



Mountsett Crematorium Joint Committee

Date **Friday 27 April 2012**
Time **10.00 am**
Venue **Committee Room 1A - County Hall, Durham**

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. Minutes of the Meeting held on 27th January 2012. (Pages 1 - 6)
2. Declarations of Interest, if any.
3. Quarterly Report of the Superintendent & Registrar (Pages 7 - 28)
4.
Joint Report of the Corporate Director, Neighbourhood Services and
Corporate Director, Resources
5.
Report of the Corporate Director, Resources
6.
Joint Report of the Corporate Director, Neighbourhood Services and
Corporate Director, Resources
7. Such other business as in the opinion of the Chairman of the meeting
is of sufficient urgency to warrant consideration.

Colette Longbottom
Head of Legal and Democratic Services

County Hall
Durham
19 April 2012

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

Durham County Council:-

Councillors: O Temple (Chair), A Bainbridge, J Docherty, M Hodgson,
J Hunter, O Johnson, J Nicholson, B Stephens and J Wilson

Gateshead Council:

Councillors K Dodds (Vice-Chair), M Ord, P Ronan, J Hamilton, D Davidson,
P Mole and M Wallace

Contact: Lucy Stephenson

Tel: 0191 383 6644

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DURHAM COUNTY COUNCIL

At a Meeting of **Mountsett Crematorium Joint Committee** held in Whickham Room, Civic Suite - Gateshead Council on **Friday 27 January 2012 at 10.00 am**

Present:

Councillor O Temple (Chair)

Members of the Committee:

Durham County Council

Councillors O Temple.

Gateshead Council:

Councillors K Dodds (Vice-Chair), M Ord, P Ronan, D Davidson, P Mole and M Wallace

Apologies:

Durham County Council

Councillors A Bainbridge, J Docherty, M Hodgson, J Hunter, O Johnson, J Nicholson, B Stephens and J Wilson

1 Minutes of the Meeting held on 30th September 2011.

The minutes of the meeting held on 30th September 2011 were confirmed as a correct record and signed by the Chairman.

2 Declarations of Interest, if any.

There were no declarations of interest submitted.

3 Quarterly Report of the Superintendant & Registrar

The Superintendent and Registrar presented the report which provided Members with a quarterly update relating to performance and other operational matters (for copy of report, see file of Minutes).

With regards to performance it was reported that there were 414 cremations undertaken during the period 1 September 2011 to 31 December 2011, compared to 377 in the comparable period last year, an increase of 37.

Further to discussions at the last meeting of the Crematorium Joint Committee an update was provided to Members on the Pre-Payment Cremation Bond. The Head of Finance (Financial Services) advised that the view of DCC Legal department indicated that any such scheme should not progress without full FSA registration. Reference was also made to queries from the Committee at the last meeting with regard to procedures on rescinding

decisions made by the Joint Committee. Sarah Grigor, Solicitor was in attendance to provide advice to the Committee on how these issues need to be addressed.

The Bereavement Services Manager proceeded to report upon the Green Flag Application for 2012. Members were presented with the proposed Management Plan for the site and details provided of where minimal investment would be required in the first year of application. A full copy of the management plan was appended to the report, which detailed the proposed works programme.

In conclusion the Superintendent and Registrar provided an update on the future provision of memorial plaques. It was reported that following the decision taken by the committee at its last meeting, progress had been made and a booklet had been produced to advertise the sale of plaques. At this stage the Superintendent was unable to forecast take up and as such revenues from sales would not be factored in to the 2012/13 income budget. The Superintendent and Registrar advised that a number of queries had been received from the public in relation to procedures for renewal of the plaques at the end of the 10 year lease.

Further discussion then ensued with regard to the Pre-Payment Cremation Bond. The Head of Finance (Financial Services) advised that the proposals had been risk assessed and it had identified that after a period of 12 years from the issue date the bond would then become a financial risk. Members should be aware that the scheme would be closely monitored along with demographics and take up. If the scheme was considered to be at any point financial risk to the Crematorium then the scheme would need to be suspended and a review of the mark up undertaken if the scheme was to continue.

With regard to creating a FSA registration it was also noted that Durham County Council being the registered provider, would ultimately be responsible for any financial loss.

Discussion then took place with regard to memorial plaques and renewal at the end of the 10 year lease. The Head of Finance (Financial Services) advised that the scheme followed similar practice to that carried out by Durham Crematorium who had operated the scheme for 8/9 years on the basis that the lease could be renewed at the end of the 10 year period.

Further debate took place with regard to the charges associated with renewal and the capacity for renewal. Members raised a number of concerns with the current procedure and policy and agreed that it would be beneficial for the committee to receive a report at the next meeting outlining the logistics for renewal, including options for members' consideration on the overall operation of the scheme.

RESOLVED:

- 1) That Members note the content of the report with regards to current performance;
- 2) That Members note the current situation with regard to the Pre-Payment bond; the Committee delegate responsibility for the monitoring of demographics, review of premium mark ups and suspension of bond issues to the Treasurer and Superintendent and Registrar.
- 3) That Members note the current situation with regards to the Green Flag application.

- 4) That a report be considered at the next meeting of the Joint Committee on proposals for a Memorial plaque policy.

4 Risk Register 2011/12 Update.

The Head of Finance (Financial Services) presented the report which updated Members of the Joint Committee on the current position with regards to the Risk Register of the Mountsett Crematorium Joint Committee (for copy of report, see file of Minutes).

The register which was considered and approved by the Joint Committee on 30 September 2011 had been reviewed, reassessed and updated in accordance with the Durham County Council methodology/approach to Risk Management. In line with the previous report, two risk registers have been prepared, separately identifying Service and Operational risks.

It was reported that one new risk had been added to the Service Risk Register; Risk 18: Pre-payment of bond premium is not sufficient to cover future fees. A detailed assessment regarding the financial implications was included within Appendix 2.

All other strategic risks were reported as having low Net Scores and there had been no changes to the scores following the review. These risks were also reported to be at tolerable levels.

With regard to Service Risks only one operational risk has an outstanding action Risk 8: Slips, trips and falls. Training in respect of ladder-duties was scheduled to take place in February 2012, reducing the risk to a tolerable level. All other risks had remained unchanged and were all considered to be at tolerable levels.

In conclusion the Head of Finance (Financial Services) advised that the risk register would be kept up to date and reviewed by the Joint Committee on a half yearly basis.

RESOLVED: that the content of the report be noted and the risk registers be kept up to date and reviewed on a half yearly basis.

5 Financial Monitoring Report 2011/12: Spend to 31/12/11 and Projected Outturn to 31/03/12.

The Head of Finance (Financial Services) presented the report which set out details of income and expenditure in the period 1 April 2011 to 31 December 2011, together with the forecast outturn position for 2011/12, highlighting areas of over / underspend against revenue budgets at a service expenditure analysis level (for copy see file of Minutes).

It was reported that the projected outturn was showing (before transfers to reserves and distribution of surpluses to the partner authorities) as surplus of £311,811 at the year end against a budgeted surplus of £245,390 (before transfers to reserves and distribution of surpluses to the partner authorities), £66,421 more than budgeted position.

Explanations of all significant variances were outlined within the report in relation to premises, supplies and services, agency and contracted, income and earmarked reserves.

Members were advised that there was an error within the report contained within the table at paragraph 5. It was noted that the distributable surplus should read as follows:-

65% Durham County Council -	£107,178
35% Gateshead Council -	£ 57,712

In conclusion the Head of Finance (Financial Services) advised Mountsett Crematorium were in a healthy financial position and the report presented a positive outlook for the Crematorium.

RESOLVED: that the content of the report be noted.

6 Provision of Support Services 2012-2013

The Head of Finance (Financial Services) presented the report which sought approval of a Service Level Agreement (SLA) for Support Service provision for April 2012 to March 2013 (for copy of report, see file of Minutes).

The report set out details of the following functions covered by the agreement including; management, financial, administration, payroll, creditor and human resource services. The proposed SLA considered the proportion of time spent by key staff undertaking the requirements of the Joint Committee. The charge proposed for 2012/13 is £18,500 (a £1,300 increase from 2011/12) to reflect the true cost of the service provision. This cost had also been factored into the 12/13 budget. The Service Level Agreement was detailed in full within Appendix 2 of the report.

RESOLVED: that the Service Level Agreement for 2012/13 be approved.

7 Service Asset Management Plan 2012/13 to 2015/16

The Superintendant and Registrar presented the report which provided an update regarding the development of a Service Asset Management Plan 2012/13 to 2015/16 as highlighted within the 2010/11 Annual Internal Audit Report.

An action plan had been developed and a full report and Asset Management Plan would be presented to the Committee at the meeting scheduled to be held on 27 April 2012.

It was reported that the Strategy would be developed to ensure that the service delivers its aims and visions in the best possible way. Further details were then provided as to the development plan progress in respect of Crematoria Grounds and Building, Book of Remembrance Building, Memorial Plaques, machinery, administration and cremator replacement.

Discussion then took place with regard to the Book of Remembrance. It was noted that the current cabinet used for display was not fit for purpose in that it obscured viewing when 2 books were on display at any one time. It was therefore agreed that costing for a bespoke cabinet be obtained, and reported to a future meeting.

RESOLVED:

- 1) That the progress on the Mountsett Crematorium Asset Management plan be noted.

- 2) Consider and agree to obtain costings for work required within the noted Action plan.
- 3) The Committee receive a full report and Asset Management Plan at the next meeting of the Joint Committee scheduled to be held in April 2012.

8 Fees and Charges 2012/13

The Head of Finance (Financial Services) presented the report which set out details of the proposed Fees and Charges for the Mountsett Crematorium for 2012/13 (for copy of report, see file of Minutes).

The proposals for 2012/13 had 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 on other neighbouring facilities.

Revisions to the proposed fees and charges for 2012/13 were reported in relation to Cremation Charges, Book of Remembrance, Pre-Payment Cremation Bond and Memorial Garden Plaques. Full details of charges were outlined within Appendix 2 of the report.

RESOLVED: that the Fees and Charges schedule for 2012/13 be noted and approved.

9 2012/13 Revenue and Capital Budgets

The Head of Finance (Financial Services) presented the report which outlined for consideration proposals with regard to the 2012/13 revenue budget for the Mountsett Crematorium (for copy see file of minutes).

The proposed 2012/13 revenue budget was detailed within Appendix 2 of the report, together with the forecast position with regards to the reserves of the Mountsett Crematorium. Main changes from the 2011/12 budget were also reported in respect of employees, premises, supplies and services, agency and contracted, central support costs, income and earmarked reserves.

It was noted that any capital spend identified during the development of the asset plan would be reflected at a future meeting within the capital budget spend, and details would be provided to the Joint Committee at which point the budget for 2012/13 could be amended

RESOLVED: that the budget proposals contained within the report were noted and approved.

10 Review of the Effectiveness of Internal Audit.

The Head of Finance (Financial Services) presented the report which updated members on the revisions to the review of the effectiveness of the system of internal audit (for copy of report, see file of Minutes).

It was reported that the review in operation during 2011/12 had been updated and was attached to the report at Appendix 2. Members were informed that Mountsett Crematorium was to have an Internal Audit Inspection week commencing 6th February 2012. Further amendments / improvements to the current Audit Service would be reported to the Joint Committee as part of the Annual Audit.

RESOLVED: that the contents of the report be noted, and agree that the Joint Committee are satisfied with the effectiveness of the system of Internal Audit and therefore whether assurance can be placed on the work of this service.

27 April 2012

Report of the Bereavement Services
Manager



Report of Graham Harrison, Bereavement Services Manager

Purpose of the Report

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

Performance Update:

Number of Cremations: for the period 1 January 2012 to 31 March 2012

2. The table below provides details of the number of cremations for the period 1 January 2012 to 31 March 2012 inclusive, with comparative data in the same periods last year:

	2010/2011	2011/2012	Change
	QTR4 [Jan- March]	QTR4 [Jan- March]	
JAN	133	126	- 7
FEB	127	107	-20
MARCH	109	116	+7
TOTAL	369	349	-20

Gateshead	99
Durham	198
Outside Area	52
Total	349

3. In summary there were 349 cremations undertaken during 1 January 2012 to 31 March 2012, compared to 369 in the comparable period last year, a decrease of 20. The total number of cremations to 31 March 2012 is 1258 compared with 1188 in the previous year of 2010/11, this is an increase of 70 (5.89%).

Memorials

4. The table below outlines the number and value (exc. VAT) of the memorials sold in Quarter 4 2011/12. It should be noted however that it is not possible to compare previous years' data due to this being a new service provided to the bereaved during this quarter.

	Quarter 4	2011/12
	Number	£
Large Plaques	3	984.00
Total	3	984.00

5. As Members may recollect at the meeting held on 27 January 2012, the Committee raised a number of queries regarding the proposed procedures and policies on memorial plaques and agreed that it would be beneficial for the committee to receive an update at the next meeting outlining the logistics for renewal, including options for members' consideration on the overall operation of the scheme.
6. In developing the proposed policies and procedures, it is important to learn from the experience of other crematoria. For example, although the memorial garden at Darlington has been very successful and well laid out, it sold off the memorials in perpetuity, which means that the space available is shortly to run out and no further income could be gained via renewals. Therefore as with Durham Crematorium, it is proposed that the lease would involve a fixed term with plaques being maintained for a ten year period after which lessees would be given the option to renew for a further period of ten years at the appropriate fee.
7. The costs to the family covers two elements, firstly the cost of the plaque which are facilitated through the Crematorium and include the cost of supply and fix and secondly the lease costs for ten years. After the ten years an option to purchase an extension/renewal to the lease is available to the families at a cost. This renewal charge is currently set at £189.00 at Durham Crematorium with them currently having a 33% uptake in renewals.
8. Below is a table highlighting the different charges set by neighbouring authorities along with the associated costs for a renewal of the plaques:

	Memorial cost (inc VAT)	Renewal 10 years
Gateshead	£354.00	NA.
Newcastle	£248.00	£136.50
South Tyneside	£328.00	£219.00
North Tyneside	£228.00	NA
Darlington	£330.00	£180.00
Middlesbrough	£364.17	NA
York	£330.00	£260.00
Durham	£379.60	£189.00

9. These costs indicate that the majority of neighbouring authorities charge approximately half the total cost of a plaque for the 10 year renewal period. Several other authorities also have the option to re-new after a 5 year period.

10. It is therefore proposed that we continue with the scheme and before the expiry of the lease period, a renewal invitation will be forwarded to the person who made application for the lease of the memorial, or to such person to whom the lease has been assigned. A charge is set that is approximately 50% of the full cost of the purchase price of a new plaque when renewal is required subject to annual increases.
11. If the lease is not renewed within the given time scale, the Crematorium Joint Committee will contact the family again to inform them that the plaque will be removed and stored. Then we would write to the again to let them know that the plaque would be stored for a period of 6 months for collection in order that families who may wish to collect these can be entitled to do so. If they are not collected after this time then the plaques may be disposed of or recycled. This will then free up a space on the wall in order that another plaque may be sited.

Operational Matters

Staffing

12. As some Members may be aware, Ian Staplin the Superintendant and Registrar is currently on long term sick leave. His post is being temporarily filled by the Assistant Superintendant & Registrar from Mountsett Crematorium assisted by the Bereavement Services Manager.
13. As Members may recollect at the meeting held on 27 January 2010, the Committee agreed to the employment of a current part time member of staff on a full time basis. A review of the Crematorium Assistant's terms and conditions has resulted in retrospective payment being made due to the fact that he was not receiving the same pay scale as the rest of the crematorium assistants. The impact on the Crematorium Employee budget is £17,868 (of which £8,935 relates to 2010/11). This has been factored into the Provisional outturn report to be considered later in the agenda.

Mountsett Crematorium Pre-Payment Cremation Bond

14. Sarah Grigor, the DCC Solicitor, who is preparing The Financial Services Agency Registration, has been working on the documents for submission to the F.S.A. A further update will be given at the next meeting.

Green Flag Application

15. At the meeting of the Mountsett Crematorium Joint Committee (27 January 2012), Members agreed to the management plan that was included within the report. The Green Flag Management Plan was submitted by the closing date of 31 January 2012.
16. We are currently awaiting a date for the judging of the site to be carried out. A further update will be given at the next meeting.

Recycling of Metals Scheme

17. As Members may recollect at the meeting held on 4 February 2011, the Committee agreed to participate in the metal implants recycling scheme.
18. The Institute of Cemetery and Crematorium Management have informed us that the recycling of metals scheme has produced a surplus of £200,000 for the October 2011 collection for the whole Country.

19. We have been asked to submit nominations for suitable Local or National death related charities by 30 March 2011.
20. Discussions with the Chair have taken place and colleagues at the Saltwell Crematorium. Saltwell are not yet part of the Metal Recycling scheme, however they will be joining the scheme at the end of this year when the new cremators have been installed.
21. It has been proposed that we nominate Willowburn Derwentside Hospice Care Foundation from Maiden Law Hospital close to Mountsett Crematorium, subject to seeking nominations from the Joint Committee on future charity nominations.

Service Asset Management Plan

22. As Members may recollect at the meeting held on 27 January 2012, an update report on the Service Asset Management Plan was given to Members. Whilst some progress has been achieved, the Asset Management Plan is not yet finalised.
24. An Accessibility Audit has however been commissioned and undertaken by Durham County Council's Technical Services Department. This comprises a visual assessment of the premises in terms of suitability and/or deficiency in respect of Access for the Disabled and Legislation appertaining to Disabled Access including the following:
- Disability Discrimination Act
 - Part M of the Building Regulations
 - Relevant British Standards
25. The audit has raised a number of issues which the building does need to address in order to help meet the requirements of the Disability Discrimination Act. These need to now be factored into the Asset Management Plan and include the following:
- Improvements to the approaches to the site
 - Provide two designated disabled parking bays
 - Overcome threshold step at entrance to offices
 - Provide tactile signs internally
 - Repair floor in staff corridor
 - Provide some chairs with arms
 - Provide portable induction loops
 - Widen narrow internal doors
 - Improve ambulant WC provision
 - Provide new accessible WCs
 - Improve fire exits
26. Further details regarding this audit including costs can be seen in Appendix 2.
27. Progress has also been made with regards to consultation with colleague in the Fire Authority to prepare a full fire risk assessment. An inspection was carried out on 3 April 2012 and has identified some deficiencies of the Regulatory Reform (Fire Safety) Order 2005. I am currently in discussion with our Health and Safety Section to rectify these deficiencies again any premises related issues arising from the inspection will be factored into the Asset Management Plan.

28. A copy of the Fire Safety Audit can be seen in Appendix 3.

29. As highlighted above, the Service Asset Management Plan is not finalised. This delay is as a result of the additional works requirements identified in paragraphs 25 and 27) along with the absence of the Superintendent & Registrar due to sickness. A full report will be presented at the AGM in June.

Recommendations and Reasons

29. It is recommended that Members of the Mountsett Joint Committee consider and agree:-

- The content of this report with regards to current performance of the crematorium.
- The current situation with regards to the sale of Memorial Plaques.
- The proposal to charge approximately 50% of the full cost of the purchase price of a new plaque when renewal is required subject to annual increases.
- To store plaques if not renewed in order that families can collect these.
- The current situation with regards to the Superintendent and Registrar.
- The current situation with regards to the Pre-Payment bond and progress working with DCC legal team
- The current situation with regards to the Green Flag Judging.
- The current situation with regards to the Recycling of Metals Scheme and to seek nominations from Members for future Local or National death related charities.
- Note the current quotes now received with regards to the Service Asset Management Plan and agree to the internal decoration and the replacement of windows to staff room which are long overdue.
- That Members note the current situation with regards to the Accessibility Audit and associated costs of required works and agree to these works being carried out over the coming years and subject to budget provisions.
- That Members note the current situation with regards to the Fire Safety Audit.

Contact: Graham Harrison, 01207 218816

Appendix 1: Implications

Finance

As identified in the report.

Staffing

There are no implications

Risk

There are no implications

Equality and Diversity / Public Sector Equality Duty

There are no implications

Accommodation

There are no implications

Crime and Disorder

There are no implications

Human Rights

There are no implications

Consultation

None, however, Officers of Gateshead Council were provided with a copy of the report and given opportunity to comment/raise any detailed questions on the content of the report in advance of circulation to members of the Mountsett Crematorium.

Procurement

There are no implications

Disability Discrimination Act

There are no implications

Legal Implications

As outlined in the report

Appendix 2: Accessibility Audit Report Recommendations

Authority: Durham County Council
ACCESSIBLE BUILDING AUDIT
UPRN: 40037S01
MOUNTSETT CREMATORIUM

ACCESSIBILITY AUDIT OF THE PROPERTY SITUATED AND KNOWN AS
MOUNTSETT CREMATORIUM AS AT 07/04/2011
FOR AND ON BEHALF OF DURHAM COUNTY COUNCIL

1. INTRODUCTION

- 1.1 As instructed by Durham County Council we have inspected the above property with a view to assessing the general accessibility of the building.

2. INSPECTION

- 2.1 Our inspection was carried out on 07/04/2011 and included those parts of the building to which the Client specified

3. SCOPE OF SURVEY

- 3.1 Our inspection will comprise a visual assessment of the premises in terms of suitability and/or deficiency in respect of Access for the Disabled and Legislation appertaining to Disabled Access including the following:
- Disability Discrimination Act
 - Part M of the Building Regulations
 - Relevant British Standards
- 3.2 The assessment is to be carried out by the use of the CIPFA Access Audit Check List, with recommendations for improvements, which when complete will provide a record of present access arrangements and conditions together with an indication of the scope and cost of the changes and/or improvements which need to be provided to meet the legislative requirements.
- 3.3 The Access Audit Checklist has been compiled to reflect good practice outlined and incorporated in the document "Access for Disabled People to School Buildings" as published by The Department for Education and Employment, together with "Designing for Accessibility" published by the Centre for Accessible Environments.
- 3.4 The guides provide good practice in terms of meeting the basic design considerations for all aspects of a building, including those provisions which fall within the scope of Part M of the Building Regulations
- 3.5 The inspection will be restricted to those parts of the buildings as defined by the Client in the pre-survey brief.
- 3.6 The survey will be conducted by following a logical approach of how a person would arrive at, enter and use a building, i.e. starting from the nearest point of Public Transport (if applicable) to the entrance of the curtilage of the site and from car parking which is

provided within the site, looking at the accessibility of the routes up to all the entrances, followed by entry and circulation.

- 3.7 The report is provided for the sole use of the named client and is confidential to that client. We accept no liability arising out of the contents of the report to any person other than the client himself/herself. Costs within the survey are based upon the Schedule of Rates as agreed with the Client and are valid as of 1st January 2010. CIPFA wish to acknowledge the help and assistance of the Authority's staff during the course of the survey and in the provision of general background information.

CIPFA Property
The Quadrant
Chester West
Sealand Road
Chester
CH1 4QR

4) AUDIT SUMMARY – MOUNTSETT CREMATORIUM

Description

Mountsett Crematorium, which was opened in 1966, is situated off the A 692 on the outskirts of Dipton. The main building, block 1, is single storey with shallow pitched roofs and a mixture of external finishes. The accommodation in the building can be grouped into three main areas.

Firstly the chapel complex which has the main chapel, entrance and exit lobbies, a waiting room for mourners, a vestry for clergy, a bearers room, two sets of male and female toilets and an accessible wc. Secondly the office area which has its own separate entrance facing the car park. There are offices, interview room, stores, small kitchen and staff toilets. The third area is occupied by the crematorium staff only and is the section where the furnaces are operated. There are plant rooms, stores, circulation areas, the crematorium furnaces, a staff mess room and toilet. Block 2 is the Chapel of Remembrance which is single storey with a pitched roof, facing brick walls and timber windows and doors. The building has one room which houses the Book of Remembrance in a bookcase and a screen viewer cabinet where individual pages can be accessed electronically.

Externally a curving drive leads from the main entrance to a large car park. There is paving around the main building and a path leading to block 2. The complex is surrounded by grassed areas and planting.

A. Approach and Car Parking

Approach to Site

There are four bus stops in the vicinity but the approaches to the site entrance from these are not particularly easy for people with disabilities. We recommend that improvements are discussed with the appropriate authorities including providing dropped kerbs and repairing potholes and uneven

surfaces. Ideally there would be bus stops immediately outside the crematorium entrance on the A692 but presumably this is difficult to achieve as it is a busy and fast road.

Access to Site

Vehicles and pedestrians share the same entrance off the main road and use the site access road to reach the complex.

Parking

There is a large car park on site which is finished with smooth level tarmac.

There are currently no designated disabled parking bays and we understand that plans are in place to provide two – one either side of the path leading to block 1. We have included costs in the audit for providing these bays which should be of adequate size with room at the sides and at the rear for the operation of tail lifts. The bays should be identified with signs on posts and surface lining.

B. Routes and Level Change

Routes

We have audited four routes within the site. The first is along the site access road to the car park. It is a wide access road surfaced with tarmac and slopes gradually up towards the crematorium complex. The second leads from the office area to the left to the chapel. This is the route used by the majority of mourners using the car park although we understand that people with disabilities, including the elderly and infirm, can make arrangements to be dropped off at the chapel entrance and picked up near the exit at the end of the funeral service. This route is level with stone paving slabs and a covered area over with lighting set in the covered area. There is a bench seat set to one side and directional signs in place. There is a large covered area outside the chapel entrance for the hearse and chief mourners. The route from here to the chapel is level with no kerbs.

Surfaces are tarmac and stone paving, with lighting to the underside of the covered area.

A pedestrian path leads from the crematorium complex to the Chapel of Remembrance. It slopes up gradually and then down towards block 2. It is generally around 1900mm wide with handrails on both sides. A slip resistant finish has been recently installed but has been damaged, we understand, by frost. Repairs are awaited and we have not therefore included any costs in the audit.

External Ramps & Steps

There is a sloping path leading from the car park to block 1. It is 2 metres wide with a gradient of 1 in 14. There is a handrail on one side and the finish is textured paving.

C. Entrances Including Reception

Entrance Ramp / Steps

There is level access to the chapel and to the offices in block 1, and to block 2.

Main Entrance

There are large timber double doors to the chapel entrance and these are set in a marble façade. There is a large covered area in place with artificial lighting to the underside. The main entrance to the offices is clearly identified with signage. There is a 2800mm deep covered area above with lighting to the underside. There are signs identifying the Chapel of Remembrance with a canopy above.

Main Entrance Door

The double entrance doors to the chapel have 857mm wide leaves. The doors are solid but can be held open when services take place. There are suitable push / pull handles with floor closers in place. The threshold is level and there is a recessed weather mat in the lobby. The external

door to the office area is only 782mm wide but there is little room here to widen. There are vision panels in place and a suitable lever handle. There is however a 30mm step and the threshold which will need to be overcome. The door has an old style Briton overhead door closer and a weather mat in a recess. The door to the Chapel of Remembrance is 964mm wide with a 520mm wide side leaf. There is room at the side for a wheelchair and the door is smooth opening with a floor closer. It has a level threshold.

Lobby

The lobby to the chapel is a large clear space with a carpeted floor. The inner doors match the external doors and can also be held open. We recommend adding tactile signs to assist people with visual impairments.

D. Horizontal Movement and Assembly Areas

Corridors

The exit corridor from the chapel is wide with a clear central area. Lighting is natural and artificial and flooring is carpet with floor junction strips in place. There are means of escape signs in place and we recommend adding tactile signs when refurbishing. The corridor in the staff area of the crematorium needs floor repairs and a new deeper weather mat in the recessed mat well. Tactile signs are also recommended here. The corridor to the offices is 1390mm wide and has a carpeted floor with natural and artificial lighting. We recommend adding tactile signs.

Internal Lobbies

Internal lobbies to toilet areas are suitable. Costs are included for adding tactile signs.

Assembly Areas

The public areas in the chapel include the chapel itself, waiting room, vestry and bearers room. The chapel has natural and artificial lighting. Flooring is carpet and loose bench seating has been provided on either side. However, it is recommended that some chairs with arms be provided. There is an induction loop in place with signs to inform and there are lecterns at two heights. We recommend providing a portable induction loop for use in the smaller rooms together with some chairs with arms. The staff areas in the crematorium can be improved by adding a portable loop and adjusting some kitchen fixtures in the mess room. It is not practical to consider adjusting controls to the furnaces and other plant and equipment in these areas. Staff offices and stores are lit by natural and artificial lighting. Although there is a high fixed counter in room 0/033 it is not used as a reception area and no changes are recommended. Members of the public are seen in one of the offices or interview room. We recommend providing a portable induction loop. The Book of Remembrance Room in block 2 is an open space with two fixed cabinets. Lighting is both natural and artificial and flooring is slip resistant sheet.

E. Vertical Movement and Internal Level Change

The buildings are on one level with no internal ramps or steps.

F. Doors

All doors are necessary and are mostly painted with some timber doors. There are seven doors in public and staff areas that are too narrow for wheelchairs and will need to be widened when a specific need is identified. Controls are suitable and overhead closers are a combination of Briton, Centurion, Laidlaw and New Star.

G. Toilet and Changing Facilities

Ambulant WC Provision

The male and female toilets in both the public and staff areas are suitable. We recommend that support rails to Part M of the Building Regulations are provided in one WC cubicle in each area.

Accessible WC Provision

There is an accessible WC in the chapel area that is accessed from the outside. The effective internal dimensions are below the recommended minimum and we recommend that a new accessible WC is provided in this part of the building to be accessed from the inside. There is no accessible toilet in the staff office area and we recommend that a new facility is provided here – possibly by refurbishing one of the existing ambulant toilets. If it was carefully designed and located it could also be used by members of the public when leaving the chapel. An accessible WC is also costed for the staff areas in the crematorium – to be provided when a specific need is identified.

H. Fixtures and Fittings

Seating

Some chairs with have been recommended for use in assembly areas.

Lighting

Lighting is considered to be adequate being a mixture of natural and artificial.

Acoustics

We have included costs for providing some portable induction loops in staff and public areas.

I. Kitchens

There is a small staff kitchen in the office area but there is little scope for alterations. We believe that it is impractical to adapt for people with disabilities.

J. Information and Controls

Tactile signs are recommended internally.

The Sign Design Guide published by JMU gives good guidance regarding signage.

K. Means of Escape

There is no fire alarm system in the building. We recommend removing the threshold to the exit doors from 0/010 and a ramp to the stepped exit from 0/001, both in block 1. A fire professional should be consulted and a full fire risk assessment obtained. Under the Regulatory Reform (Fire Safety) Order 2005, which came into force on 1st October 2006, there is a requirement for a fire strategy. This strategy can in some cases overcome any of the physical deficiencies in respect of

means of escape identified within this report. We have included recommendations for physical improvements but these have been made without reference to the Fire Officer and have been made to highlight deficiencies and to provide guidance on costs. It may be that these deficiencies can be overcome by changes to the management of the building, which should be investigated before any work is undertaken.

L. Management Issues

Management issues normally relate to this section within the audit pro-forma. A questionnaire has been completed and returned and the results have been entered within the audit report.

We were not able to establish whether any members of staff were trained in access issues. We would recommend that a clear policy is available with regard to awareness issues for the training of those members of staff who have to deal with the public on a daily basis.

M. Summary

The audit has raised a number of issues which the building does need to address in order to help meet the requirements of the Disability Discrimination Act. For example:

- Discuss improvements to the approaches to the site
- Provide two designated parking bays
- Overcome threshold step at entrance to offices
- Provide tactile signs internally
- Repair floor in staff corridor
- Provide some chairs with arms
- Provide portable induction loops
- Widen narrow internal doors
- Improve ambulant WC provision
- Provide new accessible WCs
- Improve fire exits

Consult a fire professional and obtain a full fire risk assessment. It should be noted that this audit relates purely to the physical features of the building that may impact on a disabled person using the facilities. No comment has been made on the actual management of the service being provided from this building, as that does not form part of our current remit.

We would recommend that the results of this audit be examined in association with the service provider, as it is possible that some of the physical features highlighted may be overcome by managing the way the service is provided within the building.

We would also recommend that an assessment of the service provision is also carried out, as the removal of physical features as obstacles to disabled access does not necessarily result in the service provision being compliant under the requirements of the Disability Discrimination Act.

DISABILITY ACCESS AUDIT REPORT

UPRN: 40037S01

Site Name: MOUNTSETT CREMATORIUM

Survey Date: 07 Apr 11

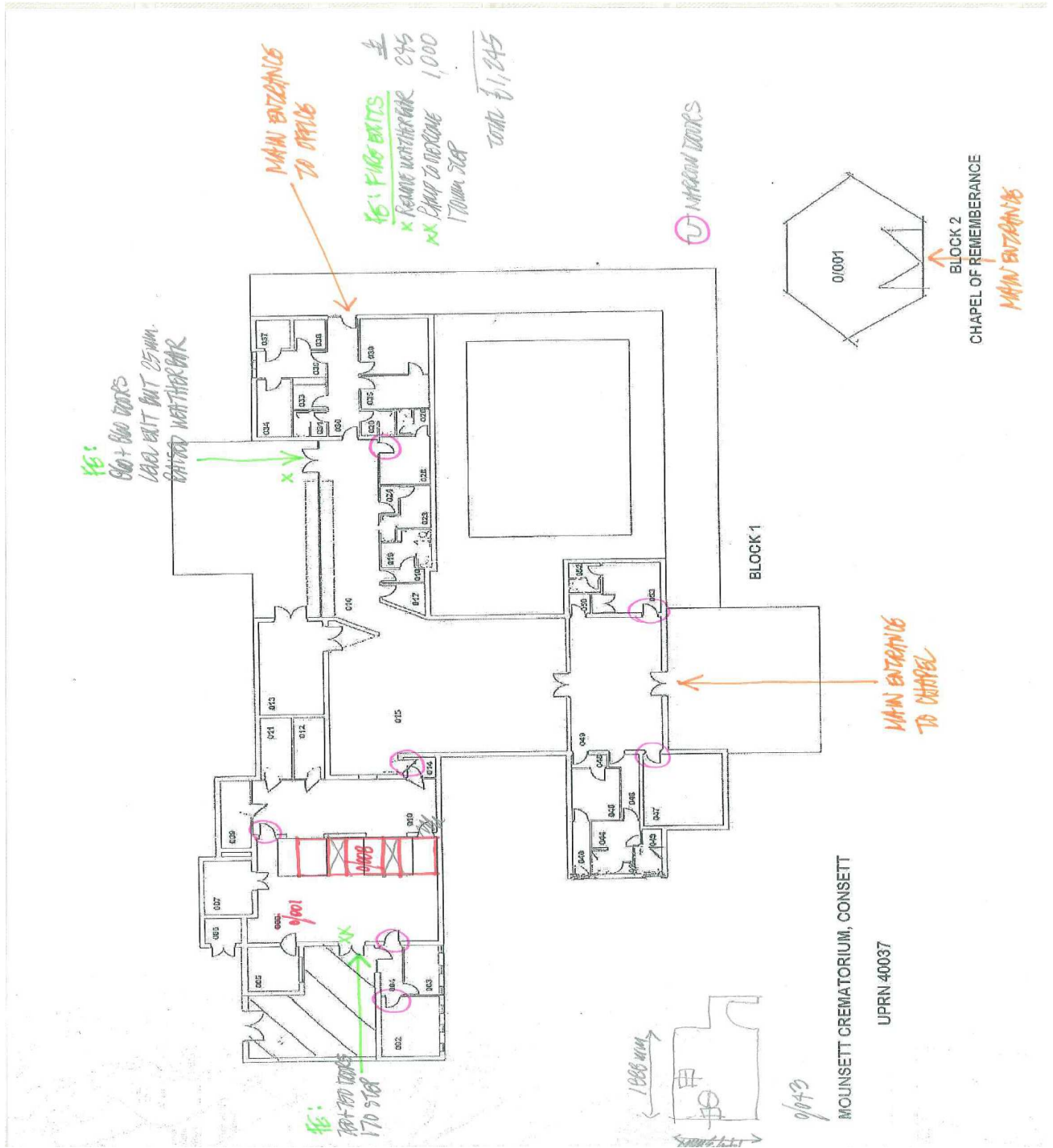
Surveyed By: H G Jone

Access Plan
Site: Mountsett Crematorium
UPRN: 40037

Timescale	Target	Strategy	Outcome	Timeframe	Goals Achieved	Budget Cost
Short Term	Provide two designated disabled bays marked with signs on posts	No existing provision. Upgrade to improve access for visitors	Access improved for visitors	2011 / 2012	Access improved to Crematorium facilities	£1110
Short Term	Upgrade existing entrance at 0/030 (office area) to overcome 30mm step at threshold	Provide shallow ramp to improve access for both staff and visitors	Access improved for staff and visitors	2011 / 2012	Access improved to Crematorium facilities	£200
Short Term	Improve signage within Chapel Lobby 0/049	Provide tactile information signs to improve access and circulation for visitors	Access and circulation improved for visitors	2012	Access improved into Crematorium facilities	£105
Short Term	Repair floor covering and replace existing weather mat within staff corridor 0/004 and improve access	Eliminate trip hazard within staff corridor 0/004 and improve access	Health and Safety obligations being met whilst improving access for staff	2011	Health and Safety Improvement and access improved to staff area	£400
Short Term	Assess Means of Escape strategy with fire professional	Improve health and safety and access for staff and visitors	Access improved for both staff and visitors	2011	Meet Health and Safety obligations and improve access to Crematorium	£0
Short Term	Provide additional seating with arm rests at differing heights within public and clergy rooms	Additional seating with arm rests and at differing heights to be provided as visitors have different seating needs	Access and comfort improved for visitors	2011 / 2012	Access and facilities improved to Crematorium	£1100
Short Term	Remove threshold from room 0/010 and provide	Improve access and egress for staff and	Access improved and means of	2011 / 2012	Access and facilities	£1245

Timescale	Target	Strategy	Outcome	Timeframe	Goals Achieved	Budget Cost
	ramp from 0//001 to ease access and negress	visitors	escape improved for staff and visitors		improved to Crematorium	
Short Term	Existing accessible WC facility is too small – provide new accessible WC to meet with Part M of Building Regs and BS8300	Improve accessible WC to comply with current standards and improve access and facilities for visitors	Access and facilities improved for visitors	2011 / 2012	Access and facilities improved to Crematorium	£5400
Medium Term	Provide portable induction loop for use within public areas and clergy rooms	Improve access for visitors	Access improved for visitors	2013	Access and facilities improved to Crematorium	£660
Medium Term	Upgrade existing public ambulant toilet facilities by provision of grab rails.	Improve access and facilities for visitors	Access and facilities improved for visitors	2013	Access and facilities improved to Crematorium	£1320
Long Term	Provide additional accessible WC facility close to office areas 0/030	Improve access and facilities for visitors	Access and facilities improved for visitors	2015	Access and facilities improved to Crematorium	£5400
Long Term	Improve information and directional signage throughout crematorium	Provide directional and information signs in different formats including tactile signs and Braille.	Access and circulation throughout the crematorium is improved for visitors	2013 / 2014	Access improved throughout Crematorium site	£805

Timescale	Target	Strategy	Outcome	Timeframe	Goals Achieved	Budget Cost
Long Term Page 22	Widen narrow doors within Block 1 as indicated on floor plan	Seven existing doors are narrow and should be widened to improve access	Access improved for both staff and visitors	2014 / 2015	Access improved for both staff and visitors	£8050
Long Term	Provide portable induction loop for use within staff areas	Improve access and facilities for staff	Access improved for staff	As required	Access improved for staff	£660
Long Term	Adjust 900mm high kitchen worktop and sink unit within staff mess room 0/002	Improve access and facilities for staff	Access and facilities improved for staff	As required	Access improved for staff	£600
Long	Upgrade existing toilet provision for staff by provision of grab rails within staff toilet 0/003	Improve access and facilities for staff	Access and facilities improved for staff	As required	Access improved for staff	£660
Long Term	Provide accessible WC facilities for staff	Improve access and facilities for staff	Access and facilities improved for staff	As required	Access and facilities improved to Crematorium	£5400



Appendix 3: Fire Safety Audit Report Recommendations

Date: 3rd April 2012

This matter is being dealt with by: Ian
Cockburn

Ext:

Our Ref: 7011050001

Your Ref:

Direct Dial Telephone: 01207
582872

E-mail: icockburn@ddfired.gov.uk

Mr M Chipperfield
Mountsett Crematorium
Ewehurst Road
Dipton
Stanley
DH9 9JP

Dear Sir

Regulatory Reform (Fire Safety) Order 2005
Mountsett Crematorium, Ewehurst Road, Dipton, Stanley, DH9 9JP

With reference to the fire safety audit of the above premises on 3rd April 2012, I confirm that the premises are considered to have some deficiencies of the above legislation and the attached measures should be carried out to comply.

Should you require any further information please do not hesitate to contact me on the telephone number or e-mail address shown above or visit our website www.ddfire.gov.uk and follow the link to Business Safety.

Yours faithfully

Ian Cockburn
Fire Safety Section

Cc Andrew Scarr (Corporate H & S) & Philip Grimes

**County Durham and Darlington
Fire and Rescue Service**



Fire Safety Schedule

-oo0oo-

File Reference Number	7011050001
Premises Details	Mountsett Crematorium Ewehurst Road Dipton
Date of Fire Safety Audit	3rd April 2012
Name of Auditor	Ian Cockburn
Legislation Applying	Regulatory Reform (Fire Safety) Order 2005
Reason for the Audit	Non Scheduled

This fire safety schedule was written following a fire safety audit of the above premises, and details the Fire Authority's recommendations which should be implemented in order to comply with the Regulatory Reform (Fire Safety) Order 2005.

The detail contained in this schedule allows the responsible person one option to achieve compliance with the above legislation and does not preclude the adoption of a design approach that corresponds to the complexity of the building and to the degree of flexibility required. It is without prejudice to anything which may be required by an enforcing Authority.

ARTICLE 9 - FIRE SAFETY RISK ASSESSMENT

1. The fire safety risk assessment was not suitable and sufficient. A suitable and sufficient fire safety risk assessment should be undertaken and be made available for inspection. The assessment should cover all significant risks to relevant persons who may be affected by fire and should identify the general fire precautions needed. The assessment should be reviewed at regular intervals (recommended annually) to keep it up to date and when a significant change is made. The fire safety risk assessment should be undertaken by a competent person.

The fire safety risk assessment was not suitable and sufficient as it failed to identify a suitable method as to how the alarm is to be raised in the case of fire.

ARTICLE 13 - FIRE-FIGHTING AND FIRE DETECTION

2. The fire detection and warning system arrangements in the premises are to be improved to provide appropriate warning in case of fire, having regard to the features of the premises, the activity carried out, any hazards present or any other relevant circumstances in order to ensure the safety of all relevant persons. What is appropriate is to be determined having regard to the dimensions and use of the premises, the equipment contained on the premises, the physical and chemical properties of the substances likely to be present and the maximum number of persons who may be present at any one time.

The fire detection and warning system in this premises should be installed to the current British or European test Standard but at least to BS 5839 Part 1: 2002. The fire detection and warning system should be designed, installed and commissioned by a competent person.

3. **It is recommended** that the hose reels be removed from the premises and that suitable portable extinguishers are provided in their place. Normally a 6 litre AFFF (13A Rated) and a 2Kg CO₂ (34B Rated) will compensate for each hose reel removed.

ARTICLE 14 - EMERGENCY ROUTES AND EXITS

4. Emergency routes and exits which may be used outside of daylight hours and do not benefit from borrowed street lighting should be provided with emergency lighting of adequate intensity in case of failure of their normal lighting. The emergency lighting should comply with the current British or European test standard.

Consideration should be given within the fire risk assessment as to whether the provision of four hand lamps is appropriate for the risk.

ARTICLE 15 - PROCEDURES FOR SERIOUS AND IMMINENT DANGER

5. There should be an effective emergency plan which should be appropriate to the nature of activities in the premises and the size of the undertaking. The purpose of an emergency plan is to ensure that people know what to do if there is a fire and that the premises can be safely evacuated. Details of what may be included within a fire safety emergency plan can be downloaded from our website at www.ddfire.gov.uk.

A fire drill should be carried out a minimum of once a year to ensure all staff have participated. If you have a high staff turnover, you may need to carry drills out more often.

ARTICLE 17 - MAINTENANCE

6. The current system of emergency lighting (hand lamps) should be tested monthly to ensure their correct operation. Details of these tests should be maintained in a fire safety logbook.

ARTICLE 21 - TRAINING

7. Staff training on emergency procedures and other fire safety training should be undertaken at appropriate intervals ensuring all staff receive suitable and sufficient training. Records for this training should be kept up to date and should include the following details: -
 - a) the date of instruction
 - b) the duration
 - c) name of the person receiving the instruction
 - d) the nature of the instruction and / or, drill; and
 - e) names of persons giving the instruction.

Signed

Ian Cockburn
Fire Safety Section



Mountsett Crematorium Joint Committee

27 April 2012

Financial Monitoring Report – Provisional Outturn as at 31 March 2012



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

Purpose of the Report

1. The purpose of this report is to set out details of income and expenditure in the period 1 April 2011 to 31 March 2012, together with the provisional outturn position for 2011/12, 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 2011 and the position at 31 March 2012, taking into account the provisional financial outturn.

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 provisional outturn for the Mountsett Crematorium is 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 provisional financial performance of the Mountsett Crematorium at 31 March 2012:

Subjective Analysis	Base Budget 2011/2012 £	Year to Date Actual April 2011 – March 2012 £	Provisional Outturn 2011/2012 £	Variance Over/ (Under) £
Employees	114,615	123,879	126,529	11,914
Premises	110,935	54,751	99,051	(11,884)
Transport	300	142	142	(158)
Supplies & Services	50,685	42,847	48,124	(2,561)
Agency & Contracted	17,415	5,950	8,950	(8,465)
Central Support Costs	22,700	17,200	22,700	0
Gross Expenditure	316,650	244,769	305,496	(11,154)
Income	(561,540)	(573,243)	(624,749)	(63,209)
Net Income	(244,890)	(328,474)	(319,253)	(74,363)
Transfer to Reserves				
- Repairs Reserve	15,000	0	15,000	0
- Cremator Reserve	65,000	0	139,363	74,363
Distributable Surplus	(164,890)	0	(164,890)	0
65% Durham County Council	107,178	0	107,178	0
35% Gateshead Council	57,712	57,712	57,712	0
Mountsett Crematorium Earmarked Reserves	Balance @ 1 April 2011 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2012 £
Repairs Reserve	(14,215)	(15,000)	0	(29,215)
Cremator Reserve	(279,239)	(139,363)	0	(418,602)
Total	(293,454)	(154,363)	0	(447,817)

Explanation of Significant Variances between Original Budget and Forecast Outturn

- As can be seen above, the provisional outturn is showing a surplus (before transfers to reserves and distribution of surpluses to the partners authorities) of £319,253 at the year end against a budgeted surplus of £244,890 (before transfers to reserves and distribution of surpluses to the partners authorities), £74,363 more than the budgeted position.
- This compares with the previously forecast position of an additional surplus of £66,921 at year end and therefore reflects an improvement of £7,442. The reason for this is mainly two fold, Income being £25,689 better than previously forecast and employee costs increasing by £17,868.

8. The following section outlines the reasons for any significant variances by subjective analysis area:

8.1 Employees

The provisional outturn shows a net **£11,914** overspend on budget. This over spend follows a review of the Crematorium Assistant's terms and conditions resulting in additional employee costs to the Crematorium of **£17,868** (of which £8935 relates to 2010/11). This over spend is however slightly reduced by the **(£5,954)** under spend relative to revised working patterns not reflected in the 2011/12 budget.

8.2 Premises

The provisional outturn highlights an **(£11,884)** under spend in relation to premises expenditure. The main variances to budget are detailed below:

- As previously reported, the **(£6,000)** budget in relation to Water Seepage Repairs has not been required during 2011/12.
- General Repairs and Maintenance have under spent by **(5,536)**
- Utility costs of Gas, Electricity and Water have under spent by **(£348)**

8.3 Supplies and Services

The **(£2,561)** under spend on supplies and services expenditure is mainly due to the following reasons:

- The Wesley Music System has cost **£1,422** more than the budget sum due to additional unbudgeted maintenance costs.
- Equipment Purchase & Rental budget is underspent by **(£4,526)**.
- Due to increased demand for entries into the Book of Remembrance, calligraphy costs were higher than originally anticipated by **£787**;
- There are savings on postage, printing and stationery of **(£1,350)**
- Due to the increased number of cremations during 2011/12, additional Medical Referees fees totalling **£1,106** were incurred

8.4 Agency and Contracted

As a result of the revised working practices/ duties undertaken by crematorium staff, an element of the Grounds Maintenance budget has not been required during this financial year. The outturn therefore reflects a saving of **(£8,465)**.

8.5 Income

Members will recall, based on the 2010/11 trend, the 2011/12 budget was set on a very prudent basis, however due to the increased number of cremations during this financial year, additional income has been realised totalling **(£63,209)**. This income relates to:

- Cremation numbers have increased to a total of 1,258, including non chargeable cremations during 2011/12, an additional 125 on budget resulting in additional income of **(£54,720)** attributable to cremation fees.
- Inserts into the Book of Remembrance have increased providing an additional **(£5,626)**
- Introduction of plaque sales during Qtr 4 **(£945)**
- Miscellaneous sales including Organ Fees and the sale of memorial urns have resulted in additional income of **(£1,918)**.

8.6 Earmarked Reserves

The contribution to reserves of £65,000 originally budgeted has increased by £74,363 to **£139,363**, as a result of the variances highlighted above. This has resulted in a provisional year end reserve of £418,602.

Overall the earmarked reserves balance (including the Repairs Reserve) as at 31 March 2012 is forecasted to be £447,817, an in year increase of £154,363 or approximately 53% over the balances held at 31 March 2011.

Recommendations and reasons

9 It is recommended that:-

- Members note the provisional outturn position for 2011/12;

Background Documents

2011/12 Revenue Budget and Fees and Charges Report – As approved by the Mountsett Crematorium Joint Committee

Previous 2011/12 Financial Monitoring Reports – As previously presented to the Mountsett Crematorium Joint Committee

Oracle Financial Management System Reports

Contact(s): Paul Darby 03000 261930

Appendix 1: Implications

Finance

Full details of the year to date and provisional outturn financial performance of the Mountsett 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 provisional 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/ Public Sector Duty

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

Accommodation

There are no Accommodation implications associated with this report.

Crime and Disorder

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

Human Rights

There are no Human Rights implications associated with this report

Consultation

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

Procurement

There are no procurement implications associated with this report.

Disability Discrimination Act

There are no disability issues associated with this report.

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
INTERNAL AUDIT
ANNUAL REPORT
2011/12**

LIST OF CONTENTS

	Paragraph
Introduction	01 – 04
Service Provided and Audit Methodology	05 – 10
Audit Quality Assurance Framework	11 – 18
Summary of Work Carried Out	19 – 57
Key Areas for Opinion	58 – 65
Audit Opinion Statement	66 – 71

Appendices

- Annex 1: Internal Audit Charter (Revised)
- Annex 2: Summary of Expected Audit Coverage for 2012/13
- Annex 3: Annual Review of the Mountsett Crematorium (2011/12)
- Annex 4: Corporate Governance Checklist (2011/12)

Introduction

1. This report summarises work carried out by Internal Audit during 2011 / 2012 and provides an independent opinion on the assurance of the effectiveness of the Joint Committee's control environment.
2. Our primary objective is the provision of reasonable, although not absolute, evidence based assurance to the Joint Committee in accordance with the approved Service Level Agreement.
3. All work carried out is in accordance with proper internal audit practices as described within the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom (2006)
4. This report fulfils the requirement of the CIPFA Code of Practice for the Head of Internal Audit to provide, "a written report to those charged with governance timed to support the Statement of Internal Control", which is now incorporated as part of the Joint Committee's Annual Governance statement appended to the Joint Committee's Annual Statement of Accounts which will be presented to the Joint Committee for approval in June 2012.

Service Provided and Audit Methodology

5. Internal Audit is an independent, objective assurance and consultancy activity designed to add value and improve an organisation's operations.
6. Internal Audit provides an independent and objective opinion on the Joint Committee's control environment which is comprised of the systems of governance, risk management and internal control.
7. The Internal Audit Charter, agreed by the Joint Committee, establishes and defines the role, authority, scope of audit work, organisational independence, resource requirements, and reporting lines of Internal Audit. This was reviewed during the year to enhance previous changes to the audit process to embed a more risk based approach and is attached at Annex 1 for Joint Committee approval.
8. This report will describe the work carried out during the year as set out in Schedule 1 of the Service Level Agreement under the following headings:-
 - Management and Assurance
 - Advice
 - Risk Management
 - Corporate Governance
 - Counter Fraud
 - Value for Money Reviews

9. We will also compare the actual number of days spent on internal audit, risk management and Corporate Governance work during 2011 / 2012 with that planned together with an explanation for any variance.
10. A proposed Plan of Internal Audit work for 2012 / 2013 is also included at Annex 2 for consideration by the Joint Committee.

Audit Quality Assurance Framework

11. Terms of Reference for the annual Audit Review are agreed with the Crematorium's Superintendent and Registrar who is also given the opportunity to challenge the findings and content of draft reports prior to them being finalised. The Head of Finance – Financial Services and the Principal Accountant will also be consulted prior to the issue of the Final report.
12. The Crematorium's Superintendent and Registrar will review the work of Internal Audit by completing and returning the Internal Audit Satisfaction Survey.
13. The Accounts and Audit (England) Regulations 2011 requires the Joint Committee to carry out an annual review of the effectiveness of Internal Audit. To ensure that this review is carried out independently of the service the Head of Finance – Financial Services has carried out this review. The outcome will be reported to the Joint Committee in a separate report.
14. Independent quality reviews are undertaken by Audit Managers as a matter of routine and periodically by the Head of Internal Audit to ensure consistent application of agreed processes and procedures and to ensure expected quality standards are maintained.
15. The External Auditor, although no longer required to carry out a formal tri-annual review of the effectiveness of internal audit, carries out brief periodic reviews as part of the final accounts audit process.
16. The Durham County Council Internal Audit Service continues to be a member of the CIPFA Audit Benchmarking Club. The latest outcomes from 2010/11 reported to the County Council's Audit Committee in November 2011 indicated that the cost of the service was well below average, however, in terms of chargeable days performance is slightly down on 2009/10. Audit coverage is broadly comparable with the average although our IT audit coverage appears to be lower than the average. Variances between *comparator authorities over the different categories are inevitable as coverage will reflect the risk within each individual authority. The level of our contingency provision reflects the degree of maturity of our risk based planning process particularly in respect of:-
 - The extent of change across the Council following LGR
 - The ongoing change as a result of budget reductions
 - The extent to which risk management is embedded across the Council – particularly in relation to the assessment of operational risks.

Comparative Data for the last 5 years is shown in the table below.

17. Comparative Data

	2006/07	2007/08	2008/09	2009/10	2010/11
DCC In House Cost	£525k	£571k	£732k	£1,330k	£1,202
FTE Auditors	13.1	13.5	13.8	30.6	24.4
DCC Cost per Auditor	£40,076	£42,296	£52,945	£43,464	£49,261
Average	£51,796	£53,250	£55,659	£46,830	£52,196
DCC Chargeable days per Auditor	161	164	158	167	181
Average	168	166	173	171	184

*Comparator Authorities for 2010/11 were Central Bedfordshire, Cheshire East, Cornwall, Cumbria, Lancashire, Newcastle, Northumberland, Shropshire, Sunderland

18 The fluctuations in In-house cost, cost per auditor and FTE auditors between 2006/07 to date reflects the move from County Council status to a Unitary. The significant impact on staffing resources as a result of Government cuts is also evident, with further reductions expected in 2012/13.

Summary of Audit Work Carried Out in 2011/12

Management and Assurance Work

19 During the past year Internal Audit have continued to provide an independent and impartial service in accordance with best professional practice as outlined by CIPFA's Code of Internal Audit Practice in Local Government in the UK 2006, and other professional bodies as considered relevant.

Internal Audit Charter

20 In accordance with the Service Level agreement (SLA) an Annual Review of the Internal Audit Charter has been carried out, which sets out the Terms of Reference and Audit Strategy of how the Service is to be delivered. The amended Charter includes changes to reflect a more risk based approach to the audit process and is attached at Annex 1.

Strategic Audit Plan

21 The Strategic Audit Plan has been amended in an effort to focus scarce audit resources in the most cost effective way. Strategic Risk Registers inform but do not drive the internal planning process and we will now audit those risks where controls have been identified as the means of managing the risk. Priority will be given to those risks which have a high gross score and a low net score, where the effective management of the risk is heavily dependent on the identified controls, and there is little or no other source of assurance.

Annual Audit Plan 2012 / 2013 Preparatory Work

22 In respect of the Annual Audit Plan for 2012/2013 minimum assurance levels will be informed by the maturity of the Crematorium's risk management arrangements its risk appetite and the reliance that can be placed on other assurance sources. Operational risks relating to key service activities and key systems will be audited annually dependent on an audit assessment of known risks and the reliability of other assurance sources.

23 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.

24 We have undertaken work with the Crematorium's Superintendent and Registrar to help embed effective risk management by supporting him to carry out a control risk self assessment (CRSA) of the Crematorium's operational risks.

25 We will agree the objectives and risks associated with the operation of the Crematorium and this will be subject to the agreement of the Crematorium's Superintendent and Registrar prior to the start of any review work carried out for 2012/13 to ensure that the scope and objectives of each review are focused on providing assurance on the high or significant risks identified through the CRSA. Terms of Reference will be issued to the Crematorium's Superintendent and Registrar to formally agree the scope of the review, in respect of identified key risks, potential impact and expected key controls.

26 As discussed with the Joint Committee in 2010/11 the Service Level Agreement makes provision for the cost of audit, risk management and governance work carried out in 2011/12 to be charged at the daily rate of £250.00.

27 Internal audit has recorded actual time spent for each agreed area in the plan of work and has compared this with the expected plan as shown below. A total of 18 audit days has been spent on audit, risk management and governance work in 2011/12, this amounts to a total audit fee for 2011/12 of £4500.00 this is £750.00 less than envisaged.

28 It is proposed that the daily rate of £250.00 will be held for 2012/13

Area	2011/12 Proposed	2011/12 Actual	Reason for Variance
Management and assurance	6	6	
Fundamental Accounting systems	3	3	
Crematorium annual review	7	7	
Advice and assistance	1	1	
Contingency	2	0	No contingency required
Total	19	17	
Risk management support	1	0.5	Risk management now embedded
Corporate Governance support	1	0.5	Annual review only
Total for all Services	21	18	

29 In 2012 / 2013 Terms of Reference will confirm the scope of the review and the audit approach to be applied. The latter may vary due to the nature of the risk upon which assurance is required and the extent of reliance on other assurance sources.

30 A summary of expected Audit coverage for 2012 / 2013 is attached at Annex 2 for the Joint Committee's consideration.

Annual Review of the Crematorium

31 Our work programme for the audit year ending on the 30th June 2012 was agreed by the Joint Committee on the 17th June 2011 and included an annual review of the Crematorium which was carried out during January 2012 in accordance with the terms of reference agreed with the Crematorium's Superintendent and Registrar. All recommendations have been agreed by Management and the final report was issued on the 11 April 2012 (see Annex 3).

32 All recommendations arising from the 2010 / 2011 audit have been implemented

33 There was one low recommendations arising from the 2011 / 2012 audit together with two advisory recommendation. Due to the low risks associated with these recommendations there is little value in highlighting them as part of this report. However, details of these are contained in the action plan appended to the internal audit annual review final report attached at Annex 3 should members require this.

34 The Assurance level for the review has been classed as Substantial. This means that the control systems in place are working effectively but Internal Audit has identified some low risk, minor weaknesses which if addressed will further assist the Crematorium's Superintendent and Registrar in meeting the Joint Committee's system objectives.

Follow Ups

35 Follow ups in implementing agreed audit recommendations have been carried out in accordance with the Audit Charter.

Advice

36 Help and advice for the Crematorium's Superintendent and Registrar and his staff has been available / provided on an ad hoc basis during the year.

Risk Management

37 Risk managers continue to monitor risk management arrangements throughout the year. Both the strategic Risk register and the Operational risk register are subject to a 6 monthly review with relevant reports considered by the Joint Committee on the 30th September 2011 and the 27th January 2012 respectively during 2011/12.

38 The Crematorium Superintendent and Registrar and his staff have a very good understanding of risk and adequate measures have been put in place to either mitigate or tolerate identified risks.

39 Risk 12 "Adverse inspection/audit report" and Risk 19 "Lack of evidence for Employer's Liability claims" have been closed as it was considered that these are management issues rather than specific risks to the Joint Committee.

40 One new risk has been added to the Service Risk Register; Risk 18 "Pre-payment of bond premium is not sufficient to cover fees"

41 One emerging risk has been identified that relates to the Local Authority becoming responsible for implementing the changes required under the reform of Health & Social Care bill regarding Death Registration. This risk will need to be closely monitored.

42 One operational risk has an outstanding action "Risk 8 "Slips, trips and falls" as training due to be carried out in 2011/12 has been cancelled. This will be addressed in 2012/13.

43 In order to ensure that risk management continues to be embedded and that the risk register is kept up to date, regular reviews will need to continue to be carried out. This will ensure that 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.

- 44 The development of the control risk self assessment (CRA) form has also identified some additional operational risks and the Crematorium Superintendent and Registrar will in the future use the CRA to inform his Operational Risk register.
- 45 From the audit work carried out it is evident that the Crematorium's risk management processes are now embedded.

Corporate Governance

- 46 Internal Audit has undertaken work aimed to provide assurance on the effectiveness of key corporate governance policies and procedures, both in a compliance and an advice and consultancy role. The Joint Committee's corporate governance arrangements have also been reviewed using a pre determined check list incorporating the 6 principle areas considered for effective governance (see Annex 4).
- 47 The Mountsett Crematorium Joint Committee has adopted and operates under the Code of Corporate Governance, policies and strategies including Contract Procedure Rules, Financial Procedure Rules, Financial Regulations, developed agreed and adopted by Durham County Council, its lead Authority. Separate declarations of interest have also been submitted.
- 48 The Governance Framework comprises the systems, processes, culture and values by which the Mountsett Joint Committee directs and controls its activities through which it accounts to, engages with and leads the community. It enables the Committee to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 49 I can conclude that from the work carried out the Mountsett Crematorium Joint Committee has appropriate Corporate Governance arrangements in place and that they are working effectively.

Counter Fraud

- 50 A number of counter fraud measures have been introduced by Durham County Council's Internal Audit service during the year to raise awareness. Policies and procedures have been reviewed and the Council's Intranet and Website updated.

Value for Money

- 51 There has been no formal value for money work carried out in 2011 / 2012 on behalf of the Mountsett Crematorium Joint Committee.

Investments

- 55 Arrangements in respect of Treasury Management were formalised in 2011/12 and Durham County Council signed an agreement to invest surplus cash balances on behalf of the Joint Committee. £200,000 was invested for the financial year 2011/12

Key Areas for Opinion

58 The key areas of the control environment where assurance is required to inform our overall opinion are:

- Financial Management
- Risk Management
- Corporate Governance

59 Assurance has been provided on all aspects of the Crematorium's Financial Management arrangements during the year.

60 Independent assurance on the effectiveness of the Crematorium's risk management arrangements has been provided by Durham County Council's risk management service. The review concluded that overall risk management arrangements are robust and effective, work well and are of benefit to the Managers that use it.

61 Internal Audit have reviewed the Crematorium's governance arrangements in place and found these to be working effectively. A full description of the Governance Framework currently in place will be included in the Committee's Annual Governance Statement appended to the 2011/2012 Statement of Accounts.

62 In line with the statutory requirements of a Smaller Relevant Body, the Mountsett Crematorium Joint Committee will submit the Small Bodies in England Annual Return for the year ended 31 March 2012 to BDO LLP for audit under the limited assurance audit regime.

63 The Audit has not highlighted any material weaknesses around the Joint Committees system of internal control.

64 There are no significant issues arising from the work carried out in 2011 / 2012 that warrants inclusion in the 2011/ 2012 Annual Governance Statement.

65 Independent assurance is also provided on the effectiveness of the Council's Corporate Governance arrangements through a number of external sources / inspection bodies. A summary of these is provided in the following table:

Other Assurance Sources
External Audit's Annual Audit Letter and Annual Governance Report – unqualified accounts
VFM opinion – there are adequate arrangements in place to secure value for money.

Other Assurance Sources (cont)
Independent testing of all cremators and equipment is carried out annually.
The Crematorium is licensed and is regulated by Durham County Council's Environmental Monitoring section. Regular progress reports are provided to the regulator regarding compliance with emissions.
The Crematorium Superintendent and Registrar is Secretary of the Northern branch of the Institute of Cemeteries and Crematoria
Crematorium charges are regularly benchmarked against other Crematoria.
The Crematorium Superintendent and Registrar must provide an annual statement to the Federation of Burial and Cremation Authorities that they have complied with the Federations Code of practice set out during the year.
The Ministry of Justice can inspect Crematorium premises at any time, although this is normally carried out by the Regulator on their behalf
IIP Standard Retained

Audit Opinion Statement

- 66 The Joint Committee has responsibility for maintaining a sound system of internal control that supports the achieving of its objectives.
- 67 Internal Audit is required to provide an opinion on the Joint Committee's risk management, control and governance process.
- 68 In giving this opinion it should be noted that assurance can never be absolute and therefore only reasonable assurance can be provided that there are no major weaknesses in these processes.
- 69 In assessing the level of assurance to be given, we based our opinion on:
- The audit review of the Mounsett Crematorium undertaken during the year
 - Follow up action on audit recommendations
 - Any significant recommendations not accepted by management and the consequent risk
 - The effects of any significant changes in the Crematorium's systems
 - Matters arising from previous reports to the Joint Committee
 - Any limitations which may have been placed on the scope of internal audit's annual review

- The extent to which resource constraints may impinge on internal audit's ability to meet the full audit needs of the Joint Committee
- The outcomes of the audit quality assurance process
- Consideration of other sources of assurance

70 We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of the Joint Committee's system of internal control. Based on the work undertaken, we are able to provide a substantial overall assurance opinion on the adequacy and effectiveness of internal control operating across the operations of the Mountsett Crematorium in 2011 / 2012. This means that overall the control systems in place are working effectively.

71 Where Internal Audit has identified areas for improvement, recommendations were made to minimise the level of risk, and action plans for their implementation were drawn up and agreed by management.



**MOUNTSETT
CREMATORIUM JOINT
COMMITTEE
INTERNAL AUDIT
CHARTER**

MARCH 2012

CONTENTS

Page No.

Introduction	3
Statutory Basis	3
Definition	3
Strategic Aims	3
Objectives of Internal Audit	4
Outcomes of Internal Audit	5
Independence of Internal Audit	5
Scope of Audit Work	6
Strategic Audit Planning	7
Annual Audit Plans	8
Audit Approach	10
Audit Reporting	11
Responsibilities of Managers	13
Relationship with the Mountsett Crematorium Joint Committee	14
Audit resources, skills and service quality	15
Approval and Review	16
Key Contact	17
Other Related Documents	18

Assessment of audit findings, recommendations and audit opinions	Appendix A
Performance Indicators and targets	Appendix B

Introduction

- 1 The purpose of this Charter is to establish the terms of reference for Durham County Council's Internal Audit Service and outline how the service will be delivered and developed through its Audit Strategy

Statutory Basis

- 2 Durham County Council is responsible for maintaining an adequate and effective Internal Audit function under the Accounts and Audit Regulations 2011. 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 Joint Committee.

Definition

- 4 The CIPFA Code of Practice for Internal Audit 2006 defines Internal Audit as:

"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

- 5 Our overall strategy is to support the Joint Committee in its strategic aims and objectives through the provision of a high quality internal audit service that gives the Joint 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 Joint Committee to suit 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 Joint Committee in developing a framework for achieving its objectives within acceptable levels of risk.

Objectives of Internal Audit

- 6 Our primary objective is the provision of reasonable, not absolute, evidence based assurance on the effectiveness of the whole of the Crematorium's risk management, control and governance environment to the Joint Committee
- 7 The provision of our annual assurance opinion will be in compliance with professional guidelines and in accordance with the Accounts and Audit regulations 2011 and will be included in the Joint Committee's Annual Governance Statement which forms part of their published annual Statement of Accounts.
- 8 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.
- 9 When presenting the 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 reliance placed on the work of others
 - Draw attention to any issues considered particularly relevant to the preparation 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
- 10 Other objectives include:
 - Supporting the Treasurer of the Crematorium in discharging his/her duties for ensuring the proper administration of the Joint Committee's financial affairs.

- Championing good governance by helping to improve the Joint Committee's risk management, control and governance processes by providing the Joint Committee with timely advice and guidance as required.
- Supporting the Joint Committee in fulfilling its governance responsibilities as detailed in the Joint 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

- 11 Our main outcome is the provision of independent assurance to the Joint 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 Joint Committee's vision and priorities.
 - Improved corporate governance through helping to support compliance with relevant legislation, policies, plans and procedures.
 - Improved accountability, and the safeguarding of the Joint Committee's assets and interests.
 - Improved quality and reliability of financial and other management information used to support informed decisions

Independence of Internal Audit

- 12 To be effective Internal Audit must operate independently and have unrestricted access to all records deemed necessary in the course of our work.

- 13 As the Joint 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 Joint Committee to account for cash, stores or any other Joint Committee asset under his/her control. (This includes Crematorium information held by or managed by third parties on the Joint Committee's behalf.)
 - Direct access to the Chair of the Joint Committee.
- 14 The Head of Internal Audit can report directly to those charged with governance, officers or Members, at any level.
- 15 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.

Scope of Audit Work

- 16 Our role applies to all functions and services for which the Joint Committee is responsible including those delivered by its partners where appropriate.
- 17 In addition to the regular review of all key systems of internal control which forms the bulk of our assurance work, we will:
- Respond to requests for support, advice and guidance on implementing and/or improving best practice control procedures for current and new systems.
 - Promote the development and effective implementation of Control Risk Self Assessments
 - Provide support, advice and guidance on risk and controls to staff involved in the design and implementation of new systems and processes.

- Provide assistance on key projects, including attendance on project boards, and conduct specialist consultancy and value for money reviews. The scope of this work will be agreed with the Joint Committee and is subject to having the necessary resources, skills and ensuring suitable assurance over our independence and objectivity.
- Be alert in all our work to risks and exposure that could allow fraud or corruption to occur and to any indications that a fraudulent or corrupt practice may have been occurring.
- Determine the most appropriate course of action by which fraud and irregularities should be investigated.
- Review the effectiveness of the Joint Committee's, corporate governance and risk management arrangements.

18 It must be noted that whilst Internal Audit will promote Durham County Council's counter fraud policy (which has been adopted by the Joint Committee) to deter and prevent fraud, for example participating in the National Fraud Initiative, it does not have responsibility for the prevention and detection of fraud and corruption. We cannot guarantee that fraud or corruption will be detected in our work. Managing the risk of fraud and corruption is the responsibility of managers.

Strategic Audit Planning

- 19 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.
- 20 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 Joint Committee's objectives and risks.
- 21 The starting point for our strategic planning is understanding the Joint 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.
- 22 In consultation with the Crematorium Superintendent we will:
- Consider the Crematorium's risk across two categories:

- a) **Strategic Risks** - these are the high level risks that may arise both internally and externally from the Council 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 that may not always be documented
- Identify key service delivery activities, and their objectives in supporting the delivery of the Joint Committee's strategic aims and objectives, on which independent assurance is required.
 - Review the assurance arrangements in place to clearly map out an integrated assurance framework of all known sources of assurance, independent or otherwise, and identify any gaps and duplication
 - Assess the reliability of other assurance sources
 - Regularly risk assess each key service activity, and key systems that supports the delivery of service objectives, to determine our priorities for reviewing operational risks.
- 23 Strategic risk registers will inform but not drive the internal planning process and we will audit those risks where controls have been identified as the means of managing the risk. Priority will be given to those risks which have a high gross score and a low net score, where the effective management of the risk is heavily dependent on the identified controls, and there is little or no other source of assurance.
- 24 Assurance on the strategic risk of fraud and corruption will be provided each year with some specific targeted fraud prevention and detection reviews as part of a risk assessed counter fraud programme of work.
- 25 Operational risks relating to key service activities and key systems will be audited annually dependent on an audit assessment of known risks and the reliability of other assurance sources.

Annual Audit Plans

- 26 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 to day basis) will be reviewed annually 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. In areas which are cross cutting (such as salaries and wages, creditors and debtors) assurance can be two fold overall assurance on these main financial systems can be provided by the actual audit review work carried out directly, however, where full assurance cannot be obtained this will be supplemented by testing specific transactions relating to those areas which directly impact on the Crematorium's operations.

27 The preparation of the annual plan will also 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. Agreement to annual audit plans will be submitted for approval by the Joint Committee before the start of each audit year.

28 In addition to our risk based assurance reviews, our annual audit plans 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 Joint Committee achieve its business objectives.
- Timely response to ad hoc requests for advice on the identification, assessment and mitigation 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 VFM reviews in accordance with the Joint Committee's VFM strategy.
- Investigation of irregularities and suspected fraud and corruption

29 The level of audit resources required to deliver, at the very least, both a minimum level of independent assurance and adequate provision for advice and consultancy will 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 and the reliance that can be placed on other assurance sources. Any concerns the Head of Internal Audit has over the quantity and quality of skills available to deliver the required level of assurance, or to add value through its advice and consultancy work, will be referred to the Treasurer, and the Joint Committee for consideration.

30 The terms of reference for the annual review of the Crematorium will be agreed with the Crematorium Superintendent.

Audit Approach

31 We will adopt a risk based approach to all our assurance work as outlined below:

Strategic Risk

32 Our reviews of strategic risks will provide assurance that:

- Risk management processes, defined by the Joint Committee's risk management strategy and policy, are in place and are operating as intended.
- Managers are responding to risks adequately and effectively so that those risks are reduced to an acceptable level.
- The processes and controls that managers have in place are successful in managing those risks

Operational Risk

33 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 Joint 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, including.
- Information governance (quality and integrity of financial and other management information and how it is used and communicated)

34 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.

35 We will work with the Crematorium Superintendent to help embed effective risk management of operational risks by supporting him to carry out a control risk self assessment (CRSA).

- 36 We will agree the objectives and risks with the Crematorium Superintendent prior to the start of any audit to ensure that the scope and objectives of each review are focused on providing assurance on the high or significant risks identified through the CRSA. Terms of reference will be issued to the Crematorium Superintendent to formally agree the scope of the review, identify key risks, potential impact and expected key controls.
- 37 Terms of reference will confirm the scope of the review and the audit approach to be applied. The latter may vary due to the nature of the risk upon which assurance is required and the extent of reliance on other assurance sources.
- 38 The Treasurer of the Crematorium (in consultation with the Crematorium Superintendent) is the person who is authorised by the Joint Committee to agree resultant draft reports and the implementation of any proposed audit recommendations.

Audit Reporting

- 39 All audit assignments will be the subject of formal reports and all assurance reviews will include an audit opinion.
- 40 Our reporting structure is designed to ensure that final versions of reports are agreed with managers and are both accurate and practical.
- 41 Towards the end of an audit we will arrange an exit meeting with the Crematorium Superintendent where we will share and discuss our initial findings. If this is not practical, we will issue an informal draft report which will set out our initial findings.
- 42 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.
- 43 Draft reports will ask the Treasurer of the Crematorium (in consultation with the Crematorium Superintendent) to provide a management response to the recommendations made and agree target implementation dates and responsible officer(s).
- 44 To assist managers in their response we categorise the importance of our recommendations as High, Medium, Low or Advisory. Details of how we assess the importance of audit findings leading to these recommendation rankings are given in Appendix A.
- 45 It is the responsibility of managers to address audit findings and implement audit recommendations or other agreed appropriate action, or accept the risk resulting from not taking action.

- 46 We will also provide an overall assurance opinion on the audit review to help us inform our overall opinion required to support the Joint Committee's Annual Governance Statement.
- 47 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 specific area reviewed and is informed by the risk identified through our recommendation rankings. Where a limited assurance opinion is given the control framework in place is considered to be ineffective and requires improvement to maintain an acceptable level of control. Further details of how we arrive at our assurance opinions are given in Appendix A.
- 48 Managers responses to recommendations made in draft reports will be incorporated into audit reports that will then be reissued as finals. Copies of all final reports are shared with our External Auditors on request.
- 49 The CRA will be updated with any further expected controls identified through the audit process and details of actual controls in place, and issued to key contacts as part of the reporting process. If controls are considered to be inadequate, recommended action to improve controls will also be entered to provide the Crematorium Superintendent with a form of operational risk register that, in the absence of a more formal approach to operational risk management, can then be used by the Crematorium Superintendent to regularly review identified risks and the control framework put in place to mitigate those risks. ie provide a basis for regular Control Risk Self Assessment. (CRSA). It is recommended that the CRSA is reviewed at least annually.
- 50 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.
- 51 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 – Financial Services.
- 52 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 be invoked.
- A reminder will be sent to the Crematorium Superintendent, and copied to the Head of Finance – Financial Services requesting a response within the next 10 days.
 - If a response is still not forthcoming, a second reminder will be issued to the Head of Finance – Financial Services advising that if a response is not received within the next 5 days the matter will be reported to the relevant Corporate Director.

53 We will also follow up progress made by the Crematorium Superintendent on the implementation of all high and medium recommendations. In addition listings of all recommendations outstanding at the end of each month will be produced and issued to the Head of Finance – Financial Services.

54 We will report annually to the Joint Committee 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:-

- Compare actual activity with planned work.
- Provide an overall opinion on the control environment
- A summary of work undertaken to formulate the annual opinion on the entire control environment, including reliance placed on work by other assurance bodies.
- Draw attention to any issues considered particularly relevant to the preparation of the Annual Governance Statement.

Responsibilities of Managers

55 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.

56 We strive to build effective working relationships with all our stakeholders, internal and external, by encouraging an environment of mutual trust, confidence and understanding.

57 A key relationship is with managers. Managers at all levels need complete confidence in the integrity, independence and capability of internal audit.

58 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.

59 It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance for the prevention and detection of fraud and irregularities. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

60 We will endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and if detected, we will carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

61 We encourage managers to maximise the effectiveness of the outcome of internal audit work by:

- Commenting on, and inputting to, strategic and annual audit plans.
- Carrying out control risk self assessments (CRSA) prior to each audit
- Agreeing terms of reference for each audit assignment 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 Joint Committee'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 Joint Committee's disciplinary procedures.

Relationship with the Mountsett Crematorium Joint Committee

62 The Joint Committee has adopted best practice and operates in much the same way as Durham County Council's Audit Committee. Terms of reference, reflecting best practice, have been agreed.

63 These Terms of Reference help to convey to staff and the public the importance Members and Officers attach to risk management, corporate governance and internal control.

- 64 The Joint Committee has responsibility for ensuring that the Crematorium has good corporate governance arrangements in place to help deliver the best services to support the Joint Committees priorities, aims and objectives and ensure excellent use of resources.
- 65 Internal audit is one of a number of areas of assurance that contribute to the Crematorium's corporate assurance framework. It does this by providing an opinion on the level of assurance the Joint Committee can place upon the entire internal control environment and by making recommendations to improve it. This includes Internal Audit's evaluation of the effectiveness of the Crematorium's risk management and corporate governance arrangements.
- 66 It is important that the Joint Committee seeks independent assurance about the mechanisms underpinning the various aspects of governance and one of the responsibilities of the Joint Committee is to review the effectiveness of Internal Audit.

Audit Resources, Skills and Service Quality

- 67 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.
- 68 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.
- 69 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 Service can be measured.
- 70 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.
- 71 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.

- 72 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).
- 73 Internal review of work standards is undertaken through a system of management review of working papers and reports prior to release.
- 74 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.
- 75 A suite of performance indicators (PI's) and targets has been developed to measure and monitor the performance and effectiveness of the service. The current PI's are detailed in Appendix B. PI's and targets will be reviewed annually.
- 76 The service is a member of the CIPFA IPF Audit Benchmarking Club.
- 77 Performance progress reports are submitted on a quarterly basis to the Council's Audit Committee.
- 78 In accordance with the requirements of the Accounts and Audit Regulations 2011 an annual review of the effectiveness of the system of internal audit is undertaken by the Joint Committee informed by a review of the service carried out by the Head of Finance – Financial Services. By reviewing the service the Joint Committee is able to gain assurance that the service is effective and that it can place reliance on its work and the annual audit opinion.
- 79 The outcome from the annual effectiveness review is reported to the Joint Committee for consideration by the Head of Finance – Financial Services.
- 80 External review of the quality of the service is also undertaken by external audit.

Approval and Review

- 81 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 Joint Committee. Any amendments will be reported to the Joint 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

Central Durham Crematorium's

Constitution

Committee Terms of Reference

Findings

Individual findings are assessed on their impact and likelihood based on the assessment rationale in the tables below:

Impact Rating	Assessment Rationale
Critical	A finding that could have a:
	Critical impact on operational performance (Significant disruption to service delivery)
	Critical monetary or financial statement impact (In excess of 5% of service income or expenditure budget)
	Critical breach in laws and regulations that could result in significant fine and consequences (Intervention by regulatory body or failure to maintain existing status under inspection regime)
	Critical impact on the reputation of the Council (Significant reputational damage with partners/central government and/or significant number of complaints from service users)
	Critical impact on the wellbeing of employees or the public (Loss of life/serious injury to employees or the public)
Major	A finding that could have a:
	Major impact on operational performance (Disruption to service delivery)
	Major monetary or financial statement impact (1-5% of service income or expenditure budget)
	Major breach in laws, regulations or internal policies and procedures (non compliance will have major impact on operational performance, monetary or financial statement impact or reputation of the service)
	Major impact on the reputation of the service within the Council and/or complaints from service users
Minor	A finding that could have a:
	Minor impact on operational performance (Very little or no disruption to service delivery)
	Minor monetary or financial statement impact (less than 1% of service income or expenditure budget)
	Minor breach in internal policies and procedures (non compliance will have very little or no impact on operational performance, monetary or financial statement impact or reputation of the service)

Likelihood	Assessment criteria
Probable	Highly likely that the event will occur (>50% chance of occurring)
Possible	Reasonable likelihood that the event will occur (10% - 50% chance of occurring)
Unlikely	The event is not expected to occur (<10% chance of occurring)

Overall Finding Rating

This grid is used to determine the overall finding rating.

LIKELIHOOD			
Probable	M	H	H
Possible	L	M	H
Unlikely	L	L	L
	Minor	Major	Critical
	IMPACT		

Priority of our recommendations

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

High	Action that is considered imperative to ensure that the service/system/process objectives are not exposed to significant risk from weaknesses in critical or key controls
Medium	Action required to ensure that the service/system/process objectives are not exposed to major risk from weaknesses in controls
Low	Action required to ensure that the service/system/process objectives are not exposed to minor risk from weaknesses in controls
Advisory	Action that is considered desirable to address minor weaknesses in control that if implemented may not reduce the impact or likelihood of a risk occurring but should result in enhanced control or better value for money.

Overall Assurance Opinion

Based upon the ratings of findings and recommendations arising during the audit as summarised in risk matrix above we define the overall conclusion of the audit through the following assurance opinions:

Full Assurance	There is a sound system of control designed to achieve the process/system/service objectives and manage the risks to achieving those objectives. (No H, M or L findings/recommendations)
Substantial Assurance	Whilst there is a sound system of control, there are some weaknesses, which may put some of the system objectives at minor risk. (No H or M findings/recommendations)
Moderate Assurance	Whilst there is basically a sound system of control, there are some weaknesses, which may put some of the system objectives at major risk. (No H findings/recommendations)
Limited Assurance	There are weaknesses in key areas in the system of control, which put the system objectives at significant risk.(H findings/recommendations)
No Assurance	Control is weak as controls in numerous key areas are ineffective leaving the system open to significant risk of error or abuse

PERFORMANCE INDICATORS AND TARGETS

APPENDIX B

Efficiency		Objective: To provide maximum assurance to inform the annual audit opinion	
KPI	Measure of Assessment	Target & (Frequency of Measurement)	
Planned audits completed	% of planned assurance work from original approved plan complete to draft report stage as at 31 st	90% (Quarterly)	
Timeliness of Draft Reports	% of draft reports issued within 30 Calendar days of end of fieldwork/closure interview Average time taken is also reported for information	90% (Quarterly)	
Timeliness of Final Reports	% of final reports issued within 14 calendar days of receipt of management response Average time taken is also reported for information	95% (Quarterly)	
Quarterly Progress Reports	Quarterly progress reports issued to Corporate Directors within one month of end of period	100% (Quarterly)	
Terms of Reference	% of TOR's agreed with key contact in advance of fieldwork commencing	95% (Quarterly)	
Quality		Objective: To ensure that the service is effective and adding value	
KPI	Measure of Assessment	Target & (Frequency of Measurement)	
Recommendations agreed	% of Recommendations made compared with recommendations accepted	95% (Quarterly) 100%	
Post Audit Customer Satisfaction Survey Feedback	% of customers scoring audit service good or above (4 out of 5) where 1 is poor and 5 is very good	100% (Quarterly) 100% Overall average score 4.50	
Customers providing feedback Response	% of Customer returning satisfaction returns	70% (Quarterly) 60%	
Cost		Objective: To ensure that the service is cost effective	
KPI	Measure of Assessment	Target & (Frequency of Measurement)	
Cost per chargeable audit day	CIPFA Benchmarking Club – Comparator Group (Unitary)	Lower than average (Annually)	

ANNEX 2

Summary of expected audit coverage for 2012/13

AREA	Proposed days	
	2011/12	2012/13
Management and Assurance		
Preparation of Internal Audit Plan (including risk assessment of audit needs, planning for reviews)	1	1
Production of Annual report and opinion	3	3
Attendance at ad hoc meetings	1	1
Liaison with staff and follow up of recommendations	1	1
Fundamental Accounting Systems		
Audit testing in relation to sub systems including Payroll, Personnel, Expenditure/Purchasing, Accounts Payable, Accounts receivable	3	3
Crematorium Review		
Establishment audit to include Petty cash, Budgetary control, financial reporting, income, debt collection, bank reconciliation, Asset management, stock control, risk management and governance arrangements	7	7
Advice and assistance	1	1
Redevelopment of Crematorium	0	0
Contingency	2	2
Total	19	19
Optional additional services		
Risk Management support	1	0.5
Corporate Governance support	1	0.5
Total for all services	21	20

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INTERNAL AUDIT REPORT

Mountsett Crematorium

Ref No 13590/2012

Final Report

Assurance Opinion:	Substantial
Prepared by:	Sarah Bell, Auditor
Reviewed by:	Peter Jackson, Audit Manager
Date issued:	11th April 2012
Distribution List	
For Action:	Ian Staplin, Crematorium Manager Graham Harrison, Bereavement Services Manager Joanne McMahon, Principal Accountant
For Information:	Ian Hault, Streetscene Area Manager North Terry Collins, Corporate Director Paul Darby, Head of Finance Avril Wallage, Manager of Internal Audit & Risk Teresa Maddison, Risk Officer



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Contents

Section	Page
Executive Summary	1
Background	1
Scope and Audit Approach	1
Findings and Recommendations	1-2
Appendix A – Action Plan of Findings and Recommendations	3
Appendix B – Terms of Reference	4-6
Appendix C – Assessment of Findings and Assurance Ratings	7-8
Appendix D - Limitations and Responsibilities	9

INTERNAL AUDIT REPORT – Mountsett Crematorium

EXECUTIVE SUMMARY

1. This report relates to the evaluation of the control framework in place to provide assurance on the management of the risks associated with Mountsett Crematorium.
2. Internal controls in place at Mountsett Crematorium are generally well operated. The audit identified there was a clear audit trail for the receipt of all income and purchases are generally made in line with the correct procedures. Operational procedures are good and in line with relevant legislation.
3. Minor improvements were identified in relation to two areas and advisory actions issued in respect of these. In relation to income, it was identified that sending requests to a specific email address could improve the timeliness of issue of these, and in relation to purchasing, it was identified that some processes need not be undertaken in relation to the payment of medical referees fees, therefore improving the efficiency of the system.
4. One key area for improvement is the coding of VAT on Book of Remembrance income. VAT has not been coded for any Book of Remembrance income since May. This issue was identified during the last audit review and, although this was resolved at the time, this issue has occurred again. Whilst the overall effect of this on the income statement would not be material, the payment of VAT on chargeable supplies is required by HMRC.
5. An action plan, summarising all findings and recommendations made to improve the evaluated control framework, is attached at Appendix A.
6. In conclusion, the audit work carried out can provide a **substantial** level of assurance that the control framework in place is effective in managing risks.

BACKGROUND

7. This review has been carried out in accordance with the Terms of Reference attached at Appendix B.
8. This review aims to help management achieve its objectives by providing an opinion on the adequacy of the control framework in place to manage risks effectively. The conclusions from the review will inform the annual audit opinion provided by the Head of Internal Audit on the adequacy and effectiveness of the entire control environment operating across the whole of the Authority, required to inform the Annual Governance Statement.
9. The report is intended to present to management the findings and conclusions of the audit. Wherever possible findings and recommendations made to improve the control framework have been discussed with the appropriate officers and their views taken into account.
10. In carrying out the audit, the time and assistance afforded by Ian Staplin and his staff was greatly appreciated.

SCOPE AND AUDIT APPROACH

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

FINDINGS AND RECOMMENDATIONS

12. Our findings relating to issues of key concern, together with recommendations made to improve the management of identified risks and the resultant management response, are provided in the action plan attached as Appendix A.

INTERNAL AUDIT REPORT – Mountsett Crematorium

13. The CRA has been updated to reflect actual evidenced controls in place and improvements agreed. This is attached as an accompanying document to aid monitoring and future self assessment of risks and the control framework. It is recommended that a Control Risk **Self** Assessment (CRSA) is carried out annually.

AUDIT FINDINGS AND ASSURANCE OPINION RATINGS

14. Details of how individual findings and assurance opinions have been assessed are detailed in Appendix C.

LIMITATIONS AND RESPONSIBILTIES

15. Details of limitations and responsibilities of auditors and management in relation to this review are summarised in Appendix D.

APPENDIX A: Action Plan

Action Ref	Finding	Potential Impact	Priority	Recommendation	Management Comment	Responsibility Timescale
01	Invoices are raised to collect cremation fees following the month end. Requests for invoices are sent to a member of staff within Business Support. Whilst the audit identified that the invoices are always raised within one month of the month end, there is scope for improving the timeliness of the raising of invoices by sending to a central email address. The central email address has a PI for invoices to be raised within five working days following receipt of the email.	Reputational damage.	Advisory	Requests for invoices to be sent to 'Neighbourhood Services Debtors' email address to improve the timeliness of raising of invoices.	Invoices will be sent with immediate effect via the 'Neighbourhood Services Debtors' email address, allowing Business Support to raise invoices within 5 working days thus realising the PI target	Michael Chipperfield/ Graham Harrison Immediate effect – March 2012
02	Payment vouchers are produced on a monthly basis to pay the fees due to the medical referees. However, a purchase order is then raised to pay the payments voucher.	Poor VFM.	Advisory	Payment vouchers for medical referees should be sent to creditors for processing to improve the efficiency of the system.	In the interim, the Medical Referees will be sent direct to Creditors via payment vouchers. However with the introduction of a 'No Purchase Order No Pay' policy and in order to harmonise the Medical referees payment process in line with the Central Durham Crematorium. It is proposed that all medical referees will be paid via the DCC payroll system from 1 st June 2012. The Assistant Superintendent & Registrar will contact the medical referees via letter to advise of the payment changes during April 2012.	Michael Chipperfield/ Alan Jose April – June 2012

APPENDIX A: Action Plan

Action Ref	Finding	Potential Impact	Priority	Recommendation	Management Comment	Responsibility Timescale
03	Book of Remembrance income has been receipted but has not been correctly coded for VAT since May 2011.	Reputational damage. Non compliance with Financial policies and procedures.	Low	Staff should be notified of the need to code Book of Remembrance income for VAT. In addition, adjustments should be made to ensure all Book of Remembrance income already receipted correctly accounts for VAT.	Business Support receipt income via the Paying Book and Summary of Income sheets which breakdown the various types of income. These sheets will be amended immediately to clearly state the VAT status attached to each element. A further summary will be included at the bottom of the Summary of Income sheets to split out the GROSS, VAT and NET Income. In addition a copy of the Bereavement Services fees and charges schedule which clearly identifies the VAT status of each income element (along with a brief guidance statement) will be distributed to all relevant Business Support staff by the Principal Accountant.	Business Support Principal Accountant Immediate effect
					A monthly reconciliation will be undertaken by Neighbourhoods Finance to ensure that the VAT element has been coded correctly.	

APPENDIX B: Terms of Reference

DURHAM COUNTY COUNCIL INTERNAL AUDIT SERVICE

Terms of Reference

Client	Mountsett Crematorium
Service	Neighbourhood Services
Head of Service	Terry Collins
Responsible Key Contact	Ian Staplin
Nominated Manager	Graham Harrison
Audit	Mountsett Crematorium

Introduction

1. This review is being undertaken in accordance with the approved Internal Audit Plan for 2011/12.

Overall Objective of the Audit

2. To evaluate the control environment of the Crematorium and provide an independent opinion on whether or not controls are adequate, appropriate and effective in providing reasonable assurance that risks to the achievement of service/system/process objectives are being managed effectively.
3. In arriving at this opinion consideration will be given to the effectiveness of:
 - relevant key corporate governance policies and procedures
 - the arrangements in place to identify, assess and monitor risks
 - the control design to ensure that the Council'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.

System Objectives

4. The objectives of Mountsett Crematorium are to ensure that;
 - A sensitive, respectful service is provided that is suitable for the bereaved.
 - Cremations comply with the Cremation Regulations 2008.
 - The FBCA Code of Cremation Practice is complied with.
 - All income and expenditure is in line with financial regulations.

Control Risk Assessment

5. A summary of identified risks, the potential impact and expected controls agreed as part of the audit planning process, using a control risk assessment (CRA) methodology to inform the scope of this review, is attached as an accompanying document.
6. The criteria used to assess identified gross risks (before controls are applied) are attached as Appendix A.

APPENDIX B: Terms of Reference

Scope of Audit

7. The scope of this audit is to provide assurance on the management of the following risks:
- Non compliance with the Cremation Regulations 2008
 - Non compliance with the Federation of British Cremation Authorities Code of Cremation Practice
 - Ashes are disposed of incorrectly
 - Equipment failure
 - Health impact to the public
 - Lack of experienced staff
 - Insufficient capacity to meet demand in the event of an epidemic, pandemic or major disaster
 - Injury to staff
 - Income is not accounted for/misappropriated
 - Unauthorised payments are made
 - Stock is not accounted for/misappropriated
 - Damage/theft of equipment
 - Employees are incorrectly paid.

Audit Approach

8. The review will be carried out using a risk based approach informed by the CRA and will involve:
- Detailed testing of all legal and financial documentation
 - Discussions with staff
9. The audit will cover all transactions taking place between April 2011 and January 2012

Key Contact

10. Key contacts for this review are
- Sarah Bell, Lead Auditor
 - Peter Jackson, Audit Manager

Target Dates

11. The target dates for this review are:
- Fieldwork start date: 30th January 2012
 - 9 audit days, with approximately 6 expected to be on site.
 - Draft report issued date: 29th February 2012.
12. These timescales are subject to the following assumptions:
- All relevant documentation, including source data, reports and procedures will be made available promptly on request
 - Staff and management will make reasonable time available for interviews and will promptly follow-up questions or requests for documentation and
 - Assistance will be available in scheduling meetings and interviews where required

APPENDIX B: Terms of Reference

Reporting Arrangements

13. Ian will be kept regularly informed of progress on our review. Any significant issues will be discussed as they arise.
14. On completion of the review, our findings together with recommendations to address any control weaknesses will be discussed with Ian at an exit meeting prior to the preparation and issue of an informal draft report. The draft report will be issued to Graham Harrison incorporating the response from Ian for consideration.
15. We request that managers aim to provide a full response within 20 working days of receipt of the agreed draft report.
16. An updated CRA will be provided as an accompanying document to draft reports to reflect any changes to expected controls identified through the audit process and actual controls in place. Any recommendations made to improve the control environment will be incorporated into an action plan and reflected in the updated CRA to aid future self assessment of risks and the control framework.

Limitations of scope

17. Work will be completed using sample testing only.

Terms of Reference Approval

18. These terms of reference have been reviewed and approved by:

Ian Staplin:	Key contact/nominated manager
Peter Jackson:	Audit Manager

APPENDIX C: AUDIT FINDINGS, RECOMMENDATIONS AND ASSURANCE OPINION RATINGS

Findings

Individual findings are assessed on their impact and likelihood based on the assessment rationale in the tables below:

Impact Rating	Assessment Rationale
Critical	A finding that could have a: Critical impact on operational performance (Significant disruption to service delivery) Critical monetary or financial statement impact (In excess of 5% of service income or expenditure budget) Critical breach in laws and regulations that could result in significant fine and consequences (Intervention by regulatory body or failure to maintain existing status under inspection regime) Critical impact on the reputation of the Council (Significant reputational damage with partners/central government and/or significant number of complaints from service users) Critical impact on the wellbeing of employees or the public (Loss of life/serious injury to employees or the public)
Major	A finding that could have a: Major impact on operational performance (Disruption to service delivery) Major monetary or financial statement impact (1-5% of service income or expenditure budget) Major breach in laws, regulations or internal policies and procedures (non compliance will have major impact on operational performance, monetary or financial statement impact or reputation of the service) Major impact on the reputation of the service within the Council and/or complaints from service users
Minor	A finding that could have a: Minor impact on operational performance (Very little or no disruption to service delivery) Minor monetary or financial statement impact (less than 1% of service income or expenditure budget) Minor breach in internal policies and procedures (non compliance will have very little or no impact on operational performance, monetary or financial statement impact or reputation of the service)

Likelihood	Assessment criteria
Probable	Highly likely that the event will occur (>50% chance of occurring)
Possible	Reasonable likelihood that the event will occur (10% - 50% chance of occurring)
Unlikely	The event is not expected to occur (<10% chance of occurring)

APPENDIX C: AUDIT FINDINGS, RECOMMENDATIONS AND ASSURANCE OPINION RATINGS

Overall Finding Rating

This grid is used to determine the overall finding rating.

LIKELIHOOD			
Probable	M	H	H
Possible	L	M	H
Unlikely	L	L	L
	Minor	Major	Critical
		IMPACT	

Priority of our recommendations

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

High	Action that is considered imperative to ensure that the service/system/process objectives are not exposed to significant risk from weaknesses in critical or key controls
Medium	Action required to ensure that the service/system/process objectives are not exposed to major risk from weaknesses in controls
Low	Action required to ensure that the service/system/process objectives is not exposed to minor risk from weaknesses in controls
Advisory	Action that is considered desirable to address minor weaknesses in control that if implemented may not reduce the impact or likelihood or a risk occurring but should result in enhanced control or better value for money.

Overall Assurance Opinion

Based upon the ratings of findings and recommendations arising during the audit as summarised in risk matrix above we define the overall conclusion of the audit through the following assurance opinions:

Full Assurance	There is a sound system of control designed to achieve the process/system/service objectives and manage the risks to achieving those objectives. (No H, M or L findings/recommendations)
Substantial Assurance	Whilst there is a sound system of control, there are some weaknesses, which may put some of the system objectives at minor risk. (No H or M findings/recommendations)
Moderate Assurance	Whilst there is basically a sound system of control, there are some weaknesses, which may put some of the system objectives at major risk. (No H findings/recommendations)
Limited Assurance	There are weaknesses in key areas in the system of control, which put the system objectives at significant risk.(H findings/recommendations)
No Assurance	Control is weak as controls in numerous key areas are ineffective leaving the system open to significant risk of error or abuse

APPENDIX D: LIMITATIONS AND RESPONSIBILITIES

Limitation inherent to the internal auditor's work

We have undertaken this review subject to the following limitations.

Internal Control

Internal control, no matter how well designed and operated, can provide only reasonable assurance not absolute assurance regarding achievement of the service objectives. The likelihood of the achievement is affected by limitations inherent in all internal control frameworks. These include the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future Periods

The assessment of the control framework in place relating to this review is at February 2012. Historic evaluation of effectiveness is not relevant to the future period due to:

- The design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- The degree of compliance with policies and procedures may deteriorate

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance for the prevention and detection of fraud and irregularities. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We will endeavour to plan our work so that we have a reasonable expectation of detecting **significant control weaknesses** and if detected, we will carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud or other irregularities which may exist, unless we are requested to carry out a special investigation for such activities in a particular area.

Management responses

We ask that management responses to our recommendations are provided within 20 working days of the draft report being issued.

Outstanding responses will be monitored. Any overdue responses will be escalated to the responsible Corporate Director and reported to the Audit Committee.

Follow up

In accordance with the Internal Audit Charter, we will monitor progress on the implementation of agreed recommendations and the findings will be reported to the audit committee. Where considered appropriate follow-up audits will be scheduled.

Mountsett Crematorium's compliance with a standard local governance code requirements Annex 4

Principles	Supporting Principles	Ref	Local Code Requirement (The Code should reflect the requirement for the Council to:	Evidence / Source Documents to demonstrate compliance
<p>PRINCIPLE 1 Focusing on the purpose of the Organisation and on outcomes for the community and creating and implementing a vision for the local area</p>	<p>Exercising strategic leadership by developing and clearly communicating the Organisation's purpose and vision and it's intended outcome for citizens and service users</p>	1.1	Develop and promote the organisations purpose and vision	Corporate Plan Service Delivery Plan Service Improvement Plans
		1.2	Review on a regular basis the Organisations vision for the local area and its impact on the Organisation's governance arrangements	Corporate Plan
		1.3	Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all parties	Strategic Partnering Agreement
		1.4	Publish an annual report on a timely basis to communicate the Organisation's activities and achievements, its financial position and performance	Annual Report and Financial Statement
	<p>Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning</p>	1.5	Decide how the quality of services for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available	Corporate Plan Performance management framework Service Improvement Plans
		1.6	Put in place effective arrangements to identify and deal with failure in service delivery	Complaints Procedure Performance management framework
	<p>Ensuring that the Organisation makes best use of resources and that tax payers and service users receive excellent value for money</p>	1.7	Decide how value for money is to be measured and make sure that the authority or partnership has the information needed to review VFM and performance effectively. Measure the environmental impact of policies, plans and decisions	Value for Money Strategy VFM Reviews Benchmarking Medium Term Financial Strategy

Mountsett Crematorium's compliance with a standard local governance code requirements Annex 4

Principles	Supporting Principles	Ref	Local Code Requirement (The Code should reflect the requirement for the Council to:	Evidence / Source Documents to demonstrate compliance
<p>PRINCIPLE 2 Members and officers working together to achieve a common purpose with clearly defined functions and roles</p>	<p>Ensuring effective leadership throughout the Organisation and being clear about executive and non-executive functions and the roles and responsibilities of the scrutiny function</p>	2.1	Set out a clear statement of the respective roles and responsibilities of the executive and of the executive's members individually and the authority's approach to putting this into practice.	Constitution DCC
		2.2	Set out a clear statement of the respective roles and responsibilities of other authority members, members generally and senior officers.	Terms of Reference Members Code of Conduct Officers Codes of Conduct DCC DCC
		2.3	Determine a scheme of delegation and reserve powers within the constitution including a formal schedule of those matters specifically reserved for collective decision of the authority, taking account of relevant legislation, and ensure that it is monitored and updated when required	Scheme of Delegation DCC
		2.4	Make a Chief Executive or equivalent responsible and accountable to the authority for all aspects of operational management	Constitution Committee Terms of Reference DCC Y
		2.5	Develop protocols to ensure that the leader and chief executive negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained	Scheme of Delegation Regular Meetings between members and relevant DCC staff Y
		2.6	Make a senior officer [the S151 officer /] responsible to the Organisation for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, for maintaining an effective system of internal control	Head of Finance – Financial Services Job Description / Specification Head of Finance – Financial Services Conditions of Employment Annual Accounts Budget Documentation External Audit Reports Y Y Y Y Y
		2.7	Make a senior officer [usually the monitoring officer] responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with	Company Secretary responsibilities Internal Audit Reports Y DCC
		2.8	Develop protocols to ensure effective communication between members and officers in their respective roles	Regular Meetings between members and relevant DCC staff Y
		2.9	Set out the terms and conditions for remuneration of members and officers and an effective structure for managing the process' including an effective remuneration panel.	Officers Conditions of Employment Constitution Members Conditions of Employment Y DCC Y
<p>PRINCIPLE 2 Members and officers working together to achieve a common</p>	<p>Ensuring relationships between the Organisation, it's partners and the public are clear so that each knows what to expect of each other</p>			

Mountsett Crematorium's compliance with a standard local governance code requirements Annex 4

Principles	Supporting Principles	Ref	Local Code Requirement (The Code should reflect the requirement for the Council to:	Evidence / Source Documents to demonstrate compliance	
purpose with clearly defined functions and roles		2.10	Ensure that effective mechanisms exist to monitor service delivery	Committee Meetings Performance management framework Complaints procedure	
		2.11	Ensure that the organisation's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated	Y DCC Y Y Y Y	
		2.12	When working in partnership ensure that members are clear about their roles and responsibilities both individually and collectively in relationship to the partnership and to the organisation	Y	
		2.13	When working in partnership: ensure there is clarity about the legal status of the partnership; - ensure the representatives of organisations both understand and make clear to all other partners the extent of their authority to bind the organisation to partner decisions	Y DCC DCC	
		Corporate Plan			
		Service Delivery Plan			
		Service Improvement Plans			
Medium Term Financial Strategy					
Strategic Partnering Agreement					
Strategic Partnering Agreement					

Mountsett Crematorium's compliance with a standard local governance code requirements Annex 4

Principles	Supporting Principles	Ref	Local Code Requirement (The Code should reflect the requirement for the Council to:	Evidence / Source Documents to demonstrate compliance		
<p>PRINCIPLE 3 Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour</p>	<p>Ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance</p>	3.1	Ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect	<p>Code of Conduct</p> <p>Single corporate Equality Scheme</p> <p>Anti Fraud & corruption strategy</p> <p>Equality & Diversity Policy</p> <p>Officers Code of Conduct</p> <p>Performance Appraisal System</p> <p>Complaints Procedure</p> <p>Single corporate Equality Scheme</p> <p>Equality & Diversity Policy</p> <p>Corporate equality group</p> <p>Competency Policy and Framework</p>		
		3.2	Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the Organisation, its partners and the community are defined and communicated through codes of conduct and protocols	<p>"Working Together" Guide spec. Confidential Reporting Code</p> <p>Standing Financial Instructions</p> <p>Single corporate Equality Scheme</p> <p>Corporate equality group</p> <p>Code of Practice on racial equality</p> <p>Member Codes of Conduct</p> <p>Officers Codes of Conduct</p> <p>Equality & Diversity Policy</p>		
		3.3	Put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice			
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Mountsett Crematorium's compliance with a standard local governance code requirements Annex 4

Principles	Supporting Principles	Ref	Local Code Requirement (The Code should reflect the requirement for the Council to:	Evidence / Source Documents to demonstrate compliance
<p>PRINCIPLE 3 Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour</p>	<p>Ensuring that organisational values are put into practice and are effective</p>	3.4	<p>Develop and maintain shared values including leadership values for both the organisation and staff reflecting public expectations and communicate these with members, staff, the community and partners</p>	<p>Member Codes of Conduct DCC Officers Codes of Conduct DCC Single corporate Equality Scheme DCC Code of Practice on racial equality DCC Corporate equality group DCC Equality & Diversity Policy DCC Member Codes of Conduct DCC Officers Codes of Conduct DCC Review of Governance arrangements / structure DCC Single corporate Equality Scheme DCC Corporate equality group DCC Equality & Diversity Policy DCC No Standards Committee N/A Officers Codes of Conduct DCC</p>
		3.5	<p>Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice.</p>	<p>Business Plan Y Delivery Plan Y Service Improvement Plans Y</p>
		3.6	<p>Develop and maintain an effective standards committee.</p>	<p>Strategic Partnering Agreement DCC</p>
		3.7	<p>Use the organisations shared values to act as a guide to decision making and as a basis for developing positive and trusting relationships within the authority</p>	
		3.8	<p>In pursuing the vision of a partnership, agree a set of values against which decisions making and actions can be judged. Such values must be demonstrated by partners behaviour both individually and collectively</p>	

Mountsett Crematorium's compliance with a standard local governance code requirements Annex 4

Principles	Supporting Principles	Ref	Local Code Requirement (The Code should reflect the requirement for the Council to:	Evidence / Source Documents to demonstrate compliance
<p>PRINCIPLE 4 Taking informed and transparent decisions which are subject to effective scrutiny and managing risk</p>	<p>Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny</p>	4.1	Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the authority's performance overall and that of any organisation for which it is responsible	Standards Committee N/A
		4.2	Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are made	Strategic Decisions made by the Committee - see minutes Y
		4.3	Put in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice	Format of Committee reports - Standard template Y Minute Book Y Action plan monitored by committee Y Risk Register Y
	4.4	Develop and maintain an effective audit committee (or equivalent) which is independent of the executive and scrutiny functions or make other appropriate arrangements for the discharge of the functions of such a committee	Code of Conduct DCC	
	4.5	Ensure that effective, transparent and accessible arrangements are in place for dealing with complaints	Committee - Terms of Reference Y Committee Member Training DCC Committee Reports Y Complaints Procedure DCC	
	4.6	Ensure that those making decisions whether for the authority or the partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications	Performance management framework DCC Record of Ombudsman complaints N/A Members Induction Programme DCC	
	4.7	Having good-quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs	Members training and Development Strategy DCC Risk Register Y Legal and Financial implications are considered and recorded as part of all decisions and included within all committee reports Y	

Mountsett Crematorium's compliance with a standard local governance code requirements Annex 4

Principles	Supporting Principles	Ref	Local Code Requirement (The Code should reflect the requirement for the Council to:	Evidence / Source Documents to demonstrate compliance
<p>PRINCIPLE 4 Taking informed and transparent decisions which are subject to effective scrutiny and managing risk</p>	<p>Ensuring that an effective risk management system is in place</p>	4.8	Ensure that risk management is embedded into the culture of the authority, with members and managers at all levels recognizing that risk management is part of their jobs	Risk management Service Committee Responsibilities Risk Management Policy Statement Annual assurance statement Risk Register
		4.9	Ensure that arrangements are in place for whistle-blowing to which staff and all those contracting with the authority have access	Whistle Blowing policy Confidential Reporting Code
		4.10	Actively recognise the limits of lawful activity placed on them by, for example, the ultra vires doctrine but also strive to utilise powers to the full benefit of their communities	Terms of Reference
		4.11	Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on local authorities by public law	Specific advice as required Legal aspects included in risk assessments as appropriate
		4.12	Observe all specific legislative requirements placed upon them, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationality, legality and natural justice – into their procedures and decision-making processes.	Specific advice as required Appropriate job descriptions / specifications Legal implications in reports
	<p>Using their legal powers to the full benefit of the citizens and communities in their area</p>			

Mountsett Crematorium's compliance with a standard local governance code requirements Annex 4

Principles	Supporting Principles	Ref	Local Code Requirement (The Code should reflect the requirement for the Council to:	Evidence / Source Documents to demonstrate compliance
<p>PRINCIPLE 5 Developing the capacity and capability of members and officers to be effective</p>	<p>Making sure members and officers have the skills, knowledge, experience and resources they need to perform well in their roles</p>	<p>5.1</p>	<p>Provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis</p>	<p>Training & Development Strategy IIP Committee member training and development plans Officer training and development plans Induction program Training courses / seminars / etc One to One appraisals Job descriptions/person specs – Crematorium Superintendent Job descriptions/person specs - Head of Finance – Financial Services Officers training and development plans One to One appraisals Committee member training and development plans Officer training and development plans Training and development strategy Committee Member Annual Appraisals Officers annual appraisals Training and development strategy Staff annual training plans Committee member Annual training plans</p>
		<p>5.2</p>	<p>Ensure that the statutory officers have the skills, resources, and support necessary to perform effectively in their roles and that these roles are properly understood throughout the authority</p>	<p>Y DCC DCC Y Y DCC Y Y</p>
	<p>Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group</p>	<p>5.3</p>	<p>Assess the skills required by members and officers and make commitment to develop those skills to enable roles to be carried out effectively</p>	<p>DCC DCC DCC</p>
		<p>5.4</p>	<p>Develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed</p>	<p>DCC DCC</p>
		<p>5.5</p>	<p>Ensure that effective arrangements are in place for reviewing the performance of the executive as a whole and of individual members and agreeing an action plan which might, for example, aim to address any training and development needs</p>	<p>DCC DCC N Y DCC DCC DCC</p>

Mountsett Crematorium's compliance with a standard local governance code requirements Annex 4

Principles	Supporting Principles	Ref	Local Code Requirement (The Code should reflect the requirement for the Council to:	Evidence / Source Documents to demonstrate compliance
PRINCIPLE 5 Developing the capacity and capability of members and officers to be effective	Encouraging new talent for membership of the authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal	5.6	Ensure that effective arrangements designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority	N/A
		5.7	Ensure that career structures are in place for members and officers to encourage participation and development	Committee Training and Development Plans Officer Training and Development Plans Succession planning arrangements Committee Succession Planning Arrangements Training and development strategy

Mountsett Crematorium's compliance with a standard local governance code requirements Annex 4

Principles	Supporting Principles	Ref	Local Code Requirement (The Code should reflect the requirement for the Council to:	Evidence / Source Documents to demonstrate compliance
<p>PRINCIPLE 6 Engaging with local people and other stakeholders to ensure robust public accountability</p>	<p>Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships.</p>	6.1	Make clear to themselves, all staff and the community to whom they are accountable and for what	Committee Y
		6.2	Consider those institutional stakeholders to whom the authority is accountable and assess the effectiveness of the relationships and any changes required	Surveys N
		6.3	Produce an annual report on the activity of the scrutiny function	Publications Y
		6.4	Ensure that clear channels of communication are in place with all sections of the community and other stakeholders and put in place monitoring arrangements to ensure that they operate effectively	Web-site Y
		6.5	Hold meetings in public unless there are good reasons for confidentiality	Committee Meetings open to the public Y
		6.6	Ensure that arrangements are in place to enable the authority to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands.	Committee Meetings open to the public Y
		6.7	Establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users about, including a feedback mechanism for those consultees to demonstrate what has changed as a result.	Citizens / customer Panel N
		6.8	On an annual basis, publish a performance plan giving information on the authority's vision, strategy, plans and financial statements as well a information about its outcomes, achievements and satisfaction of service users in the previous period	Focus Groups N
		6.9	Ensure that the Organisation as a whole is open and accessible to the community, service users and its staff to ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is	Customer Involvement Compact N Surveys, N Publications N Web-site Y
<p>PRINCIPLE 6 Engaging with local people and other stakeholders to ensure robust public accountability</p>	<p>Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning</p>	6.7	Establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users about, including a feedback mechanism for those consultees to demonstrate what has changed as a result.	Access & Customer Care Strategy DCC
6.8	On an annual basis, publish a performance plan giving information on the authority's vision, strategy, plans and financial statements as well a information about its outcomes, achievements and satisfaction of service users in the previous period	Delivery Plan Y		
6.9	Ensure that the Organisation as a whole is open and accessible to the community, service users and its staff to ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is	Terms of reference Y		
			Equality & Diversity Policy DCC	
			Annual Governance Statement Y	

Mountseft Crematorium's compliance with a standard local governance code requirements Annex 4

Principles	Supporting Principles	Ref	Local Code Requirement (The Code should reflect the requirement for the Council to:	Evidence / Source Documents to demonstrate compliance
			proper and appropriate to do so.	DPA Policy Y
	Making best use of human resources by taking an active and planned approach to meet responsibility to staff.	6.10	Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making	FOI Policy Y Publication Scheme Y Union Meetings inc Board Representation N Training and development strategy DCC Management of Change DCC HR Strategy DCC Team Meetings DCC One to One appraisals DCC

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Mountsett Crematorium Joint Committee



27 April 2012

Response to the 2011/2012 Internal Audit Report



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

Purpose of the Report

1. The purpose of this report is to present for Member's consideration, the response to the Mountsett Crematorium Joint Committee Internal Audit Report for 2011/2012.

Background Information

2. In accordance with Durham County Council's Annual Internal Audit plan, a review of the Mountsett Crematorium was undertaken in March 2012.
3. The overall objective of the review was to provide a risk based assessment of the systems in place in order to form an opinion as to whether such systems are robust and provide an adequate basis for effective internal control.
4. The review undertaken by Internal Audit forms part of the overall assurance process required by the Joint Committee for inclusion within the Annual Governance Statement and Statement of Accounts.

Audit Opinion and Action Plan

5. Following the presentation of the 2011/2012 Internal Audit report, members will note that Internal Audit has provided **Substantial Assurance** on the Joint Committee's system of internal control highlighting that there are only some minor weaknesses which may result in some system objectives being put at risk. As such, the minor governance and internal control weaknesses identified have been classified as follows:
 - 1 issue at low classification
 - 2 Issues at advisory classification
6. Whilst the classifications above indicate that the actions required to address the minor weakness identified during the review are considered desirable, to strengthen the system of internal control these have been incorporated into an action plan with a number of such actions already implemented.
7. The action plan fully addresses the issues identified in the Internal Audit Report and the current position is set out below for Members information.

- **Recommendation 01**

Requests should be sent to 'Neighbourhood Services Debtors' email address to improve the timeliness of raising invoices

This action has been implemented. Invoices were sent immediately following receipt of the Internal Audit report recommendation via the 'Neighbourhood Services Debtors' email address, allowing Business Support to raise invoices within 5 working days thus realising the PI target

- **Recommendation 02**

Payment Vouchers for medical referees should be sent to creditors for processing to improve the efficiency of the system.

As recommended in the Internal Audit Report, the Medical Referees are now sent direct to Creditors via payment vouchers. With the introduction, however of a 'No Purchase Order No Pay' policy and in order to harmonise the Medical referees payment process in line with the Central Durham Crematorium, it is proposed that all medical referees will be paid via the DCC payroll system from 1st June 2012.

The Assistant Superintendent & Registrar has contacted the medical referees via letter to advise of the payment changes during April 2012.

- **Recommendation 03**

Staff should be notified of the need to code Book of Remembrance Income for VAT. In addition, adjustments should be made to ensure all Book of Remembrance income already receipted correctly accounts for VAT

The error identified was as a result of the parameters within the cash receipting system for this payment type being set to a default 'Exempt VAT' status.

DCC Business Support Service staff receipt income via the Paying Book and Summary of Income sheets which breakdown the various types of income. These sheets have now been amended to clearly state the Income code and VAT status attached to each element of income. A further summary has been included at the bottom of the Summary of Income sheets to split out the GROSS, VAT and NET Income.

In addition an extract from the Bereavement Services fees and charges schedule (attached at Appendix 2) which clearly identifies the VAT status of each income element along with a brief guidance statement (attached at Appendix 3) has been distributed to all relevant Business Support staff by the Principal Accountant.

A monthly reconciliation will also be undertaken by Neighbourhoods Finance to ensure that the VAT element has been coded correctly.

8. The action plan identified above further indicates the level of commitment of Joint Committee in ensuring that all systems of internal control are as robust as possible.

Recommendations

9. It is recommended that:

- Members of the Joint Committee note the Internal Control requirements and the action plan contents, both implemented and required with regards to addressing the Internal Audit recommendations

Background Papers

2011/2012 Annual Audit Report and Audit Opinion

**Contact(s): Paul Darby 03000 261930,
Jo McMahon 03000 261968**

Appendix 1: Implications

Finance

There are no Finance implications associated with this report.

Staffing

There are no staffing implications associated with this report.

Risk

Addressing the recommendations arising from the Annual Internal Audit Report 2011/2012 will ensure that the Joint Committee will improve its governance arrangements and address the minor inefficiencies identified with regards to the maintenance of the Joint Committees books and records. Failure to address these concerns could potentially adversely affect future audit conclusions and could also affect the working relationship that exists with our internal and external auditors.

Equality and Diversity/ Public Sector Duty

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

Accommodation

There are no Accommodation implications associated with this report.

Crime and Disorder

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

Human Rights

There are no Human Rights implications associated with this report.

Consultation

None. However, officers of Gateshead Council were provided with a copy of the report and given opportunity to comment / raise any detailed questions on the content of the report in advance of circulation to members of the Mountsett Crematorium.

Procurement

There are no Procurement implications associated with this report.

Disability Discrimination Act

There are no Disability issues associated with this report.

Legal Implications

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

**Durham County Council - Direct Services
Crematoria Fees and Charges**

Appendix 2

Product Group	Product Description	VAT Code	Oracle Account Code	2012/13 Charge (£) (EXC VAT)	Actual Increase (£)	Actual %'age Increase	Note
Crematoria fees							
	Columbarium unit for a maximum of 2 interments - 20yr lease	E/S	720284	945.00	945.00	100.00%	£70.00 relative to the Right to Fix memorial is Exempt, all other elements are Standard Rated.
	Plaque to include 80 letters	S	720284	100.00	100.00	100.00%	
	Additional letters	S	720284	1.30	1.30	100.00%	
	Re -opening for 2nd Interment	E	720284	50.00	50.00	100.00%	
	Second Inscription - per letter	S	720284	1.30	1.30	100.00%	
	Removal and replacement of Tablet	S	720284	25.00	25.00	100.00%	
	Cremation fees	E	720280	430.00	20.00	100.00%	
	Environmental Surcharge - Mercury Abatement	E	720283	50.00	0.00	100.00%	
	Medical Referree fees	E	720282	20.00	0.00	100.00%	
	Book of Remembrance	S	720299	50.00	12.00	100.00%	
	Large Plaques - 10 year lease	E/S	720284	265.00	0.00	100.00%	£70.00 relative to the Right to Fix memorial is Exempt, all other elements are Standard Rated.

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