assistance and/ or information reasonably required by the other in connection with any requests for information received by that party under the Freedom of Information Act 2000.

## **9 TERMINATION**

9.1 Either party may terminate the agreement before the 1<sup>st</sup> April 2014 by giving the other not less than 12 months prior written notice.

## **10 VARIATION**

10.1 The terms of this agreement may only be varied by written agreement signed by both parties

**AS WITNESSED**

**Signed by:**.....

Duly authorised for and on behalf of **DURHAM COUNTY COUNCIL**

**Date**

**Signed by:**.....

Duly authorised for and on behalf of the **MOUNTSETT CREMATORIUM  
JOINT COMMITTEE.**

**Date**

**SERVICES TO BE PROVIDED**

The following services may be provided.

**Management and Assurance**

1. Provision of an independent and impartial audit service in accordance with best professional practice, as outlined by CIPFA's Code of Internal Audit Practice in Local Government in the UK 2006 as may be amended from time to time, and other professional bodies as considered relevant e.g. Institution of Internal Auditors.
2. Preparation of and annual review of an Internal Audit Charter, setting out the terms of reference and audit strategy of how the service is to be delivered, for approval by the Mountsett Crematorium Joint Committee.
3. Preparation of risk based strategic and annual audit plans in accordance with the agreed Internal Audit Charter, for approval by the Mountsett Crematorium Joint Committee.
4. Carry out audits as detailed in the approved Annual Audit Plan.
5. Follow up, and report upon, progress made by the Crematorium Superintendent in implementing agreed audit recommendations.
6. Maintenance of a comprehensive hard copy or electronic file for each audit in accordance with best professional practice.
7. Monitoring and reporting of progress made in the delivery of agreed annual plans to the Mountsett Crematorium Joint Committee.

**Advice**

8. Provision of help and advice to the Crematorium Superintendent and other officers and nominated members of the Mountsett Crematorium Committee on all audit matters.
9. Provision of advice on the risk and control implications of new or changes to existing systems or service activities.

**Risk Management**

10. To provide advice and support on developing strategic risk management up to a maximum of days to be agreed annually. The scope of this work may include:
  - Taking a leading role in the annual review of the risk management strategy



- Providing advice and guidance on matters of risk management and facilitating risk management training where appropriate
- Supporting risk identification and assessment workshops where appropriate
- Attending the Risk Management Group

### **Corporate Governance**

11. To provide advice and support on corporate governance issues up to a maximum of days to be agreed annually. The scope of this work may include:

- Talking a leading role on the review of the corporate governance framework
- Supporting the preparation of the Annual Governance Statement
- Attending the Corporate Governance Group.

### **Counter Fraud**

12. To provide advice and support on counter fraud activities. The scope of this work to be agreed annually and may include:

- Targeted reviews to prevent or detect fraud
- Development of Counter Fraud Strategy and supporting policies and plans
- Counter fraud awareness training and publicity

### **VFM Reviews**

13. To carry out, or provide support to, VFM reviews. The scope of this work to be agreed annually.

### **Investigations**

14. Investigations into suspected fraudulent irregularities

### **Contingency**

15. A contingency provision will be included in annual plans to allow for a certain level of unplanned reactive and pro-active work, (e.g. investigations, counter fraud, assurance, VFM or advice), to be undertaken. Use of the contingency provision will be agreed between the parties and the provisions of clauses 4.1.3, (surplus/.insufficient contingency days), will apply.

**BUDGET SCHEDULE AND ALLOCATED DAYS**

AREA	2010/11	2011/12	20012/13	20013/14
<b>Management and Assurance</b>		£5000	£5000	£5000
Preparation of Internal Audit plan (including risk assessment of audit needs, planning for reviews and production of report)	3	3	3	3
Production of Annual report and opinion	2	2	2	2
Attendance at ad hoc meetings, Committee pre meetings and Committee meetings	1	1	1	1
Regular liaison with relevant staff and follow up of recommendations	1	1	1	1
<b>Fundamental Accounting Systems</b>				
Audit testing in relation to Crematorium sub systems to include Personnel, Payroll, Expenditure/Purchasing, Accounts Payable, Accounts receivable.	2	2	2	2
<b>Crematorium Review</b>				
Establishment audit to include Petty Cash, Budgetary Control and Financial Reporting, Income & Debt Collection, Bank Reconciliation, Asset Management, stock control, Strategic Risks, Operational Risks, Risk Management Assurance Review and Corporate Governance Assurance Review	7	7	7	7
<b>Advice and Assistance</b>	2	2	2	2
<b>Redevelopment of Crematorium</b>	0	0	0	0
<b>Contingency</b>	2	2	2	2
<b>Total</b>	20	20	20	20

<b>Optional Additional Services;</b>	2010/11	2011/12	20012/13	20013/14
Risk Management Support				
Corporate Governance Support				

## **BASIS OF CHARGE**

1. Charges in respect of the period 1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2011 will be recharged to the Joint Committee using the existing methodology.
2. The cost of providing the internal audit service for the period 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2014 will be based on planned audit days of 20, at a charge of £250 per day and an estimated cost of £5000 for the year. This excludes any additional work required from the Risk Management and Governance Section.
3. This audit fee set out above covers the cost of all planning, management, research, preparation, audit visits, follow-up, production of reports, and presentation of reports to managers and members, discussions and travelling time. The daily charge is inclusive of all travelling costs and other overheads.
4. Any requests for additional services, including VFM studies, special investigations and specific consultancy/project work that can not be accommodated from the contingency provision and the provisions of clause 4.1.3 (surplus/insufficient contingency) plans will be considered against the availability of the necessary resources and skills. The cost of this work will be subject to the agreement of additional fees at an appropriate daily charge, depending on the nature of the work required, in accordance with clause 4.1.5.
5. Internal Audit will continue to give assurance on the Crematorium's Risk Management and Governance arrangements as part of its annual review. However, additional support from the Risk Management and Governance Section is available and can be accommodated within this agreement. Where required the maximum number of days are to be agreed annually and the cost of this work will be subject to the agreement of additional fees at the same daily cost as the Internal Audit Service.
6. A recharge for fees payable will be annually in arrears based on the actual audit fee provision and any variances agreed under clauses 4.1.3 and 4.1.5 and 5.0

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# **MOUNTSETT CREMATORIUM JOINT COMMITTEE INTERNAL AUDIT CHARTER**

**August  
2010**

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## Introduction

1. This Charter forms part of Durham County Council's corporate Audit Strategy and is designed to establish the terms of reference for the Internal Audit service and outline how that service will be delivered in relation to the Crematorium.

## Statutory Basis

2. Durham County Council is responsible for maintaining an adequate and effective Internal Audit function under the Accounts and Audit Regulations 2006. The guidance accompanying this legislation states that proper internal control practices for Internal Audit are those contained within CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom 2006.
3. Our statutory responsibility and rights of access are included in Durham County Council's Financial Regulations, Financial Standards and Financial Procedure Notes which are part of the Council's Constitution and which have been adopted by the Crematorium Committee.

## Definition

4. The CIPFA Code of Practice for Internal Audit 2006 defines Internal Audit as:
5. "An assurance function that provides an independent and objective opinion to the organisation on risk management, control and governance by evaluating their effectiveness in achieving the organisations objectives. It objectively examines evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources".

## Strategic Aims

6. Our overall strategy is to support the Crematorium Committee in its strategic aims through the provision of a high quality internal audit service that gives the Committee reasonable assurance on the effectiveness of the Crematorium's internal control environment and acts as an agent for change by making recommendations for continual improvement. The Internal Audit service aims to be flexible, pragmatic and to work in collaboration with the Committee to suit its organisational needs. Through a risk based approach to audit planning, the Internal Audit service will make a positive contribution to corporate governance arrangements and assist the Committee in developing a framework for achieving its objectives within acceptable levels of risk.

## Objectives of Internal Audit

7. Our primary objective is the provision of reasonable, not absolute, evidenced based assurance on the effectiveness of the whole of the Crematorium's risk management, control and governance environment to the Crematorium Committee.
8. The provision of our annual assurance opinion will be in compliance with professional guidelines and in accordance with the Accounts and Audit regulations 2003 as amended by the Accounts and Audit Regulations (Amendment) (England) 2006 and will be reflected in the Crematorium Committee's Annual Governance Statement which forms part of their published annual Statement of Accounts.
9. To determine the Audit Opinion the Internal Audit service will review, appraise and report upon:
  - 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 Crematorium's corporate governance framework
  - The extent of compliance with relevant legislation
  - The extent to which the Crematorium'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 Crematorium's day to day operations.
10. When presenting an annual Audit Opinion the head of internal audit will:
  - Disclose any qualification to that opinion, together with the reasons for that qualification
  - Present a summary of the audit work undertaken from which the opinion is derived, including any reliance placed on the work of others
  - Draw attention to any issues considered particularly relevant to the perception of the Annual Governance Statement
  - Compare the work actually undertaken to the work that was planned and summarise the performance of the Internal Audit service



- Comment on compliance with the CIPFA Code of Practice for internal Audit

11. Other objectives include:

- Supporting the Treasurer of the Crematorium in discharging his/her duties for ensuring the proper administration of the Crematorium Committee's financial affairs.
- Supporting the Committee to deliver good governance by improving the Committee's risk management, control and governance processes by providing the Crematorium Committee with timely advice and guidance as required.
- Supporting the Crematorium Committee in fulfilling their governance responsibilities as detailed in the Committee's terms of reference set out in its Constitution.
- Supporting Officers and Members in identifying and understanding exposure to risk and providing advice on control design, techniques and strategies.
- Working with other assurance and review bodies to ascertain the extent to which reliance can be placed on the work of other auditors and inspectorates to maximise assurance and the effectiveness of audit resources available.
- Helping to promote a strong counter fraud culture through the adoption of Durham County Council's Counter Fraud and Corruption Strategy and Anti-Money Laundering policy.
- Providing quality services through the highest standards of professional practice, quality assurance systems and investment in staff.

## **Outcomes of Internal Audit**

12. Our main outcome is the provision of Independent assurance to the Mountsett Crematorium Committee, on the effectiveness or otherwise of its risk management, control and governance arrangements and in so doing we contribute to:

- Improved identification and management of risks contributing to improved performance management and the successful achievement of the Mountsett Crematorium Committee's vision and priorities.
- Improved corporate governance through helping to support compliance with relevant legislation, organisation policies, plans and procedures and acting as good governance champions
- Improved accountability, safeguarding Mountsett Crematorium Committee assets and interests.

- Improved quality and reliability of financial and other management information used to support informed decisions

## **Independence of Internal Audit**

13. To be effective Internal Audit must operate independently and must have unrestricted access to all records deemed necessary in the course of our work.
14. As the Mountsett Crematorium Committee has adopted Durham County Council's Financial Regulations, Financial Management Standards and Financial Procedure Rules this allows Internal Audit a right of access to all information relevant to the Crematorium's functions and services which is necessary to meet our responsibilities. Specifically this includes a right to:
  - access all assets, property, staff, records, documents, information (including computer files) correspondence and control systems.
  - receive any information and explanation considered necessary concerning any matter under consideration for the effective performance of the audit subject to legal constraints. Although prior notice of requests for access will be given in most instances, there may be occasions when this is not possible or appropriate and the absence of prior notice does not invalidate or limit the right of access.
  - require any employee of the Committee to account for cash, stores or any other Committee asset under his or her control. (This includes Crematorium information held by or managed by third parties on the Committee's behalf)
  - direct access to the Mountsett Crematorium Committee.
15. The Head of Internal Audit can report directly to those charged with governance, officers or Members, at any level.
16. Our independence is achieved by reporting in our own name, ensuring that all Internal Auditors are free from any conflicts of interest and being free from direct management responsibility for the development, implementation or operations of systems.

## **Strategic Audit Planning**

17. Our strategic planning process aims to provide a reasonable level of independent review of the Crematorium's risk management, control and governance systems in a way which affords suitable priority to the Committee's objectives and risks.
18. The level of Internal Audit resources required to examine all of the Crematorium's activities will be agreed on an annual basis but must ensure that sufficient work is undertaken each year to draw reasonable conclusion and assurance on the effectiveness of the Crematorium's risk management, control and governance arrangements.

19. The starting point for our strategic planning is understanding the Committee's strategic aims and objectives, its corporate governance arrangements and the assurance framework in place by which those charged with governance gain confidence that any risks which may impact on the achievement of those aims and objectives are effectively identified, assessed and managed.

20. In consultation with the Crematorium Superintendent we will

- Consider the Crematorium's risk across two categories:
  - a. **Strategic Risks** -- these are the business risks that may arise both internally and externally from the organisation and should be included in Corporate and Service Strategic Risk Registers
  - b. **Operational Risks** - these are the risks that arise directly from the core activities of delivering services.
- Identify key service delivery activities and the key systems which support the delivery of the Committee's strategic aims and objectives on which independent assurance is required.
- Review the assurance framework in place to clearly map out all known sources of assurance and identify any gaps and duplication.
- Assess the reliability of other assurance sources
- Regularly assess risk for each key service activity and key systems to determine our priorities for reviewing operational risks.

## Annual Audit Plan

21. The Crematorium's systems and processes both financial and non financial (including such sub systems and support services that the Crematorium relies upon on a day by day basis) will be reviewed at least once a year to provide a reasonable level of assurance on both strategic and operational risks and to enable an annual opinion on the entire control environment to be given. For example in areas which are cross cutting such as salaries and wages, creditors, and debtors assurance for these areas can be twofold – overall assurance on these main financial systems can be provided by the actual audit review work carried out directly, but this will be supplemented by testing specific transactions relating to these areas which directly impact on the Crematoriums operations.

22. The work plan will consider any strategic objectives of the service in relation to delivering any commitments under Service Level Agreements or undertaking certain reviews at particular frequencies to fulfil statutory requirements. It would be prudent to seek agreement to annual audit plans before the start of each financial year.

23. Our annual audit plan will also include provision for our advice and consultancy role. This provision covers time set aside for reactive and proactive work and value added work and includes :

- Proactive responsive and innovative solutions to problems and opportunities to help the Committee achieve its business objectives.
- Timely response to ad hoc requests for advice on the identification, assessment and mitigating of risks through effective controls.
- Timely response to ad hoc requests for advice on the impact of proposed policy initiatives, programmes and projects as well as responses to emerging risks.
- Planned involvement in new initiatives or working groups established to help identify and access risk and design suitable controls
- Undertaking Value for Money (VFM) reviews in accordance with the Committees VFM strategy.
- Investigation of irregularities and suspected fraud and corruption

24. The level of audit resources required to deliver both a minimum level of assurance and adequate provision for advice and consultancy, will then be considered by the Head of Internal Audit. Minimum assurance levels will be informed by the maturity of the Crematorium's risk management arrangements and its risk appetite. Any concerns the Head of Internal Audit has over the quantity and quality of skills available to deliver the required level of assurance will be referred to the Treasurer and the Mountsett Crematorium Committee for consideration.

25. The terms of reference for the annual review of the Crematorium will be agreed with the Crematorium Superintendent and referred to the Mountsett Crematorium Committee for approval.

## **Audit Approach**

### **Strategic Risk**

26. Our reviews of strategic risks will provide assurance that:

- risk management processes, defined by the Committee's risk strategy and policy, are in place and are operating as intended
- The processes have been designed well enough to manage the risks they are responsible for in an effective way
- Managers are responding to risks adequately and effectively so that those risks are reduced to an acceptable level

- The controls that managers have in place are successful in managing those risks

### **Operational Risk**

27 Our reviews of key service delivery activities and key systems will provide assurance on the effectiveness of:

- Compliance with corporate governance arrangements
- Risk identification, assessment and business continuity
- The control environment to manage identified risks and to ensure that the Committee'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
- Information governance ( quality and integrity of financial and other management information and how it is used and communicated)

28 We will adopt a risk based approach to evaluate the effectiveness of controls designed to mitigate risks through substantive testing and/ or compliance testing. Compliance testing will confirm if a control actually exists and substantive testing will provide assurance that the control is effective and / or is consistently applied. The level of testing will be relative to the impact and likelihood of the risk occurring due to a control weakness.

29 We will discuss the objectives and risks of the Crematorium's systems and processes both financial and non financial (including such sub systems and support services that the Crematorium relies upon on a day by day basis) with the Crematorium Superintendent (key contact) at the pre audit meeting prior to the start of any audit to ensure that the scope and objectives of the review is focused on providing assurance on the high or significant risks.

30 Terms of reference will then be issued in writing to formally agree the scope of the review, and will identify key risks, potential impact and expected key controls. The key contact is the person who is authorised by the head of service to agree resultant draft reports and the implementation of any proposed audit recommendations.

31 Details of reporting requirements will also be discussed and agreed.

## Audit Reporting

- 32 All audit assignments will be the subject of formal reports and all assurance reviews will include an audit opinion.
- 33 Our reporting structure is designed to ensure that final versions of reports are agreed with managers and are both accurate practical and balanced and are distributed in accordance with instructions agreed at the pre audit meeting.
- 34 Towards the end of an audit we will arrange an exit meeting with the key contact where we will share and discuss our initial findings. If this is not practical, we will issue an informal draft report to the key contact which will set out our initial findings.
- 35 The purpose of the exit meeting/informal draft stage is to give feedback and to eliminate any inaccuracies in our findings so that these can be resolved before a formal draft report is issued.
- 36 Once a formal Draft report has been issued the lead auditor will arrange a post audit meeting with the key contact to discuss the report and to provide a management response to the recommendations made and agree target implementation dates and the responsible officer.
- 37 To assist managers in their response we categorise our recommendations as follows:

<b>High</b>	Action that is considered imperative to ensure that the control system is not exposed to high risk from weaknesses in critical or key controls
<b>Medium</b>	Action required to ensure that the control system is not exposed to significant risk
<b>Low</b>	Action that is considered desirable to address minor weaknesses in control that should result in enhanced control or better value for money

- 38 It is the responsibility of managers to accept and implement internal audit findings and recommendations, or accept the risk resulting from not taking action.

39 We also provide an overall assurance opinion on each audit review to help us inform our overall opinion required to support the Council's Annual Governance Statement. We categorise our opinions as:

<b>Full Assurance</b>	There is a sound system of control designed to achieve the system objectives and manage the risks to achieving those objectives
<b>Substantial Assurance</b>	Whilst there is a sound system of control, there are some minor weaknesses, which may put some of the system objectives at risk.
<b>Moderate Assurance</b>	Whilst there is basically a sound system of control, there are some significant / serious weaknesses, which may put some of the system objectives at risk.
<b>Limited Assurance</b>	There are significant weaknesses in key areas in the system of control, which put the system objectives at high risk.
<b>No Assurance</b>	Control is generally weak as controls in numerous key areas are ineffective leaving the system open to high risk of error or abuse

- 40 The determination of our audit assurance opinion is derived from the overall level of assurance, positive as well as negative, of the effectiveness of controls operating in the area reviewed and is informed by risks identified through our recommendation rankings e.g. any area reviewed where a high risk ranking recommendation is made will lead to an audit assurance opinion of no more than Moderate. Where a Limited assurance opinion is given controls are considered to be ineffective overall and require improvement to maintain an acceptable level of control.
- 41 Managers responses to recommendations made in draft reports will be incorporated and reissued as finals. Copies of all final reports are shared with our External Auditors on request.
- 42 Wherever possible the circulation of audit reports will be agreed at the outset and will have due regard to confidentiality and legal requirements. Any information gained in the course of audit work remains confidential without limiting or preventing internal audit from meeting its reporting responsibilities.
- 43 It is the responsibility of the Crematorium Superintendent to assist in the progressing of draft reports to final report stage any significant delay will be reported to the Head of Finance, HR and Business Support.
- 44 To ensure that adequate progress is made by the Crematorium Superintendent we request that a response to draft reports is provided within 20 working days. If a response has not been received within this timescale the following escalation process will then be invoked
- A reminder will be sent to the Crematorium Superintendent, and copied to the Head of Finance, HR and Business Support, requesting a response within the next 10 days

- If a response is still not forthcoming, a second reminder will be issued direct to the Head of Finance, HR and Business Support, advising that if a response is not received within the next 5 days the matter will be reported to the relevant Corporate Director
45. We will also follow-up progress made by the Crematorium Superintendent on the implementation of all high and medium priority recommendations. In addition listings of all recommendations outstanding at the end of each month will be produced and issued to the Head of Finance, HR and Business Support.
46. We will report annually to the Mountsett Crematorium on progress made on delivering the agreed Service level Agreement, overdue responses to draft reports, and progress made by the Crematorium Superintendent in implementing audit recommendations. We will also:
- a. Compare actual activity with planned work
  - b. Provide an overall opinion on the control environment
  - c. A summary of work undertaken to formulate the annual opinion on the entire control environment, including reliance placed on work by other assurance bodies
  - d. Draw attention to any issues considered particularly relevant to the preparation of the Annual Governance Statement.

## **Responsibilities of Managers**

- 47 Internal Audit is involved in a wide range of internal and external relationships. The quality of these relationships impacts on the effective delivery of the service, its reputation and independence.
- 48 We strive to build effective working relationships with all our stakeholders, internal and external, by encouraging an environment of mutual trust, confidence and understanding.
- 49 A key relationship is with managers. Managers at all levels need complete confidence in the integrity, independence and capability of internal audit.
- 50 Managers' role is to manage the risks facing their service and to maintain an adequate and effective system of internal control to mitigate these risks. Managers are also responsible for ensuring that staff are aware of the processes and procedures required to operate the control systems in place.
- 51 We encourage managers to maximise the effectiveness of the outcome of internal audit work by:
- Commenting on, and inputting to, the annual audit plan.
  - Agreeing terms of reference for the audit to ensure attention is focused on areas of greatest risk or concern.



- Giving information and explanations that are sought during audit reviews.
- Providing access at all reasonable times to premises, personnel, documents and assets as necessary.
- Giving early notification of plans for change, including potential new initiatives, operational systems and processes.
- Ensuring key contacts provide responses to draft audit reports within the required timescales.
- Ensuring agreed actions arising from audit recommendations are carried out efficiently and on a timely basis
- Notify internal audit of any suspected fraud, irregularity, improper use or misappropriation of the Council's property or resources.
- Pending investigations and reporting, take all responsible steps to prevent further loss and to secure records and documents against removal or alteration.
- Acting in line with the Council's disciplinary procedures.

## **Audit Resources, Skills and Service Quality**

- 52 In order for Internal Audit to demonstrate high standards of professional conduct, the Internal Auditor must be impartial in discharging all responsibilities. Bias, prejudice or undue influence must not be allowed to limit or override objectivity.
- 53 The service operates in accordance with standards of best professional practice applicable to internal audit as identified through the Institute of Internal Auditors (IIA) and International Auditing Standards, but with particular reference to the CIPFA Code of Practice for Internal Audit in Local Government, as CIPFA is recognised as the key professional body for providing advice and guidance to Internal Audit in the public sector. This Code is identified as representing 'proper practices in relation to internal audit' and governs the way in which we operate. Policies and standard working practices have been put in place to ensure audit staff understand and comply with the Code and best professional practice.
- 54 In addition, the Council recognises and formally adopts the CIPFA Statement of Professional Practice on Ethics, as appropriate standards by which the conduct of the Internal Audit Section can be measured.
- 55 The service is provided by Durham County Council's in house internal audit team. The staffing structure will, as far as possible, be comprised of a suitable mix of qualifications, experience and skills.

- 56 The Head of Internal Audit ensures internal audit resources are sufficient to meet its responsibilities and achieve its objectives. Resource requirements are reviewed annually in relation to draft annual audit plans. Resources will be considered in terms of available days and the skills and experience of audit staff.
- 57 Individual training needs are identified in accordance with the Council's Performance Appraisal Scheme. As well as basic training in audit techniques and the development of specialist skills, the service is committed to coaching and mentoring its staff and to providing opportunities for continuous professional development (CPD).
- 58 Internal review of work standards is undertaken through a system of management review of working papers and reports prior to release.
- 59 Internal Audit maintains its awareness of national and local issues through membership and subscription to professional bodies such as CIPFA's Technical Information Service, "TIS online", the Finance Advisory Network (FAN) and the Institute of Internal Auditors as well as liaison with external audit and networking with other internal audit services.
- 60 A number of performance indicators and targets have been developed to measure and monitor the performance and effectiveness of the service.
- 61 The service is a member of the CIPFA IPF Audit Benchmarking Club.
- 62 Performance progress reports are submitted on a quarterly basis to the Audit Committee.
- 63 An annual review of the effectiveness of the system of internal audit is undertaken to required to fulfil the requirements of the Accounts and Audit Regulations 2006. The 'system of internal audit' is defined as "The framework of assurance available to satisfy a local authority that the risks to its objectives, and the risks inherent in undertaking its work, have been properly identified and are being managed by controls that are adequately designed and effective in operation."
- 64 This annual review includes a self assessment of the effectiveness of the internal audit service against the CIPFA Code and is reviewed by the Corporate Director of Resources and reported to the Corporate Management Team and Audit Committee as part of the Annual Internal Audit Report.
- 65 External review of the quality of the service is undertaken by external audit.

## Approval and Review

66 The Head of Internal Audit will annually review this Charter to ensure that it is kept up to date and fit for purpose. The Charter is endorsed by the Corporate management team and approved by the Mountsett Crematorium Committee. Any amendments will be reported to the Mountsett Crematorium Committee for approval. A copy of the Charter will be made available on the Council's intranet and website.

## Key Contact

Head of Internal Audit	Avril Wallage, Manager of Internal Audit & Risk	
Tel:	0191 383 3537	Fax: 0191 3835779
Email:	avril.wallage@durham.gov.uk	
Address	Internal Audit and Risk Division Resources Directorate Durham County Council County Hall Durham DH1 5UE	

## Other Related Documents

Other related documents that should be read in conjunction with this Charter are

Durham County Council's:

Code of Corporate Governance

Risk Management Strategy

Constitution – Financial Procedure Rules

Constitution – Codes of Conduct

Counter Fraud and Corruption Strategy

Confidential Reporting Code (Whistle Blowing Policy)

Fraud Response Plan

Mountsett Crematorium's

Constitution

Committee Terms of Reference



## Mountsett Crematorium Joint Committee

4 February 2011

### Provision of Support Services 2011-2012




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

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### Purpose of the Report

1. The purpose of this report is to present for approval a proposed Service Level Agreement (SLA) for Support Service provision (excluding Internal Audit Services, which are subject to a separate SLA) by Durham County Council to the Mountsett Crematorium Joint Committee for the period April 2011 to March 2012.

### Background

2. Following the consideration of the Internal Audit SLA in September 2010, Members requested a similar formal SLA be prepared for consideration in relation to the Support Services provided by Durham County Council to the Mountsett Crematorium Joint Committee.
3. The current £8,330 Support Services Charge was inherited from the former Derwentside District Council and had not been subject to review for a number of years. The service provided to the Mountsett Crematorium Joint Committee by DCC officers is equal to that provided to the Central Durham Crematorium (CDCJC) other than the requirement for CDCJC to produce annually, a fully SORP Compliant Statement of Accounts. The historic and proposed 2011/12 Support Service charge to the CDCJC is £32,000.
4. This report sets out details of the proposed SLA for the period 1 April 2011 to 31 March 2012 to cover the following functions:
  - Management Services
  - Financial Services
  - Administration Services
  - Payroll Services
  - Creditor Services
  - Human Resources Services

### Service Level Agreement (SLA)

5. It is proposed that an annual SLA be established for the provision of Support Service functions to the Joint Committee to provide a commitment for both parties over the medium term. This includes the provision of Management advice and attendance at Joint Committee Meetings by the Head of Finance, HR and Business Support, in addition to Accountancy, HR, Payroll, Creditor and Administration Services.

6. The proposed SLA, attached at Appendix 2, has been developed in consultation with the Head of Finance, HR and Business Support under the delegated responsibility of the Treasurer to the Joint Committee and reflects the nature of the current partnership, the services to be provided, the period of agreement and total estimated annual budget.
7. Members should be aware that previously the cost of the work carried out by Support Services has been included in an overall administration recharge and does not provide an individual service breakdown. It is therefore proposed that all work carried out directly on behalf of the Joint Committee will be recharged in future and the resultant budget requirement for Support Services is set out in the SLA. Details of all work to be carried out will be itemised so that costs are more transparent.
8. The Support Service SLA totalling £17,200 (exclusive of Internal Audit Services) is attached at Appendix 2 for consideration and approval by members. Attached at Schedule 1 to the Appendix provides a more detailed breakdown of the following functions and responsibilities:

#### **Management Services**

- Overall support service management and attendance at Joint Committee Meetings

#### **Financial Services**

- Preparation and production of Revenue Budget
- Budget Monitoring and guidance
- Preparation and production of Annual Statement of Accounts and Annual Return
- Liaison with both Internal and External Audit

#### **Administration Services**

- Committee and Secretarial services including the remit of Clerk to the Joint Committee (providing advice and guidance to Members)

#### **Payroll Services**

- Employee crematorium salary processing

#### **Creditor Services**

- Processing and payment of Crematorium invoices

#### **Human Resources Services**

- Provision of Health & Safety advice and guidance in compliance with relevant Health and Safety legislation.
- Management and co-ordination of arrangements regarding employee relations and interaction with trade union officials.
- Delivery and facilitation of staff training, recruitment and selection processes

9. The combined effect of the proposed Support Services and Internal Audit SLAs increases the charge to Mountsett Crematorium Joint Committee from £8,330 to £22,200 (£17,200 relating to Support Services and £5,000 relating to Audit Services) for the financial year 2011/2012. An overall increase of £13,870 has been factored into the 11/12 budget.

10. The SLA will be reviewed on an annual basis with the annual budget amended (if required) respectively.

### **Recommendations**

11. It is recommended that:-
  - Members consider and approve the Service Level Agreement attached at Appendix 2 (including relevant schedule) for the year 2011 / 2012

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

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**Implications**

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**Finance**

With the approval of a service level agreement costs in respect of the support service will be agreed in advance for the forthcoming (subject to any agreed inflationary increase) and will cover a specified functions. This means that the cost of the service is more transparent and the committee has more control over the work areas covered. Details of how costs will be factored into the Joint Committee budget and how they will be recharged are shown in the Service Level Agreement.

The charges proposed within the report result in an increase on the historic Support Services charge from £8,330 to £17,200 (exclusive of Internal Audit which is subject to a separate report), with an overall charge including Internal Audit Services of £22,200 being factored into the 2011/12 budget. The service provided to the Mountsett Crematorium Joint Committee by DCC officers is equal to that provided to the Central Durham Crematorium (CDCJC) other than the requirement for CDCJC to produce annually, a fully SORP Compliant Statement of Accounts. The historic and proposed 11/12 Support Service charge to the CDCJC is £32,000.

**Staffing**

There are no staffing implications associated with this report. All staff are provided from within the various functional areas of Durham County Council.

**Risk**

Many tasks considered within the SLA must be completed within statutory deadlines and in line with changing guidance .By ensuring such tasks are delivered by staff who are appropriately experienced, qualified and competent and who receive adequate training and supervision, any relative risk will be minimised

**Equality and Diversity**

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

**Accommodation**

There are no Accommodation implications associated with this report.

**Crime and Disorder**

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

**Human Rights**

There are no Human Rights implications associated with this report.

**Consultation**

Officers of Gateshead Council were consulted on the contents of this report.

**Procurement**

None

**Disability Discrimination Act**

None



**Legal Implications**

The services outlined within this report will be provided in accordance with the guidelines and legislation relevant to each function.

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## APPENDIX 2



# **Service Level Agreement**

for the provision of Support Services to

**MOUNTSETT CREMATORIUM JOINT  
COMMITTEE**

## **AGREEMENT FOR THE PROVISION OF SUPPORT SERVICES**

**THIS AGREEMENT** is made the [26th] of [January] **two thousand and eleven**  
**BETWEEN DURHAM COUNTY COUNCIL** ( "the Council" ) **and MOUNTSETT**  
**CREMATORIUM JOINT COMMITTEE** ( "the Partnership" )

### **1. PROVISION OF SERVICES**

- 1.1. The Mountsett Crematorium Joint Committee engages the Council to provide Support Services as set out in Schedule 1 and in return for the payments as set out in Schedule 2.

### **2. DURATION**

- 2.1. This agreement will be effective 1<sup>st</sup> April 2011 and will continue until 31<sup>st</sup> March 2012 ("the Term")

### **3. THE COUNCIL'S OBLIGATIONS**

#### **3.1. Services**

- 3.1.1. The scope of the Support Services available to the Mountsett Crematorium Joint Committee is summarised in Schedule 1.

- 3.1.2. The Council will provide Support Services with all reasonable skill and care and in compliance with:

- The Accounts and Audit Regulations 2003 as amended by The Accounts and Audit (Amendment) (England) Regulations 2006, (Regulations)
- The Code of Practice on Local Authority Accounting in the United Kingdom
- All other relevant CIPFA guidelines, best professional practice and legislation
- The Local Government Act 2000 and other associated legislation
- All appropriate Employee and Health and Safety legislation
- The Joint Committee's relevant policies, rules, standing orders, procedures and standards. (These are the policies, rules, standing orders, procedures and standards of Durham County Council adopted by the Mountsett Crematorium Joint Committee)
- The terms and conditions of this agreement.

- 3.1.3. To ensure that the Services are delivered by such staff who are appropriately experienced qualified and competent and who receive adequate training and supervision.

3.1.4. To submit to the Joint Committee, a reconciliation of the charges for services provided during the year to be recharged to the Joint Committee in accordance with Schedule 2.

### **3.2. Accommodation**

3.2.1. To provide at its own cost its own office accommodation, administrative support and services as may be necessary for the provision of Support Services.

### **3.3. Insurance**

3.3.1. To ensure that adequate insurance cover is affected and maintained in respect of any property held by it for the purposes of this agreement, employee liability, public liability and liability for professional negligence.

## **4. THE JOINT COMMITTEE'S OBLIGATIONS**

### **4.1. Support Services Fee Provision**

4.1.1. To make available such Support Services provision as set out in Schedule 2 for the provision of agreed services for the year 2011/12. Notwithstanding the contents of Schedule 2, the Support Services provision will be the subject to regular review and agreement by both parties as part of the Joint Committee's normal budget timetable. Final confirmation of the Support Services provision must be agreed no later than the 31<sup>st</sup> March in each year.

4.1.2. Both parties intend that the annual Support Services fee provision will be set at such a level as to cover the costs incurred by the Council in delivering the Central Support Functions. An indicative annual budget and time allocated to each of these areas as at the date of this agreement is set out in Schedule 2.

4.1.3. The parties agree that, without affecting the annual Support Services fee provision and the principles set out in Schedule 2, at the Joint Committee's request;

- the percentage split between the service elements to be provided can be varied up to 10% provided always that the maximum number of days per element specified in Schedule 2 is not exceeded.
- Crematorium Joint Committee being satisfied that such changes will not have an adverse impact on the delivery of the service provision.

4.1.4. The parties agree that all variations, other than those referred to in the clause 4.1.3 above, require the expressed written consent of both parties.

4.1.5. To pay the Council annually the payments as set out in Schedule 2. The payment principles set out in Schedule 2 will apply for the purposes of determining the payments paid to the Council by the Joint Committee.

## **4.2. Service Delivery**

- 4.2.1. The Joint Committee is required to make arrangements for:-  
Allowing Council staff access to the Joint Committee's business premises if necessary at reasonable times for the provision of the Support Services
- 4.2.2 The provision of suitable accommodation for the use of the Support Services on the Joint Committee's business premises, at its own cost, as may be necessary.
- 4.2.3 Agreed adherence to Durham County Council's Members Code of Conduct and Constitution.
- 4.2.4 Allowing Council staff access to all relevant assets, records (including those belonging to third parties, subject to the Joint Committee having lawful authority to do so) documents, correspondence, electronic files, software and other systems as may be necessary for the provision of the Service.
- 4.2.5 Allowing and facilitating where necessary direct access by the Head of Finance/Principal Accountant to the Chair of the Joint Committee and the Treasurer (or his nominated representative) for the purpose of delivering the relevant services.
- 4.2.6 Approving the Annual Statement of Accounts, Annual Governance Statement, Revenue Budget and all other Financial Reports
- 4.2.7 Taking whatever action it considers necessary as a result of issues highlighted by the Head of Finance HR & Business Support

## **5. MANAGEMENT OF THE SERVICE**

- 5.1. Paul Darby, (Head of Finance HR and Business Support) is responsible for the overall management and delivery of the support service functions and will (under delegated responsibility) in practice fulfil the role of the Treasurer for the Joint Committee. Any queries arising from financial and other relevant reports and any general day to day enquiries about the service should be addressed to the Head of Finance HR and Business Support
  - In person at Durham County Council, County Hall, Durham
  - E-mail: [paul.darby@durham.gov.uk](mailto:paul.darby@durham.gov.uk)
  - Telephone 0191 383 6594
- 5.2. The Head of Finance, HR and Business Support will report to the Director of Neighbourhood Services and to the Director of Resources and Treasurer to the Joint Committee and to the Mountsett Crematorium Joint Committee.

- 5.3. The Head of Finance, HR and Business Support and the Crematorium Superintendent will meet periodically to review performance on delivering agreed services and agree any changes to the delivery of the Service. Such meetings may be attended by other such persons as either party may wish.
- 5.4. The Corporate Director of Resources at the Council is ultimately responsible for the performance and effectiveness of services provided to the Joint Committee under this agreement. Any issues concerning any aspect of the delivery of the service or terms of this agreement that can not be satisfactory resolved with Head of Finance, HR and Business Support should be referred to the Council's Corporate Director: Resources.

Contact details are:

Don McLure, Corporate Director: Resources  
Durham County Council,  
County Hall, Durham  
e.mail:don.mclure@durham.gov.uk  
Telephone 0191 383 3550

- 5.5 The Head of Finance, HR and Business Support will meet with the Crematorium Superintendent & Registrar each financial year to consider the support service fee for the following financial year. Such meetings will be scheduled in line with the Joint Committee's normal budget timetable. (Final confirmation of the support service fee provision must be agreed no later than the 31<sup>st</sup> March in each year) and be attended by such other persons as either party may wish.
- 5.6 The Crematorium Superintendent & Registrar is responsible for ensuring :
- Responses to reports are received within timescales specified
  - Providing information to substantiate the implementation of any recommendations when requested.
  - Co-operating with Support Services staff when required
  - Liaising with the Head of Finance, HR and Business Support / Principal Accountant : Direct Services
  - Compliance with relevant Codes of Conduct and Durham County Council Policies and Procedures

## **6. INFORMATION AND CONFIDENTIALITY**

- 6.1 Each party will provide all information within its control necessary to enable the other to discharge its obligations under this agreement.
- 6.2 Neither party shall, without the written consent of the other party, make use of for its own purposes or disclose or allow to be disclosed to any person, (except as may be required by law or by an authorised body in evaluating the work undertaken e.g. external audit), this Agreement or any material connected with it.

**7. DATA PROTECTION AND FREEDOM OF INFORMATION**

7.1. Each party will:

7.1.1. Comply with the Data Protection Act 1998

7.1.2. Maintain the confidentiality of personal data to which it has authorised access under the terms of this Agreement

7.1.3. Take reasonable technical and organisational measures against the unauthorised or unlawful processing of personal data and against the accidental loss or destruction of or damage to personal data (including adequate back up procedures and disaster recovery systems).

7.1.4. Provide such assistance and/or information reasonably required by the other in connection with any requests for information received by that party under the Freedom of Information Act 2000.

**8. TERMINATION**

8.1 Either party may terminate the agreement before the 1<sup>st</sup> April 2012 by giving the other not less than 3 months prior written notice.

**9. VARIATION**

9.1. The terms of this agreement may only be varied by written agreement signed by both parties

**AS WITNESSED**

**Signed by:**.....

Duly authorised for and on behalf of **DURHAM COUNTY COUNCIL**

**Date**



**Signed by:**.....

Duly authorised for and on behalf of the  
**MOUNTSETT CREMATORIUM JOINT COMMITTEE.**

**Date**

## Schedule 1

The following Support Services will be provided.

### Management Services

1. Monitoring and reporting of progress made in the delivery of agreed services to the Mountsett Crematorium Joint Committee.
2. Report review and presentation of all financial and other Support Services reports to the Joint Committee

### Financial Services

3. Preparation and Production of the Annual Revenue Budget for approval by the Mountsett Crematorium Joint Committee.
4. Review and setting of the Annual Fees and Charges taking into consideration inflationary pressures; the potential impact of competition in terms of price and quality; trends in demand; results of customer surveys; budget targets; cost structure implications; impact on other service areas; alternative more effective charging structures and proposals for targeted promotions etc.
5. Budget Monitoring including the provision of sound financial advice.
6. Preparation of Monthly Payroll, Debtor and Creditor Reconciliations.
7. Production of the Annual Statement of Accounts for the Mountsett Crematorium Joint Committee in accordance with the Accounts and Audit Regulations and in consideration of The Code of Practice on Local Authority Accounting in the United Kingdom.
8. Liaison with External Audit in relation to the Annual Statement of Accounts.
9. Annual Review of the Effectiveness of Internal Audit
10. Liaison with Internal Audit in connection with the Annual Governance Statement

### Payroll Services

11. Monthly processing of all directly employed Mountsett Crematorium employee salaries and allowances.

### Human Resources

12. Provision of Health and Safety Advice and guidance in compliance with relevant Health and Safety guidelines and legislation.
13. Management and co-ordination of arrangements regarding employee relations and interaction with trade union officials.

14. Delivery and facilitation of the staff training, recruitment and selection processes

### **Administration**

15. Distribution of Joint Committee Papers (including electronic distribution)
16. Provision of Committee and Secretarial Services including the remit of Clerk (providing advice and guidance on the constitutional issues and protocols) to the Joint Committee and processing any follow up requirements as appropriate
17. Maintenance of Committee minutes and Indexing

### **Creditor Payments**

18. Timely processing and payment of all Mountsett Crematorium Joint Committee Purchase order and direct Invoices in line with BVPI 8 Regulations and Durham County Council Payment Terms.

### **Advice**

19. Provision of help and advice to the Crematorium Superintendent and other officers and nominated members of the Mountsett Crematorium Joint Committee on all Financial, and other Support Service function matters.

**BUDGET SCHEDULE**

AREA	2011/2012
<b>Management</b>	
Attendance at Joint Committee Meetings	
Report Review and overall Management	
	<b>2,300</b>
<b>Financial Services</b>	
Budget Preparation including fees and charges setting	
Budget Monitoring including monthly reconciliations	
Production of the Annual Statement of Accounts (including liaison with External Audit)	
	<b>10,300</b>
<b>Payroll Services</b>	
Employee payroll processing	<b>100</b>
<b>Human Resources</b>	
Health and Safety support and guidance	
Employee relations and interaction with trade unions	
Training and development facilitation	
	<b>1,200</b>
<b>Creditor Payments</b>	
Processing and payment of Invoices	<b>200</b>
<b>Administration</b>	
Distribution of Committee Papers	
Committee and Secretarial Services	
Minute maintenance and indexing	
	<b>3,100</b>
<b>Total</b>	<b>17,200</b>

**BASIS OF CHARGE**

- Charges in respect of the period 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2012 will be recharged to the Joint Committee using the existing methodology (annually in arrears)
- This SLA charge is in addition to the Audit SLA totalling £5,000 previously considered by members.



## Mountsett Crematorium Joint Committee

4 February 2011

Fees and Charges 2011/12



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

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#### Purpose of the Report

1. The purpose of this report is to set out details of the proposed fees and charges for the Mountsett Crematorium for 2011/12.

#### Background Information

2. In reviewing existing charges or setting new charges inflationary pressures; the potential impact of competition in terms of price and quality; trends in demand; results of customer surveys; budget targets; cost structure implications; impact on other service areas; alternative more effective charging structures and proposals for targeted promotions etc need to be fully taken into consideration.
3. Members of the Joint Committee will be aware that with effect from 4 January 2011, the VAT rate was increased from 17.5% to 20%. Whilst this does not directly impact on Cremation Fees (which are not a business supply for the purposes of VAT), entries into the Book of Remembrance are affected by the VAT increase. If these charges are not reviewed, to pass the VAT increase onto the customer, then the service will face a 2.5% cut in its income from these activities.

#### Fees and Charges 2011/12

4. The proposals for 2011/12 have been developed taking into consideration the views of the Superintendent and Registrar with regards to the local market and customer impact from any proposed increase, together with benchmarking data on the charges levied in other neighbouring facilities.
5. Taking the above into consideration, the following revisions to the current fees and charges are proposed for 2011/12:

##### ***Cremation Charges***

6. Adult Cremation fees are increased by 2.5% to £410 in 2011/12. This results in an increase of £10 per adult over the age of 16 years. Fees levied for 2011/12 (inclusive of medical referees and environmental surcharge) are therefore proposed at £480.

### **Book of Remembrance**

7. As a result of both the VAT change and increased calligraphy costs, the charge for entries into the book of remembrance is proposed to increase from £36 to £38. This equates to a 5.5% increase, 2.5% of which relates to VAT. Based on an average of 515, 2 line entries per annum, it is anticipated that income will total £16,300 plus VAT. Should the VAT increase not be reflected in the charges then income receivable by the Joint Committee during 2011/12 would reduce by an estimated £407.50.
8. A full schedule of the proposed fees and charges for the Mountsett Crematorium is shown in Appendix 2, with benchmarking comparison data shown in Appendix 3 for members' information. As can be seen, the Mountsett Crematoria charges compares well and (even factoring in the 2011/12 proposed increases) is at the lower end in relation to the neighbouring crematoria, most of whom, at this time, have not yet finalised their fees and charges proposals for 2011/12.

### **Recommendations and reasons**

9. It is recommended that:-
  - Members of the Joint Committee note and approve the proposed fees and charges at Appendix 2 effective from 1 April 2011;
  - Members of the Joint Committee approve the increase in pricing for inserts to the Book of Remembrance in line with the VAT increase and that this is implemented with effect from 1 February 2011; and
  - All approved fees and charges are incorporated into the 2011/12 budget.

### **Background Papers**

2010/11 Budget and Financial Monitoring Reports  
2011/12 Budget Working Papers

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

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## **Appendix 1: Implications**

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### **Finance**

A detailed schedule of the proposed fees and charges for the Mountsett Crematorium is included at Appendix 2. These proposals have been factored into budget projections for 2011/12.

### **Staffing**

There are no staffing implications associated with this report.

### **Risk**

The sensitive pricing of services is essential to maintain the competitiveness and reputation of the Mountsett Crematoria in the current economic climate. The proposed increases in fees and charges next year will ensure that the charges remain competitive in comparison with neighbouring facilities, and this, together with a prudent assumption in terms of the number of cremations undertaken next year, plus the strong reputation of the Mountsett Crematorium Joint Committee, should ensure risk is minimised with regards to the achievement of the income budgets. Increases will be publicised in advance and communication carefully handled

### **Equality and Diversity**

The proposals set out in this report are based on a harmonised fees and charges policy with the Mountsett Crematorium and provide equity of treatment / access across County Durham. An equality Impact assessment screening has been undertaken which has revealed no issues.

### **Accommodation**

There are no Accommodation implications associated with this report.

### **Crime and Disorder**

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

### **Human Rights**

None

### **Consultation**

Officers of Gateshead Council were consulted on the contents of this report.

### **Procurement**

None

### **Disability Discrimination Act**

None

### **Legal Implications**

None

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**SCHEDULE OF PROPOSED CREMATORIUM CHARGES 2011-12**

	MOUNTSETT				
	2010/2011 Charges incl VAT (where appropriate)	Proposed Charges 2011/2012 incl VAT (where appropriate)	VAT Status	Increase / (Decrease)	
	£	£		£	%
Non-viable Foetus	£9	<b>£9</b>	O	£0	0.00%
Child	£0	<b>£0 up to 1 mth</b>	O	£0	0.00%
Child	£0 up to 16 yrs	<b>£0 up to 16 yrs</b>	O	£0	0.00%
Adult	£400 over 16 yrs	<b>£410 over 16 yrs</b>	O	£10	2.50%
<u>Surcharges</u>					
Non Resident (Adult)	£0	<b>£0</b>	O	£0	0.00%
Environmental surcharge	£50	<b>£50</b>	O	£0	0.00%
Saturdays Additional	50%	<b>50%</b>	O	Not Applicable	Not Applicable
Certificate of Cremation	Included	<b>Included</b>	O	Not Applicable	Not Applicable
Medical Referees Fees	£20	<b>£20</b>	O	£0	0.00%
Body Parts	£9	<b>£9</b>	O	£0	0.00%
2 line entry Book of Remembrance	£36	<b>£38</b>	S	£2	5.56%

Mountsett 2011/12	Proposed Mountsett 2011/12	Period charged from:									
		April 2010 to March 2011 *	Sept 2010 to August 2011 *	Feb 2011 to Jan 2012 includes 6% increase to be confirmed 2011/12	Jan 2011 to Dec 2011 2011/12 set	Sunderland	Newcastle	Gateshead	Middlesbrough	North Tyneside	Durham
£	£	£	£	£	£	£	£	£	£	£	£
£9	Non-viable Foetus	£0	£17	£30	£122	£0	£0	£0	£11	£0	£9
£0 up to 1 month	Infant Child	£0 12 mths	£17 under 5 yrs	£32 up to 14 yrs	£0 up to 28 days	£0 up to 12 yrs	£0 up to 1 month	£20 up to 1 month	£21 up to 1 month	£20 up to 1 month	£0 up to 1 month
£0.00 up to 16 yrs	Child	£184 up to 18 yrs	£103 up to 16 yrs	£32 up to 14 yrs	£114 under 16 yrs	£435 13 yrs & over	£44 under 16 yrs	£0	£44 under 16 yrs	£20	£0 up to 16 yrs
£410.00 over 16 yrs	Adult	£571 over 18 yrs	£599 over 16 yrs	£475 15yrs or over	£479 over 16 yrs	£435	£526 over 16 years	£390 over 18 yrs	£410 over 16 yrs	£410 over 16 yrs	£410 over 16 yrs
£0 £50	Surcharges Non Resident (Adult) Environmental surcharge	£0 Included	£0 Included	£710 £50	£636 Included	£0 Included	£0 Included	£0 Included	£0 Included	£0 Included	£0 £50
50%	Saturdays/ Additional	No Cremations on a Saturday	No Cremations on a Saturday	50%	50%	No Cremations on a Saturday	100%	£38	No Cremations on a Saturday	50%	50%
Included	Certificate of Cremation	Included	£10	£17	Included	Included	Included	Included	Included	Included	Included
£20	Medical Referees Fees	Included	Included	£32	£20	£24 13 yrs & over	Included	Included	£20	£20	£20
£38	2 line entry Book of Remembrance (inclusive of VAT)	Included	£56	£61	£40	£56	£37	£32	£49	£38	£38
£0	Body Parts	£0	£0	£0	£68	£0	50% of appropriate charge	£31	£0	£0	£0

\* All based on 10/11 Rates other than South Tyneside and Sunderland  
 \*\* Subject to consideration by the Central Durham Crematorium Joint Committee 04/02/2011



## Mountsett Crematorium Joint Committee

26 January 2011

2011/12 Revenue Budget




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

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#### Purpose of the Report

1. The purpose of this report is to set out for members' consideration proposals with regards to the 2011/12 revenue budget for the Mountsett Crematorium.

#### Background Information

2. The 2011/12 budget has been developed with the Superintendent and Registrar, taking into account the proposed Fees and Charges set out in the previous report, the 2010/11 forecast outturn position and known expenditure pressures in the coming year.
3. The Superintendent and Registrar has indicated that Neighbouring Crematoria (excluding Central Durham Crematorium, which has broadly maintained the same level of business) have recorded significant reductions (from both budget and the previous financial year) in the number of cremations carried out during the first 9 months of the 2010/11. The number of cremations carried out at the Mountsett crematorium has also reduced and is projected to have reduced by a total of 58 during the 2010/11 year.

#### Budget Proposals 2011/12

4. The proposed 2011/12 revenue budget is shown at Appendix 2, together with the forecast position with regards to the reserves of the Mountsett Crematorium. The main changes from the 2010/11 budget are as follows:

##### *Employees*

5. The 2010/11 Budget has been reduced by £1,000. This takes into consideration the Coalition Government's decision to freeze the pay award for Local Government staff during 2010/11 and 2011/12 (inflation totalling this amount was built into the 2010/11 base budget);

##### *Premises*

6. The base budget has reduced by £13,940 from 2010/11. This is due to a number of factors, detailed below:

- Estimated increase in NNDR charge of £4,060, taking into account the 2010/11 forecast outturn position (overspend) plus inflation at 4.6%, NNDR is now budgeted at £36,300 per annum;
- Cremator relines have been undertaken during the current financial year and as a result, the current £18,000 budget provision is not required during 2011/12. However the 2012/13 budget will need to factor in sums to reline the cremators.

### ***Supplies and Services***

7. The supplies and services budget has been reduced by £9,685 from 2010/11. The main changes are as follows:
- The provision for Mercury Abatement payments (under the Cameo scheme) is not required until 2013/2014. The £10,680 budget provision has been removed from the 2011/12 budget as a result;
  - Book of remembrance purchase – the £4,000 one – off provision included in the 2010/11 budget has been removed in 2011/12;
  - As a result of an anticipated lower number in cremations during 2011/12, Medical Referee payments are anticipated to £1,530 less. The budget has been reduced accordingly.
  - An additional £3,245 has been included in the Equipment Budget.

### ***Central Support Costs***

8. Following members consideration of the previous Support Services SLA. A proposed increase of £13,870 has been factored into the 2011/12 Budget. Support Service charges are now budgeted at £22,200

### ***Income***

9. The budget factors in the budgetary impact of applying the increases in fees and charges proposed in the fees and charges report considered earlier. As members will be aware, the proposals are to
- Increase the Adult Cremation fee by 2.5% to £410 next year – the gross fee (inclusive of medical referees and environmental surcharge) would therefore be £480 in 2011/12;
  - Increase in charges for the book of remembrance from £36 to £38 (inclusive of Vat );
10. In setting the budget, an element of prudence has been factored into the income budget projections next year. The 2010/11 budget was based on an assumed 1172 cremations in the current year. The outturn projected, based on the position to 31 December 2010, shows that 1,114 cremations will be undertaken in the current year, 58 less than budgeted. Taking this into consideration, the 2011/12 base budget has assumed a total 1,133 cremations next year, an increase of 19 on the 2010/11 estimated outturn and 39 less than the budget position in 2010/11.

11. The net effect of the increase in the cremation fee, assumed reductions in the number of cremations and other fees and charges proposals is that forecast income has reduced by £12,360.

### ***Earmarked Reserves***

12. Transfers to the Cremator Replacement and Major Repairs Reserves next year are budgeted in line with the 2010/11 level (at £65,000 and £15,000 respectively).

13. The estimated total earmarked reserves and balances of the Mountsett Crematorium Joint Committee at 31 March 2012, taking into account the 2010/11 Quarter 3 budgetary control report and the proposed transfers to / from earmarked reserves in 2010/11 and 2011/12 is **£317,494** (shown in Appendix 2).

### **Recommendations and reasons**

14. It is recommended that:

- Members of the Joint Committee note and approve the budget proposals contained within the report (as set out at Appendix 2).
- Members note the forecast level of reserves and balances at 31 March 2012 (also set out at Appendix 2)

### **Background Papers**

- 2010/2011 Budget and Financial Monitoring Reports
- 2011/12 Budget Working Papers
- 2011/2012 Fees and Charges report

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

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## **Appendix 1: Implications**

### **Finance**

The proposed budget for the Mountsett Crematorium is included at Appendix 2, with an explanation of year on year changes set out in the body of the report.

### **Staffing**

The employee budget provides for 5 members of staff.

### **Risk**

The budgets take into account the 2010/11 forecast outturn position and all known expenditure pressures and opportunities for efficiencies in the coming year.

Pricing sensitivity is essential to maintain the competitiveness and reputation of the Mountsett Crematoria in the current economic climate. The proposed increases in fees and charges next year will ensure that the charges remain competitive in comparison with neighbouring facilities, and this, together with a prudent assumption in terms of the number of cremations undertaken next year, plus the strong reputation of the Mountsett Crematorium Joint Committee, should ensure risk is minimised with regards to the achievement of the income budgets.

### **Equality and Diversity**

The income proposals set out in this report are based on a harmonised fees and charges policy with the Central Durham Crematorium and provide equity of treatment / access across County Durham. An equality Impact assessment screening has been undertaken which has revealed no issues.

### **Accommodation**

There are no Accommodation implications associated with this report.

### **Crime and Disorder**

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

### **Human Rights**

None

### **Consultation**

Officers of Gateshead Council were consulted on the contents of this report.

### **Procurement**

None

### **Disability Discrimination Act**

None

## **Legal Implications**

The Mountsett Crematorium Joint Committee is required to set a balanced budget and the budget proposals contained within this report have been prepared in accordance with standard accounting policies and procedures.

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## APPENDIX 2

<b>MOUNTSETT CREMATORIUM 2011/2012 BUDGET</b>				
<b>2009/2010 Actual Outturn (Memo Info)</b>	<b>2010/2011 Base Budget (Set QTR1)</b>	<b>2010/2011 Projected Outturn (QTR3)</b>		<b>2011/2012 Base Budget</b>
<b>£</b>	<b>£</b>	<b>£</b>		<b>£</b>
			<b>EXPENDITURE</b>	
107,281	115,615	111,848	Employees	114,615
103,349	119,100	146,452	Premises	106,835
	300	300	Transport	300
39,681	68,250	57,870	Supplies and Services	55,285
15,845	17,415	17,415	Agency & Contracted	17,415
	0	0	Capital Financing Costs	0
8,330	8,330	8,330	Support Service Costs	22,200
<b>274,486</b>	<b>329,010</b>	<b>342,215</b>	<b>Gross Expenditure</b>	<b>316,650</b>
<b>(496,238)</b>	<b>(573,900)</b>	<b>(546,640)</b>	<b>INCOME</b>	<b>(561,540)</b>
<b>(221,752)</b>	<b>(244,890)</b>	<b>(204,425)</b>	<b>Net Income</b>	<b>(244,890)</b>
			<b>Transfer to/from Reserves</b>	
20,120	15,000	(25,465)	- Repairs Reserve	15,000
36,742	65,000	65,000	- Cremator Reserve	65,000
				0
<b>(164,890)</b>	<b>(164,890)</b>	<b>(164,890)</b>	<b>Distributable Surplus</b>	<b>(164,890)</b>
<b>57,712</b>	<b>57,712</b>	<b>57,712</b>	<b>35% Gateshead Council</b>	<b>57,712</b>
<b>107,178</b>	<b>107,178</b>	<b>107,178</b>	<b>65% Durham County</b>	<b>107,178</b>

<b>Actual Balance @ 31/03/10</b>	<b>Budget Forecast Balance @ 31/03/11</b>	<b>Revised (QTR3) Forecast Balance @ 31/03/11</b>	<b>Reserve</b>	<b>Budget Forecast Balance @ 31/03/12</b>
<b>£</b>	<b>£</b>	<b>£</b>		<b>£</b>
(160,412)	(225,412)	(225,412)	Cremator Replacement Reserve	(290,412)
(37,547)	(52,547)	(12,082)	Major Repairs Reserve	(27,082)
<b>(197,959)</b>	<b>(277,959)</b>	<b>(237,494)</b>	<b>TOTAL</b>	<b>(317,494)</b>

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**MOUNTSETT CREMATORIUM 2011/2012 BUDGET - EARMARKED RESERVES**

**APPENDIX 3**

Mountsett Crematorium Earmarked Reserves	Balance @ 01 Apr 10	Projected transfers 10/11	11/12 transfers	Earmarked Reserves Budget 11/12 £
Major Repairs Reserve	-37,547	24,564	-40,596	-53,579
Cremator Replacement Reserve	-160,412	-65,000	-65,000	-290,412
<b>TOTAL</b>	<b>-197,959</b>	<b>-40,436</b>	<b>-105,596</b>	<b>-343,991</b>
<b>Use of Cremator Replacement Reserve</b>				
<b>Balance on reserves @ 31 March 2012</b>				<b>-343,991</b>

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