



## Central Durham Crematorium Joint Committee

**Date**        **Wednesday 29 September 2010**  
**Time**        **5.30 pm**  
**Venue**       **Committee Room 1A - County Hall, Durham**

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### Business

#### Part A

1. Minutes of the meeting held on 30 June 2010. (Pages 1 - 8)
2. Audit Opinion and VFM Conclusion - 2009/10 Statement of Accounts. (Pages 9 - 34)
3. Joint Report of the Treasurer to the Joint Committee / Corporate Director Neighbourhood Services: (Pages 35 - 80)  
Statement of Accounts 2009/10.
4. Report of the Superintendent and Registrar (Pages 81 - 88)
5. Joint Report of the Treasurer to the Joint Committee / Corporate Director Neighbourhood Services: (Pages 89 - 92)  
Financial Monitoring Report – Spend to 31 August 2010 and Provisional Outturn at 31 March 2011.
6. Joint Report of the Treasurer to the Joint Committee / Corporate Director Neighbourhood Services: (Pages 93 - 132)  
Risk Register 2010/11.
7. Report of the Treasurer to the Joint Committee: (Pages 133 - 172)  
Internal Audit Plan / Scope 2010/11.
8. Such other business as, in the opinion of the Chair of the meeting, is of sufficient urgency to warrant consideration.
9. Any resolution relating to the exclusion of the public during the discussion of items containing exempt information.

*P.T.O.*

## Part B

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

10. Joint Report of the Treasurer to the Joint Committee / Corporate Director Neighbourhood Services / Superintendent and Registrar:  
(Pages 173 - 178)  
Cremator Replacement, Update on Tendering Exercise and Design and Planning Issues.
11. Such other business as, in the opinion of the Chair of the meeting, is of sufficient urgency to warrant consideration.

**Sharon Spence**

Clerk to the Joint Committee

County Hall  
Durham  
21 September 2010

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

Durham County Council: M Plews (Chair), J Chaplow, N Foster,  
A Hopgood, D Stoker, M Williams, J Blakey  
and G Holland

Spennymoor Town Council: J Marr, F Walker and JL Wood

**DURHAM COUNTY COUNCIL**  
**SPENNYMOOR TOWN COUNCIL**

**CENTRAL DURHAM CREMATORIUM JOINT COMMITTEE**

**AT THE ANNUAL GENERAL MEETING** of the **CENTRAL DURHAM CREMATORIUM JOINT COMMITTEE** held at **SPENNYMOOR TOWN HALL** on **30 JUNE 2010** at **5.30 pm**.

**PRESENT**

**COUNCILLOR J Marr** in the Chair

**Members of the Committee:**

Councillors J Chaplow, N Foster, A Hopgood, M Plews, D Stoker, M Williams and J Wood

**Officers Present:**

Catherine Banks	Audit Manager, Audit Commission
Paul Darby	Head of Finance, HR and Business Support, Neighbourhood Services, Durham County Council
Alan José	Superintendent and Registrar, Durham Crematorium
Joanne McMahon	Principal Account, Neighbourhood Services, DCC
Derek Shingleton	Accountant, Spennymoor Town Council
Sharon Spence	Clerk to the Central Durham Crematorium Joint Committee
Graham Harrison	Bereavement Services Manager, Durham County Council

Apologies for absence were received from Councillors J Blakey, F Walker and C Woods.

**A1 Appointment of a Chair for the ensuing year**

The Clerk to the Joint Committee, Sharon Spence, asked for any nominations for Chair to the Joint Committee for the ensuing year. Councillor J Wood proposed Councillor M Plews for the position of Chair to the Joint Committee for the ensuing year and Councillor N Foster seconded the proposal. No further proposals were made. Members thanked Councillor J Marr for his excellent work as Chair over the last year.

Councillor J Marr thanked fellow Members for their hard work, help and support over the last year and appreciated that the move to Unitary Local Government had produced many challenges and that the Officers involved had risen to that challenge.

**Resolved:**

That by unanimous agreement, Councillor M Plews be appointed Chair for the ensuing year.

**COUNCILLOR M Plews** in the Chair

**A2 Appointment of a Vice-Chair for the ensuing year**

The Chair asked for any nominations for Vice-Chair to the Joint Committee for the ensuing year. Councillor J Chaplow proposed Councillor J Marr for the position of Vice-Chair to the Joint Committee for the ensuing year and Councillor J Wood seconded the proposal. No further proposals were made.

Councillor J Marr informed Members that Councillor F Walker, a longstanding Member of the Joint Committee, was unable to attend due to illness. The Chair asked that the best wishes of the Joint Committee were relayed to Councillor F Walker and that he makes a speedy recovery.

**Resolved:**

That by unanimous agreement, Councillor J Marr be appointed Vice-Chair for the ensuing year.

**A3 Minutes of the meeting held on 12 May 2010**

The minutes of the meeting held on 12 May 2010 were confirmed by the Joint Committee as a correct record and signed by the Chair.

**A4 Report of the Clerk to the Joint Committee – Treasurer to the Joint Committee**

The Clerk to the Joint Committee referred Members to the report setting out the proposed arrangements for Treasurer to the Joint Committee as the current Treasurer, Stuart Crowe was retiring from Durham County Council early July 2010 (for copy, see file of minutes).

Members were informed that as an interim measure, and in line with Durham County Council's Constitution, it was proposed that the Deputy Section 151 Officer and Head of Finance: Resources, Jeff Garfoot be appointed as Treasurer to the Joint Committee.

The Joint Committee understood that this would be a temporary appointment until the Corporate Director: Resources was appointed and that person would be proposed to be appointed as the Treasurer to the Joint Committee.

Councillor N Foster assured Members that the Head of Finance: Resources was an excellent Officer and would serve the Joint Committee well in the role of Treasurer.

**Resolved:**

- (a) That the retirement of the Treasurer to the Joint Committee, Stuart Crowe and support the proposals with regards to the appointment of the Head of Finance: Resources, Jeff Garfoot (Durham County Council's Deputy S151 Officer) as Interim Treasurer to the Joint Committee, effective from 1 July 2010.
- (b) That the Joint Committee place on record their thanks to Stuart Crowe for the valuable service he has given to the Joint Committee since his appointment.

**A5 Audit Opinion Plan – Audit Commission**

The Chair thanked the Audit Manager, Audit Commission, Catherine Banks for her attendance and asked her to take Members through the Audit Commission's Audit Opinion Plan for the Central Durham Crematorium Joint Committee (for copy, see file of minutes).

The Audit Manager explained that the Audit Opinion Plan sets out a list of identified specific risks which were areas the Audit Commission would expect the Joint Committee to address. Members were asked to note that within those risks identified, none were categorised as being "significant" the highest level of risk.

The Joint Committee learnt that risks as identified in the audit previously conducted had led to a series of responses to address those concerns and in several cases mitigated the risks. The Audit Manager reminded Members that the accounting for the Crematorium was now Statement of Recommended Practise (SORP) compliant and that accounting policies had been produced reflecting this. Members were also informed that detailed testing had been carried out in order to ensure correct opening balances and that the errors in the valuing of fixed assets identified within the previous audit had been amended.

The Audit Manager stated that arrangements would be made to undertake detailed testing to ensure that creditors or expenditure were not materially misstated. Members noted that the Audit Commission and the Head of Finance, HR and Business Support, Neighbourhood Services, Paul Darby were working together to address issues of treasury management including having a written agreement between Durham County Council and the Joint Committee setting out the terms of the treasury management agreements.

The Audit Manger concluded by noting that there had been work on the Annual Governance Statement (AGS) in order that it would comply with requirements and added that it was encouraging to see that those improvements were reflected in the AGS as set out in the agenda papers.

**Resolved:**

That the report be noted.

**A6 Report of the Treasurer to the Joint Committee / Corporate Director Neighbourhood Services – Annual Governance Statement 2009/10**

The Chair asked the Head of Finance, HR and Business Support to take Members through the Annual Governance Statement 2009/10 (AGS) for the Central Durham Crematorium Joint Committee (for copy, see file of minutes).

The Head of Finance, HR and Business Support explained that the AGS had been prepared in accordance with recommended practice and followed a standard format. Members heard that the AGS set out the scope and responsibility of the Joint Committee regarding the governance of the Crematorium; the purpose of the Governance Framework; the effectiveness of the Joint Committee in its governance role; including actions to strengthen Governance in response to Audit Commission comments; and to set out the significant governance issues in the context of the Joint Committee.

Members were reminded that the AGS had been received and approved in draft form by the Joint Committee at the last meeting, held 12 May 2010. The Joint Committee noted that comments received at the meeting on 12 May 2010 had been incorporated into the AGS as set out in the agenda papers.

**Resolved:**

- (a) That the Joint Committee note the Report.
- (b) That the Joint Committee approve the Annual Governance Statement 2009/10 for the year ended 31 March 2010.
- (c) That the Chair and the Treasurer sign the Annual Governance Statement 2009/10.

## **A7 Report of the Treasurer to the Joint Committee / Corporate Director Neighbourhood Services – Revenue Outturn and Statement of Accounts 2009/10**

The Head of Finance, HR and Business Support asked Members to note that the AGS just considered and approved formed part of the larger Statement of Accounts (SOA) report (for copy, see file of minutes), and that also this year the SOA Report included a Revenue Outturn for 2009/10 to give the Joint Committee the actual outturn position after the close of the accounts and after adjustments had been applied. Members were asked to note the variances, their context and, as previously agreed by the Joint Committee that any surplus would be fed into the ring-fenced budget for capital works to the Crematorium.

The Joint Committee was reminded that the SOA for 2009/10 was SORP compliant and subject to the same rules and governance framework as both Durham County Council and Spennymoor Town Council.

Members were referred to Appendix 2 which set out the SOA document. The Head of Finance, HR and Business Support explained that the SOA was in 5 parts:

- Income and Expenditure Account
- Statement of Movement on the General Fund Balance
- Statement of Total Recognised Gains and Losses
- Balance Sheet
- Cash Flow Statement

The Head of Finance, HR and Business Support noted a typographical error on page 22 regarding revaluations that had been amended for the final version. Also it was noted that figures for 2008/09 had been included on page 26 for comparison and that revised figures were included on page 29.

The Chair thanked the Head of Finance, HR and Business Support and asked Members if they had any questions.

Councillor D Stoker asked what “added years” referred to in the table relating to retirement benefits. The Head of Finance, HR and Business Support explained that these “added years” to the pension fund deficit were elements accrued on employees and were from previous retirements.

### **Resolved:**

- (a) That the Joint Committee note the outturn position set out in the Report.
- (b) That the Joint Committee approve the Statement of Accounts 2009/10 for the year ended 31 March 2010.

- (c) That the Chair and the Treasurer sign the Statement of Accounts 2009/10.

## **A8 Report of the Superintendent and Registrar**

The Superintendent and Registrar, Alan José, presented a Report relating to the following issues associated with the Crematorium (for copy, see file of minutes).

### **50 Year Anniversary**

The Superintendent and Registrar reported the hire of a marquee that met with the health and safety requirements as set out by Durham County Council had been arranged. It was noted that this included a solid floor, glass doors and suitable public toilet facilities. Members were informed that the Superintendent and Registrar was liaising with Reverend Robert Jagger, Archdeacon of Durham as regards the involvement clergy from the Church of England.

The Joint Committee noted that the Superintendent and Registrar had made significant progress with the Commemorative Booklet and that a final version would be ready next week.

### **Memorial Plaques – Garden of Remembrance**

The Superintendent and Registrar explained that the specification for the supply and fixing of UK sourced Memorial Plaques had been agreed with the Procurement Team from Durham County Council and the appropriate advertisements for tenders had been published. It was noted that the closing date for tenders was today, 30 June 2010.

### **Metal Implants Recycling Scheme**

The Joint Committee noted that the metal implant recycling scheme operated by Orthometals had now been in operation for 3 months and the first collection from Durham Crematorium on 15 June 2010 was of 121kg of material.

The Chair thanked the Superintendent and Registrar and asked Members if they had any questions.

Councillor A Hopgood asked how many companies had expressed an interest in tendering for the Memorial Plaque contract. The Superintendent and Registrar noted that during his last conversation with the Procurement Team, 3 companies had expressed an interest; however, further tenders may have been submitted since then.

Councillor M Williams asked how Durham Crematorium was paid for the metal implants being recycled.



The Superintendent and Registrar explained that of the 256 crematoria in the country, 190 operated the scheme with Orthometals and it was noted that the Superintendent and Registrar was the Chair of the North East Committee set up to nominate charities to receive the benefits of the funds generated from recycling the metal implants.

**Resolved:**

That the Report be noted.

**A9 Report of the Treasurer to the Joint Committee / Corporate Director Neighbourhood Services – Revenue Budget 2010/11 – Amendment**

The Head of Finance, HR and Business Support asked Members to note the report setting out some slight amendments to the Revenue Budget 2010/11 (for copy, see file of minutes). Members were informed that the changes were to comply with SORP requirements and to ensure 3 elements that had previously been “netted off” within the income budget needed to be grossed up and reflected in the supplies and services budget, those being medical referees, the Book of Remembrance and the Master Plan. It was noted that there was no change to the budgeted net expenditure position in 2010/11.

**Resolved:**

That the Joint Committee note and approve the amended budget proposals contained within the Report.

**A10 Report of the Treasurer to the Joint Committee / Corporate Director Neighbourhood Services – Financial Monitoring Report 2010/11 – Spend to 31 May 2010 and Projected Outturn to 31 March 2011**

The Head of Finance, HR and Business Support referred Members to the report setting out actual spend position for the year so far and the projection for the outturn to 31 March 2011 (for copy, see file of minutes). It was explained that whilst it was early in the financial year an underspend had been forecast against the Employees budget, this was due to it being anticipated that there would be no annual pay award now in 2010/11. Members were reminded that as previously agreed any surplus would be transferred into the ring-fenced reserves for capital works.

Councillor D Stoker asked the Joint Committee to note that whilst the 0% pay increase across public services was suggested by Central Government, it was for Local Government to make its own determination upon whether it was appropriate their own Authority or otherwise.

Councillor J Marr asked when a decision regarding the options for works associated with the cremator would need to be taken by the Joint Committee.

The Head of Finance, HR and Business Support noted that the options appraisal, based on self-finance over 10 years, set out three options namely cremator replacement only; cremator replacement and works to access and car parking; and a full renovation of the Crematorium facility. Members heard that the critical factor in this would be the costings for the cremators and forecast build costs to house the equipment as it may be that options were limited in terms of the extent of the affordable development. It was noted that the current tender process for the cremators was therefore a key milestone in these discussions.

It was noted that Spennymoor Town Council had earmarked reserves in place and whilst independent evaluation had indicated costs were in line with initial predictions by Durham County Council, it was felt that it would be prudent to await feedback from the tender process prior to a decision being made.

Councillor J Marr asked whether the cost of "Option 2", cremator replacement and access/car park improvements, would be included as part of the tender submissions. The Head of Finance, HR and Business Support noted that the tenders were solely for the cremator replacement, works associated with access and car parking would be subject to separate procurement exercises, with the in-house service at Durham County Council likely to submit a tender. Councillor N Foster added that of course, the option of access and car park works would be looked at after to the completion of the tender process.

**Resolved:**

That the Joint Committee note the April to May 2010 Revenue spend financial monitoring report and associated provisional outturn position 2010/11.

# Annual Governance Report

Central Durham Crematorium Joint Committee  
Audit 2009/10  
September 2010

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## Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/ members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
  - any third party.
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Ladies and Gentlemen

## **2009/10 Annual Governance Report**

I am pleased to present the final version of my report on the results of my audit work for 2009/10.

I discussed and agreed a draft of the report with the Treasurer on 10 September 2010 and updated it as issues have been resolved.

My report sets out the key issues that you should consider before I complete the audit.

It asks you to:

- consider the matters raised in the report before approving the financial statements (pages 4 to 10);
- take note of the adjustments to the financial statements set out in this report (Appendix 2);
- agree to adjust the errors in the financial statements I have identified, which management has declined to amend or set out the reasons for not amending the errors (Appendix 3);
- approve the letter of representation on behalf of the Joint Committee before I issue my opinion and conclusion (Appendix 4); and
- agree your response to the proposed action plan (Appendix 6).

Yours faithfully

Cameron Waddell  
District Auditor

September 2010

# Key messages

This report summarises the findings from the 2009/10 audit which is substantially complete. It includes the messages arising from my audit of your financial statements and the results of the work I have undertaken to assess your arrangements to secure value for money in your use of resources.

<b>Financial statements</b>	<b>Results</b>	<b>Page</b>
Unqualified audit opinion	Yes	7
Financial statements free from material error	No	7
Adequate internal control environment	Yes	7
<b>Value for money</b>	<b>Results</b>	<b>Page</b>
Adequate arrangements to secure value for money	Yes	10

## Audit opinion

- 1 I plan to issue an audit report including an unqualified opinion on the financial statements.

## Financial statements

- 2 The Joint Committee prepared the financial statements in time for the statutory deadline of 30 June with working papers provided to support the accounts. I am pleased to report that the financial statements were prepared to a much higher standard than last year. I identified a small number of errors in the accounts, with two material errors. Appendix 2 provides a summary of errors that have been adjusted by officers.

## Internal Control

- 3 Last year's report contained recommendations around internal control. I can report that the majority have now been addressed and while income is not yet included in the General Ledger, there are robust controls in place over income at both the crematorium itself but also within Neighbourhood Services at the County Council (including reconciliations between records, receipts and bank accounts).
- 4 However, my work shows that the processes used to prepare the draft financial statements are not always efficient ie significant staff time is used in carrying out manual checks which could usefully be automated. However I have concluded that due to the existence of manual controls there is not a lack of control in practice.

## Key messages

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### Value for money

- 5 I plan to issue an unqualified conclusion stating the Joint Committee has adequate arrangements to secure economy, efficiency and effectiveness in the use of resources. We have considered the possible inefficiency noted above when considering the value for money criteria 'Risk management and internal control'. However, as inefficiency is not in itself part of the criteria for internal control, this is not a relevant consideration in this area.

### Independence

- 6 I can confirm that the audit has been carried out in accordance with the Audit Commission's policies on integrity, objectivity and independence.

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# Next steps

**This report identifies the key messages that you should consider before I issue my financial statements opinion, value for money conclusion, and audit closure certificate. It includes only matters of governance interest that have come to my attention in performing my audit. My audit is not designed to identify all matters that might be relevant to you.**

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**7** I ask the Joint Committee to:

- consider the matters raised in the report before approving the financial statements (pages 4 to 10);
- take note of the adjustments to the financial statements which are set out in this report (Appendix 2);
- agree to adjust the errors in the financial statements I have identified that management has declined to amend or set out the reasons for not amending the errors (Appendix 3);
- approve the letter of representation on behalf of the Joint Committee before I issue my opinion and conclusion (Appendix 4); and
- agree your response to the proposed action plan (Appendix 6).



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# Financial statements

**The Joint Committee's financial statements and annual governance statement are important means by which the Joint Committee accounts for its stewardship of public funds. As Joint Committee you have final responsibility for these statements. It is important that you consider my findings before you adopt the financial statements and the annual governance statement.**

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## Opinion on the financial statements

- 8 Subject to satisfactory clearance of outstanding matters, I plan to issue an audit report including an unqualified opinion on the financial statements. Appendix 1 contains a copy of my draft audit report.
- 9 My team and I have again found officers helpful and responsive to the queries raised during the audit, and I appreciate the assistance that was provided in enabling us to undertake our audit work effectively. I am pleased to report that the financial statements were prepared to a much higher standard than last year.

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## Errors in the financial statements

- 10 A number of errors have been found as a result of our audit. Appendix 2 provides a summary of the errors which officers agreed to amend in the financial statements. These amendments have not changed the General Fund balance for the year.
- 11 Appendix 3 contains the errors management has decided not to amend, and the uncertainties identified in my audit.
- 12 I ask you to consider these errors and uncertainties, and where you do not agree to adjust the errors in the financial statements I have identified, I ask you to set out the reasons for not doing so.

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## Important weaknesses in internal control

- 13 My audit work has not identified any material weaknesses in internal control. However, as noted above, we have highlighted inefficiencies in maintaining the books and records for the Joint Committee which should be reviewed by officers.

### Recommendation

- R1 Officers and members to review the current arrangements for maintaining the books and records for the Joint Committee and consider possible alternatives to the significant staff time which is used in carrying out manual checks.

**Letter of representation**

14 Before I issue my opinion, auditing standards require me to ask you and management for written representations about your financial statements and governance arrangements. Appendix 4 contains the draft letter of representation.

**Key areas of judgement and audit risk**

15 In planning my audit I identified specific risks and areas of judgement that I have considered as part of my audit.

**Table 1 Key areas of judgement and audit risk**

Issue or risk	Finding
<p><b>Internal Control</b></p> <p>Our work on the Committee's financial systems has shown there has been some improvement since 2008/09. However, there are some remaining gaps in control that need to be addressed in future years.</p>	<p>A predictive analytical review on payroll has provided sufficient audit evidence that that staff costs are not materially incorrect.</p> <p>Substantive testing on creditor payments has not highlighted any material errors in 2009/10.</p> <p>A predictive analytical review on income has provided sufficient audit evidence that that income is not materially incorrect.</p>
<p><b>Compliance with SORP requirements</b></p> <p>Last year's audit highlighted significant scope to strengthen year end arrangements to ensure that the draft financial statements:</p> <ul style="list-style-type: none"> <li>• are prepared in a timely fashion to ensure approval by members by the 30 June deadline;</li> <li>• meet disclosure requirements; and</li> <li>• are free from error.</li> </ul>	<p>The Joint Committee met the 30 June 2010 deadline for producing and approving its 2009/10 financial statements.</p> <p>Completion of the SORP checklist, and testing on the draft financial statements, suggest that arrangements for producing the draft financial statements have improved significantly in 2009/10.</p>
<p><b>Statement of accounting policies</b></p> <p>Last year's audit found that the statement of accounting policies disclosed in the draft financial statements contained a number of key omissions and did not meet SORP requirements.</p>	<p>A review of the statement of accounting policies showed that all key policies were disclosed, appropriate and accurately reflected processes used by the Joint Committee.</p>
<p><b>Opening balances and prior period figures</b></p> <p>Last year's audit identified a number of errors in opening balances and prior period figures which required amendment.</p>	<p>Detailed testing on opening balances and prior period comparatives in the draft financial statements has not identified any material errors.</p>

## Financial statements

Issue or risk	Finding
<p><b>Fixed assets</b></p> <p>Last year's audit identified a number of errors in valuing and accounting for fixed assets, and the related disclosures, which required amendment.</p>	<p>Detailed testing on the completeness, existence, ownership and valuation of fixed asset balances disclosed in the draft financial statements, including relevant notes, has not identified any material errors.</p>
<p><b>Cut off arrangements</b></p> <p>Last year's audit showed that arrangements for identifying year end creditors did not operate effectively. This led to a failure to account for payments in the correct year. This meant creditors and expenditure in the draft financial statements were materially misstated.</p>	<p>Detailed testing on year end payments has not identified any material errors.</p>
<p><b>Treasury management</b></p> <p>In 2008/09 we identified that there was no written agreement in place between Durham County Council and the Committee setting out the terms of the treasury management agreements.</p>	<p>There continues to be no written agreement in place with Durham County Council. In addition, there is need for a regular reconciliation of regular formal agreement of the account balance between the two parties.</p>
<p><b>Annual Governance Statement (AGS)</b></p> <p>The Committee prepared an AGS for the first time in 2008/09, which did not fully comply with requirements.</p>	<p>Our review of the AGS in the draft financial statements identifies that it meets requirements and is consistent with our knowledge of the Committee.</p>
<p><b>Internal Audit</b></p> <p>Last year's audit identified scope to improve the Committee's internal audit arrangements and coverage.</p>	<p>Arrangements have improved this year. The Durham County team gave suitable coverage and produced an audit report following in January 2010.</p>

Recommendations
<p><b>R2</b> Officers to obtain a written agreement in place between Durham County Council and the Committee setting out the terms of the treasury management agreements.</p>
<p><b>R3</b> In addition, there is need for a formal agreement of the account balance used for all transactions between Durham County Council and the Committee.</p>

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# Value for money

**I am required to decide whether the Joint Committee put in place satisfactory corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money conclusion.**

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## Value for money (VFM) conclusion

- 16** I assess your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. I have shown my conclusions on each of the areas in Appendix 5. The Joint Committee has managed its finances effectively.
- 17** I have identified no weaknesses in your arrangements but have commented earlier in the report on possible inefficiencies and have included a recommendation in the action plan at Appendix 6.
- 18** I intend to issue an unqualified conclusion stating that the Joint Committee had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources. Appendix 1 contains my draft report.

# Glossary

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## Annual governance statement

**19** A statement of internal control prepared by an audited body and published with the financial statements.

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## Audit closure certificate

**20** A certificate that I have completed the audit following statutory requirements. This marks the point when I have completed my responsibilities for the audit of the period covered by the certificate.

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## Audit opinion

**21** On completion of the audit of the accounts, auditors must give their opinion on the financial statements, including:

- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question; and
  - whether they have been prepared properly, following the relevant accounting rules.
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## Qualified

**22** The auditor has some reservations or concerns.

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## Unqualified

**23** The auditor does not have any reservations.

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## Value for money conclusion

**24** The auditor's conclusion on whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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# Appendix 1 - Independent auditor's report to Members of Central Durham Crematorium Joint Committee

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## Opinion on the accounting statements

I have audited the Joint Committee accounting statements and related notes of Central Durham Crematorium Joint Committee for the year ended 31 March 2010 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Central Durham Crematorium Joint Committee in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

## Respective responsibilities of the Treasurer and auditor

The Treasurer's responsibilities for preparing the accounting statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the accounting statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Joint Committee and its income and expenditure for the year.

## Appendix 1 - Independent auditor's report to Members of Central Durham Crematorium Joint Committee

I review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the accounting statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Joint Committee's corporate governance procedures or its risk and control procedures.

I read other information published with the accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements. My responsibilities do not extend to any other information.

### Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Joint Committee in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Joint Committee's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

### Opinion

In my opinion the Joint Committee accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Joint Committee as at 31 March 2010 and its income and expenditure for the year then ended.

## **Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources**

### **Joint Committee's Responsibilities**

The Joint Committee is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

### **Auditor's Responsibilities**

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Joint Committee for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria for other local government bodies specified by the Audit Commission and published in January 2009. I report if significant matters have come to my attention which prevent me from concluding that the Joint Committee has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Joint Committee's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### **Conclusion**

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for other local government bodies specified by the Audit Commission and published in January 2009, and the supporting guidance, I am satisfied that, in all significant respects, Central Durham Crematorium Joint Committee made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010.

---

### **Certificate**

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Cameron Waddell  
Officer of the Audit Commission  
2nd Floor  
Nickalls House  
Metro Centre  
GATESHEAD  
NE11 9NH

September 2010



# Appendix 2 – Amendments to the draft accounts

I identified the following misstatements during my audit and managers have made the necessary adjustments. I bring them to your attention to aid you in fulfilling your governance responsibilities.

**Table 2**

		Income and Expenditure Account		Balance sheet	
Adjusted misstatements	Nature of adjustment	Dr £	Cr £	Dr £	Cr £
Investments	Investments reduced to include only accrued interest at the year end, not total interest received in year.	-	-	2,964 Debtors	2,964 Invests
Creditors	Balance of monies due to Spennymoor Town Council £15,312.50 reduced to exclude an unrepresented cheque amount at the year end.	-	-	15,313 Creditors	15,313 Bank
Cash flow statement	In addition, the cash flow statement was amended to reflect an additional £12,814 increase in short-term deposits and £12,814 bank interest.	-	-	-	-

# Appendix 3 – Unadjusted misstatements in the accounts

I identified the following misstatements during my audit, but management has not adjusted the financial statements. I bring them to your attention to help you in fulfilling your governance responsibilities. If you decide not to amend, please tell us why in the representation letter. If you believe the affect of the uncorrected errors, individually and collectively, is immaterial, please reflect this in the representation letter. Please attach a schedule of the uncorrected errors to the representation letter.

**Table 3**

Description of error	Accounts affected	Value of error £
NPower electric costs accrued / estimated at year end as £3,500 but based on post year actual should have been £3,136.58. Difference with estimate £363.	Dr Creditors Cr I&E	363
£3,639 accrued re Gas but bill only covered period to 25/3/10 - a further 6 days should have been accrued = $£3,639.45 \times 6 / 31st = 704.41$ .	Dr I&E Cr Creditors	704
£72.51 bank interest was part of the year end bank balance but was received 1/4/10 so should have been in debtors.	Dr Debtors Cr Bank	72
Post year end the Joint Committee received a refund on rates and part of the amount related to a number of years pre-31/3/10 but this element has not been accrued at the year end.	Dr Debtors Cr I&E	1,800

# Appendix 4 – Draft letter of representation

September 2010

Mr C Waddell

District Auditor

Audit Commission

Nickalls House

Metro Centre

Gateshead

NE11 9NH

Dear Mr Waddell

## **Central Durham Crematorium Joint Committee Audit for the year ended 31 March 2010**

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other directors of Central Durham Crematorium Joint Committee, the following representations given to you in connection with your audit of the Joint Committee's financial statements for the year ended 31 March 2010. All representations cover the Joint Committee's accounts and group accounts included within the financial statements.

### **Compliance with the statutory authorities**

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice which give a true and fair view of the financial position and financial performance of the Council and for making accurate representations to you.

### **Uncorrected misstatements**

I confirm that I believe that the effects of the uncorrected financial statements misstatements listed below are not material to the financial statements, either individually or in aggregate. These misstatements have been discussed with those charged with governance within the Joint Committee.

### **Supporting records**

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Joint Committee have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Joint Committee meetings, have been made available to you.

### **Irregularities**

I acknowledge my responsibility for the design and implementation of internal control systems to prevent and detect fraud or error.

There have been no:

- irregularities involving management or employees who have significant roles in the system of internal accounting control;
- irregularities involving other employees that could have a material effect on the financial statements; or
- communications from regulatory agencies concerning non-compliance with or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements; and
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

### **Law, regulations, contractual arrangements and codes of practice**

There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of the Joint Committee.

The Joint Committee has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

## Appendix 4 – Draft letter of representation

### **Fair values**

I confirm the reasonableness of the significant assumptions within the financial statements. For depreciation, accruals, provisions and contingent liabilities, I confirm:

- the appropriateness of the measurement method;
- the basis used by management to overcome the presumption under the financial reporting framework;
- the completeness and appropriateness under the financial reporting framework; and
- if subsequent events do not require adjustment to the fair value measurement.

### **Assets**

The following have been properly recorded and, where appropriate, adequately disclosed in the financial statements:

- year end valuations, including the effects of impairments in the year;
- losses arising from sale & purchase commitments;
- agreements & options to buy back assets previously sold; and
- assets pledged as collateral.

### **Compensating arrangements**

There are no formal or informal compensating balancing arrangements with any of our cash and investment accounts.

### **Contingent liabilities**

There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

- there is no significant pending or threatened litigation, other than those already disclosed in the financial statements;
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements; and
- no financial guarantees have been given to third parties.

### **Related party transactions**

I confirm the completeness of the information disclosed regarding the identification of related parties.

The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements

**Post balance sheet events**

Since the date of approval of the financial statements by the Joint Committee, no additional significant post balance sheet events that have occurred which would require additional adjustment or disclosure in the financial statements.

The Joint Committee has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

**Specific representations:**

**Durham County Current Account balance**

The current account balance with Durham County Council amounts to £214,896 at 31 March 2010.

**Cremator reline life expectancy**

The life of a cremator reline of 10 years as reflected in the depreciation calculation is an accurate reflection of life expectancy as they are relined on a rotational basis.

Signed on behalf of Central Durham Crematorium Joint Committee

Treasurer

I confirm that this letter have been discussed and agreed by the Joint Committee on 29 September 2010.

Councillor M Plews  
Chair of the Central Durham Crematorium Joint Committee

# Appendix 5 – Value for money criteria

<b>KLOE</b>	<b>Met</b>
<b>Managing finances</b>	
Understanding costs and achieving efficiencies	<b>Yes</b>
Financial reporting	<b>Yes</b>
<b>Governing the business</b>	
Good governance	<b>Yes</b>
Risk management and internal control	<b>Yes</b>

---

# Appendix 6 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
	<b>Annual Governance Report 2009/10 - Recommendations</b>					
7	Officers and members to review the current arrangements for maintaining the books and records for the Joint Committee and consider possible alternatives to the significant staff time which is used in carrying out manual checks.	2	Head of Finance/ HR and Business Support (Neighbourhoods, Durham County Council (DCC))	Yes	Options report to be considered by the Joint Committee in January 2011. Manual checking/ existing systems to be maintained (for control and assurance purposes) until decision reached with regards to any changes going forward.	13 September 2010
9	Officers to obtain a written agreement in place between Durham County Council and the Committee setting out the terms of the treasury management agreements.	2	Head of Finance/ HR and Business Support, DCC)	Yes	Currently in progress.	
9	There is need for a formal agreement of the account balance used for all transactions between Durham County Council and the Committee.	2	Head of Finance/ HR and Business Support (DCC)	Yes	Account balance will be agreed on a regular basis.	



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# The Audit Commission

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Tel: 0844 798 1212 Fax: 0844 798 2945 Textphone (minicom): 0844 798 2946

[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

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Dear Sir/Madam

**Treasury Management Arrangements**

I am writing to you in order to formalise the 2010/2011 arrangements for the investment of surplus cash balances by Durham County Council on behalf of Central Durham Crematorium Joint Committee.

The responsibilities of each party are outlined overleaf and I should be grateful if you would return a signed copy of this agreement to me at your earliest convenience.

The current surplus cash balance (as at 29 September 2010) to be invested on behalf of the Central Durham Crematorium Joint Committee is £850,000.

New agreements will be required on an annual basis and will be sent by Durham County Council to the Central Durham Crematorium Joint Committee for signature in March of each year to formalise the arrangements for the forthcoming year.

Should you have any queries with this matter please do not hesitate to contact David Watchman on 0191 383 5531

Yours faithfully,

**Hilary Appleton**  
**Principal Finance Officer**

**Agreement between Durham County Council (DCC) and Central Durham Crematorium Joint Committee for the provision of Treasury Management Services for the year ended 31 March 2011**

**Durham County Council agrees to:**

- ✓ Invest notional cash balances on behalf of CDCJC in line with the County Council's Investment Strategy
- ✓ Provide access to the County Council's Investment Strategy
- ✓ Transfer funds between CDCJC and DCC bank accounts upon request
- ✓ Pay interest to CDCJC on a quarterly basis at the average 7 day LIBOR rate

**Durham Crematorium Joint Committee agrees to:**

- ✓ The surplus cash balance being invested for the year 2010/2011 with Durham County Council
- ✓ Notify DCC two working days in advance of the transfer of funds

**THIS AGREEMENT** is made the [29th] of [September] **two thousand and ten BETWEEN DURHAM COUNTY COUNCIL (DCC) and CENTRAL DURHAM CREMATORIUM JOINT COMMITTEE (CDCJC)**

Signed by .....

For and on behalf of **DURHAM COUNTY COUNCIL**

Jeff Garfoot  
Head of Finance - Resources

Date .....

Signed by .....

For and on behalf of the **CENTRAL DURHAM CREMATORIUM JOINT COMMITTEE**

Councillor Maria Plews  
Chair

Date .....

**Central Durham Crematorium  
Joint Committee**

**29 September 2010**

**Statement of Accounts  
2009/10**



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

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**Purpose of the Report**

- 1 The overall purpose of the report is to seek approval of the attached revised 2009/2010 Statement of Accounts for the Central Durham Crematorium Joint Committee, as adjusted to take into account the findings of the external auditor.

**Background**

- 2 The Joint Committee approved the Statement of Accounts, subject to inspection by the external auditor – The Audit Commission, on 30<sup>th</sup> June 2010
- 3 As appointed external auditors, the Audit Commission is required under the Audit Commission Act 1998 to provide its opinion on the Accounts and the arrangements that Central Durham Crematorium Joint Committee have in place to secure economy, efficiency and effectiveness in its use of resources by the 30<sup>th</sup> September 2010.
- 4 This report has been prepared in response to the Annual Governance report presented earlier and to address the identified misstatements in the Statement of Accounts 2009/10.

**Changes required to the 2009/10 Statement of Accounts**

- 5 As a result of the Audit Commission's review, a small number of changes were required – these are classed as misstatements in the Annual Governance Report.

The following table highlights the changes that have been made to correct the identified mis-statements and improve the presentation of the Central Durham Crematorium Joint Committee's Statement of Accounts 2009/2010:

<b>Page Number and Statement Amended</b>	<b>Classification</b>	<b>Draft Statement of Accounts £000</b>	<b>Audited Statement of Accounts £000</b>	<b>Value of Amendment £000</b>
19 – Balance Sheet 25 – Note 9	Debtors	255	258	3
19 – Balance Sheet 28 – Note 17/18	Investments	854	851	(3)
19 – Balance Sheet	Cash and Bank	101	86	(15)
19 – Balance Sheet 25 – Note 10	Creditors	73	(58)	15
20 - Cash Flow Statement 30 – Note 20	Interest Received	(4)	(17)	(13)
20 – Cash Flow Statement 30 Note 20	Short Term Deposits	490	500	(10)
20 – Cash Flow Statement 30 Note 20	Other Operating cash payments	826	841	15
20 – Cash Flow Statement 30 Note 20	Other operating cash receipts	(845)	(842)	(3)

- 6 None of the above changes affect the operating surplus or retained reserves / balances of the Central Durham Crematorium Joint Committee.
- 7 A full copy of the revised 2009/2010 Statement of Accounts is attached at Appendix 2 for members information. Once approved by the Joint Committee, the statements will need to be re-signed, the external auditors report included and posted on the website.

## **Recommendations**

It is recommended that:

- (a) Members of the Central Durham Crematorium Joint Committee note the changes made and approve the Audited Statement of Accounts for 2009/2010
- (b) Members of the Central Durham Crematorium Joint Committee acknowledge the work carried out by the Audit Commission in arriving at the unqualified Audit Opinion on the Financial Statements.

## **Background Papers**

Annual Report and Statement of Accounts for 2009/2010 for the Central Durham Crematorium Joint Committee – Report to CDCJC 30/06/2010

Audit Commission - Annual Governance Report for the Central Durham Crematorium Joint Committee Audit 2009/2010 – Report to CDCJC 29/09/2010

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**Contact: Paul Darby Tel: 0191 383 6594**

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## **Appendix 1: Implications**

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### **Finance**

The financial impact of revisions to the 2009/2010 Statement of Accounts is detailed in full within the body of the Report. A copy of the revised Statement of Accounts 2009/10 is attached at Appendix 2.

### **Staffing**

There are no staffing implications associated with this report.

### **Equality and diversity**

None

### **Accommodation**

None

### **Crime and disorder**

None

### **Environment**

None

### **Human rights**

None

### **Localities and rurality**

None

### **Young people**

None

### **Consultation**

None





# Annual Report and Statement of Accounts for 2009/2010

Central Durham Crematorium Joint Committee



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## Explanatory Foreword

The purpose of this foreword is to offer interested parties an easily understandable guide to the most significant matters reported in the accounts for the financial year 2009/2010. It provides an explanation, in overall terms, of the purpose and content of the Joint Committee's accounts and should assist in the interpretation of the accounting statements.

The Joint Committee's accounts and financial statements for 2009/10 are set out on pages 15 - 30 of this document, and is subject to an independent Audit opinion, as shown at page 37. (To follow)

In addition, this document includes a Report by the Treasurer, which is designed to help the reader understand in greater detail the financial standing of the Joint Committee as at 31<sup>st</sup> March 2010. It also contains a commentary on the major influences affecting the Joint Committee's income and expenditure and cash flow, and information on the financial needs and resources of the Joint Committee in 2009/10.

**The main purpose of the Financial Statements that make up the Statement of Accounts, are detailed below: -**

### 1. Report of the Treasurer – Overview of Financial Performance

This report outlines the main financial results for the year ended 31<sup>st</sup> March 2010. They summarise the income and expenditure incurred by the Joint Committee and highlight any change to the financial position that occurred during the year.

### 2. Statement of Accounting Policies

The purpose of the statement is to explain the basis for the recognition, measurement and disclosure of transactions and other events in the accounts. In certain circumstances, where more than one accounting basis or estimation technique is acceptable, the accounting policy and/or estimation techniques followed can significantly affect the Joint Committee's reported results and financial position. The view presented can only be appreciated properly if the policies, which have been followed for material items and estimation techniques that have been used in applying those policies, are explained.

The Statement of Accounts summarises the Joint Committee's transactions for the 2009/10 financial year and its position at the year-end of 31<sup>st</sup> March 2010. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice 2009 (SORP). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

Pages 8-12 explain the policies adopted in preparing the Joint Committee's Accounts.

### 3. Statement of Responsibilities for the Statement of Accounts

This statement sets out the respective responsibilities of The Joint Committee and the Treasurer for the accounts.

The Statement of Accounts is intended to present fairly the financial transactions of the Joint Committee during the year ended 31<sup>st</sup> March 2010 (the 2009/10 financial year).

Page 13 summarises the responsibilities of the Joint Committee and the Treasurer, relating to the making of proper arrangements for the administration of the financial affairs of the Joint Committee and the keeping of accounting records.

The Statement of Accounts in respect of 2009/10 have been prepared using the professional guidance given in the Code of Practice on Local Authority Accounting 2009, together with other legal requirements as contained in various Acts of Parliament, including the Accounts and Audit Regulations 2006 (amended).

#### **4. Auditor's Report**

Page 37 gives an independent, professional opinion by the External Auditor on the Crematorium's Accounts for the year ended 31<sup>st</sup> March 2010.

### **The Core Financial Statements**

#### **5. Income and Expenditure Account**

This statement is fundamental to the understanding of the Joint Committees activities, in that it reports the net cost for the year of all the functions for which the Joint Committee is responsible, and demonstrates how that cost has been financed.

The Income and Expenditure Account has been compiled in accordance with the Best Value Accounting Code of Practice.

Page 15 shows the Income and Expenditure Account as at 31<sup>st</sup> March 2010.

#### **6. Statement on Movement on the General Fund Balance**

This statement contains the amounts in addition to the Income and Expenditure Account surplus or deficit for the year that are required by statute and non-statutory proper practices to be charged or credited to the General Fund in determining the movement on the General Fund Balance for the year.

#### **7. Statement of Total Recognised Gains and Losses**

Not all the gains and losses experienced by the Joint Committee are reflected in the Income and Expenditure Account. FRS 3 (Reporting Financial Performance) requires all gains and losses to be included in a Statement of Total Recognised Gains and Losses (STRGL). This statement addresses the requirement to consider all gains and losses recognised in a period when assessing the financial result for the period.

Page 17 shows the Statement of Total Recognised Gains and Losses as at 31<sup>st</sup> March 2010.

#### **8. Balance Sheet**

The balance sheet is fundamental to the understanding of the Joint Committee's financial position at the year-end. It shows its balances and reserves and its long-term indebtedness, and the fixed and net current assets employed in its operations, together with summarised information on the fixed assets held.

Page 18 summarises the financial position of the Joint Committee as at 31<sup>st</sup> March 2010

## **9. Cash Flow Statement**

This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes. Cash is defined for the purpose of this statement, as cash in hand and deposits repayable on demand less overdrafts repayable on demand.

Its objective is to ensure that significant elements of receipts and payments of cash are highlighted in a way that facilitates comparison of cash-flow performance of different businesses and to provide information that assists in assessing their liquidity, solvency and financial adaptability.

Page 19 summarises the inflows and outflows of cash arising from revenue and capital transactions (where applicable) with third parties.

## **10. Notes to the Core Financial Statements**

The notes to the core financial statements are required to be presented together after the core financial statements mentioned above, The notes are shown on page 20 to 30.

## **Supplementary Financial Statements**

### **11. Annual Governance Statement**

The preparation and publication of an Annual Governance Statement is necessary to meet the statutory requirement set out in the Accounts and Audit Regulations 2003 (as amended) which requires authorities to 'conduct a review at least once in a year of the effectiveness of its system of internal control' and to prepare a statement on internal control 'in accordance with proper practices

Pages 31 – 36 shows the Annual Governance Statement relating to the financial year 1<sup>st</sup> April 2009 to the 31<sup>st</sup> March 2010.

## **Glossary of Terms**

Pages 38 - 39 provides details of those accounting terms used within this document and give a basic definition in order to assist the reader to understand the Financial Statements.

## **Certification of the Accounts by the Chair**

## Report of the Treasurer

### Overview of Financial Performance in 2009/2010

Each year the Joint Committee approves a budget for the forthcoming year. This report outlines the main financial results for the year ended 31<sup>st</sup> March, 2010. It summarises the income and expenditure incurred by the Joint Committee and highlights any change to the financial position that occurred during the year.

The 2009/10 budgets anticipated that the Joint Committee would achieve a surplus of £306,250. This was based on an estimated 1,800 cremations for the year and was net of a budgeted contribution to reserves of £132,150. During 2009/10, the number of cremations carried out was 2,173, an increase of 373 on the estimated figure.

The table below summarises the budget and actual income and expenditure for 2009/10. Variations are shown alongside.

2008/09 Actual		2009/10 Budget	2009/10 Actual	2009/10 Variance
£		£	£	£
	<b>Expenditure</b>			
205,762	Employees	242,000	216,768	(25,232)
178,530	Premises	177,683	136,068	(41,615)
2,809	Transport	1,500	2,726	1,226
108,072	Supplies & Services	52,584	92,341	39,757
14,000	Agency & Contracted	33,733	39,370	5,637
32,175	Central Support Costs	32,000	32,000	0
	<b>Masterplan</b>			
	- Memorial Garden	0	2,625	2,625
	<b>Contribution to Reserves/Funds</b>			
5,000	- Memorial Garden	5,000	5,000	0
120,150	- Major Capital Works	130,000	234,853	104,853
4,500	- Small Plant	5,000	5,000	0
2,500	- Central Heating Renewal	10,000	10,000	0
<b>673,498</b>	<b>Gross Expenditure</b>	<b>689,500</b>	<b>776,751</b>	<b>87,251</b>
	<b>Income</b>			
1,103,343	Fees	944,088	1,020,546	76,458
22,981	Interest Received	7,750	4,324	(3,426)
56,122	Memorial Gardens Fees	43,912	55,506	11,594
0	Contribution from Reserves/Funds	0	0	0
0	Masterplan - Memorial Garden	0	2,625	2,625
<b>1,182,446</b>	<b>Gross Income</b>	<b>995,750</b>	<b>1,083,001</b>	<b>87,251</b>
<b>508,948</b>	<b>Available Surplus</b>	<b>306,250</b>	<b>306,250</b>	<b>0</b>
	Apportioned			
407,178	Durham County Council – 80%	245,000	245,000	0
101,790	Spennymoor Town Council – 20%	61,250	61,250	0
<b>508,948</b>	<b>Distributed Surplus</b>	<b>306,250</b>	<b>306,250</b>	<b>0</b>

In 2009/10, the Joint Committee has made a contribution of £254,853 to its reserves to facilitate the replacement of the cremators and re-development of its buildings.

### Central Durham Crematorium Joint Committee Reserves as at the 31<sup>st</sup> March 2010

#### Earmarked Reserves

Reserve	Balance at 01.04.09 £	Contribution to Reserves £	Funding of Capital Expenditure £	Balance at 31.03.10 £
Major Capital Works Reserve	421,111	234,853	0	655,964
Masterplan Reserve	13,875	5,000	(2,625)	16,250
Small Plant Reserve	13,001	5,000	0	18,001
Central Heating Reserve	13,001	10,000	0	23,001
<b>TOTAL</b>	<b>460,988</b>	<b>254,853</b>	<b>(2,625)</b>	<b>713,216</b>

#### Constituent Authorities Account – General Reserve

The following table shows the position for the Constituent Authorities General Reserve as at 31<sup>st</sup> March 2010:

	Durham County Council £	Spennymoor £	Total £
<b>Balances in General Reserve at 1 April 2009</b>	<b>339,248</b>	<b>84,812</b>	<b>424,060</b>
<b>Add:</b> Transfer from Reserves	0	0	0
<b>Add:</b> 2009/10 Surplus	245,000	61,250	306,250
	<b>584,248</b>	<b>146,063</b>	<b>730,310</b>
<b>Less:</b> Distributed to authorities	245,000	61,250	306,250
<b>Balance as at 31<sup>st</sup> March 2010</b>	<b>339,248</b>	<b>84,812</b>	<b>424,060</b>

### Total Earmarked Reserves of the Constituent Authorities

The following table shows the position on all the Earmarked Reserves of the Constituent Authorities as at 31<sup>st</sup> March 2010:

	Durham County Council 80% £	Spennymoor 20% £	Total £
Major Capital Works Reserve	524,771	131,193	655,964
Masterplan Reserve	13,000	3,250	16,250
Small Plant Reserve	14,401	3,600	18,001
Central Heating Reserve	18,401	4,600	23,001
General Reserve – General Fund Balance	339,248	84,812	424,060
<b>Total Constituent Authorities Reserves as at 31<sup>st</sup> March 2010</b>	<b>909,821</b>	<b>227,455</b>	<b>1,137,276</b>



## Statement of Accounting Policies

### 1. General Principles

The Joint Committee's accounting policies (and indeed the financial Statements included in this document) have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice 2009 (the SORP) and the Best Value Accounting Code of Practice (BVACOP), both issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The accounting policies and estimation techniques applied have been selected and exercised having regard to the accounting principles and concepts set out in FRS18.

The financial statements contained in the Statement of Accounts take into account the recommended accounting principles wherever possible and any departures from the recommended practice are identified in the following notes.

The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

These accounts have been prepared on a going concern basis since the Joint Committee is expected to remain in operational existence for the foreseeable future and there is no intention to significantly curtail the scale of operations.

### 2. Revenue Accounts

#### Accruals of Income and Expenditure

Revenue transactions are recorded on an income and expenditure basis. That is, sums due to or from the Joint Committee during the year are included whether or not the cash has actually been received or paid in the year. This is called accruals accounting and is in accordance with the Code of Accounting Practice and SSAPs. Income and Expenditure are accounted for in the year in which they arise by the creation of debtors and creditors, including estimates where appropriate. Debtors are included to represent the value of goods supplied or services rendered by the Council during the financial year and creditors are included to represent goods received or services provided to the Council during that period.

#### Value Added Tax

VAT is included in income and expenditure accounts, whether of a capital or revenue nature, only to the extent that it is irrecoverable.

#### Interest

All surplus capital and revenue monies are externally invested in accordance with Durham County Council's Local Code of Treasury Management. Interest payable on external borrowings and investment income is accounted for on an accruals basis.

#### Post Balance Sheet Events

Where a material post balance sheet event occurs which provides additional evidence relating to conditions existing at the balance sheet date; or indicates that application of the going concern concept to a material part of the authority is not appropriate; then changes are made in the amounts to be included in the Statement of Accounts.

Any occurrence of a material post balance sheet event which concerns conditions which did not exist at the balance sheet date, are fully disclosed. The disclosure states the nature of the event and, where possible, an estimate of the financial effect of the event.

## Foreign Currency Translation

Income and expenditure arising from a transaction denominated in a foreign currency is translated into £ sterling at the exchange rate in operation on the date on which the transaction occurred; if the rates do not fluctuate significantly, an average rate for a period will be used as an approximation. Where the transaction is to be settled at a contracted rate, that rate will be used.

At each balance sheet date, monetary assets and liabilities denominated in a foreign currency are translated by using the closing rate or, where appropriate, the rates of exchange fixed under the terms of the relevant transactions.

## 3. Current Assets

### Stocks and Work in Progress

Stocks where applicable are valued and included in the Balance Sheet at current market value. This is a departure from the requirements of the Code of SSAP 9, which requires stocks to be shown at actual costs or net realisable value, if lower. The effect of this different treatment has not been quantified, but the opinion is held that because of the low levels of stocks held, any difference in value would be immaterial.

### Investments

Short term Investments are shown in the Balance Sheet at their nominal value. However, in accordance with the requirements of SORP 2008, the notes to the Balance Sheet include a disclosure pertinent to the scope and significance and these financial instruments.

### Provision for Bad and Doubtful Debt

All outstanding debts are pursued in accordance with the Crematorium's Debt Management Strategy and are reviewed on an ongoing basis. Known uncollectable debts are written off.

## 4. Revenue Provisions

Provisions are required for any liabilities or losses that are likely to be incurred, or certain to be incurred, but where uncertainty exists as to the amounts or the dates on which they will arise. Provisions are required to be recognised when: -

- ◆ The crematorium has a present obligation (legal or constructive) as a result of a past event;
- ◆ It is probable that a transfer of economic benefits will be required to settle the obligation; and
- ◆ A reliable estimate can be made of the amount of the obligation.

A transfer of economic benefits or other event is regarded as probable if the event is more likely than not to occur. If these conditions are not met, no provision is recognised.

Provisions are required for any liabilities of uncertain timing or amounts that have been incurred.

Provisions are charged to the appropriate revenue account; when payments for expenditure are incurred to which the provision relates they should be charged direct to the provision. The amount recognised as a provision is the best estimate taking into account the risks and uncertainties surrounding the events.

## 5. Capital Accounts

### Tangible Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets, has been capitalised in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice 2008 (the SORP)

#### Recognition

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Expenditure on fixed assets is capitalised, provided that the fixed asset yields benefit to the authority and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets that is charged direct to service revenue accounts.

Assets acquired under finance leases and hire agreements are capitalised in the Council's accounts on the basis of their notional capital value as notified by the Lessor or Hirer. Operational assets have been included in the Balance Sheet at the lower of net current replacement cost or net realisable value.

#### Measurement

All additions are included in the accounts at their cost of acquisition. The basis of the valuation of Fixed Assets is shown below:-

Asset Type	Basis of Valuation
Buildings	Depreciated Replacement Cost
Vehicles, Plant & Equipment	Historical Cost

Fixed Assets of Vehicles, Plant and Equipment were last re-valued by the District Valuer, Mr. D. Wyatt MRICS, as at 31st March, 2006, in accordance with RICS Appraisal and Valuation Manual as published by the Royal Institute of Chartered Surveyors (RICS).

Buildings were revalued by Mr K McGorie MRICS, as at 31 March 2008 in accordance with RICS Appraisal and Valuation Manual as published by the Royal Institute of Chartered Surveyors (RICS).

#### Impairment

The value at which each category of assets is included in the balance sheet is reviewed at the end of each reporting period and where there is reason to believe that its value has changed materially in the period, the valuation is adjusted accordingly. Examples of events and changes in circumstances that indicate a reduction in value may have incurred include:-

- ◆ a significant decline in a fixed asset's market value during the period;
- ◆ evidence of obsolescence or physical damage to the fixed asset;
- ◆ a significant adverse change in the statutory or other regulatory environment in which the crematorium operates; and
- ◆ a commitment by the crematorium to undertake a significant reorganisation.

## Depreciation

Assets, other than land, are being depreciated over their estimated useful economic lives, in accordance with FRS 15, which came into effect from the 1 April 2000.

Depreciation is provided for on all fixed assets with a finite useful life (which can be determined at the time of acquisition or at a revaluation) and is calculated using the straight-line method.

Where depreciation is provided for, assets are being depreciated using the straight-line method over the following periods: -

Asset Type	Number of Years
Buildings	30
Vehicles	5
Other Plant & Equipment	10 to 15

## De-minimis for Capitalisation

In adopting the lead authority Durham County Council's policies, the Crematorium Joint Committee has accepted a de-minimis for Capitalisation of £10,000.

## 6. Financial Instruments

### Financial Liabilities

Under its constitution deed, the Crematorium Joint Committee is not permitted to borrow money from any source other than Durham County Council. The Crematorium Joint Committee has not undertaken any such borrowing.

### Financial Assets

The Financial Assets shown in the balance sheet represent surplus cash balances loaned to Durham County Council and fall under the Financial Instruments classification of loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market

### Loans and Receivables

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For the loan made to Durham County Council by the Crematorium Joint Committee, this means that the amount presented in the Balance Sheet is the outstanding principal receivable, and interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired, because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account.

Any gains and losses that arise on de-recognition of the asset are credited/debited to the Income and Expenditure Account.

## **7. Reserves**

Amounts set aside for purposes falling outside the definition of provision are considered as reserves and transfers to and from them are distinguished from service expenditure. Expenditure is not charged direct to any reserve.

Capital Reserves are not available for revenue purposes and certain of them, for example the Capital Adjustment Account, can only be used for specific statutory purposes.

### **Capital Adjustment Account**

The Capital Adjustment Account provides a balancing mechanism between the different rates at which assets are depreciated and financed through the capital controls system.

### **Revaluation Reserve**

The Revaluation Reserve includes cumulative unrealised revaluation gains and losses (since 1 April 2007) arising from holding fixed assets. The Crematorium's buildings have been subject to revaluation during 2009/2010, therefore a balance on this account appears in appears within the Statements.

### **Major Capital Works Reserve**

The Major Capital Works reserve has been established in order to contribute to the financing of the replacement of cremators and the redevelopment of buildings to facilitate changes to emission standards

### **Masterplan Reserve**

This reserve has been established to fund the continued development and construction of the second phase of the Memorial Garden.

### **Small Plant Reserve**

The Small Plant Fund was established in 2001/2002 to provide for future replacement of minor capital items.

### **Central Heating Reserve**

The Central Heating Fund was established in 2003/2004 to provide for future replacement of the Central Heating system, which is now 16 years old.

## **8. Changes in Accounting Practice**

### **Basis for valuation of Fixed Assets – Crematorium Building**

The Valuation basis for the crematorium building has changed during 2009/10 from Historical Cost to Depreciated Replacement Cost in line with SORP requirement regarding specialised operational properties (in the absence of sufficient market based EUV evidence).

# The Statement of Responsibilities for the Statement of Accounts

## The Joint Committee's Responsibilities

### The Joint Committee is required to:

- ◆ Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. For this purpose that officer is the Treasurer to the Joint Committee.
- ◆ Approve the Statement of Accounts

The Members of the Central Durham Crematorium Joint Committee are:



Councillor Jean Chaplow  
 Councillor Neil Foster  
 Councillor Maria Plews  
 Councillor Ronnie Rodgers  
 Councillor David Stoker  
 Councillor Les Thomson  
 Councillor Mac Williams  
 Councillor Carol Woods



**Spennymoor Town  
 Council**

Councillor John Marr  
 Councillor Joan Wood  
 Councillor Fred Walker

## The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Joint Committee's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LAASAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code of Practice").

### In preparing this Statement of Accounts, the Treasurer has:

- ◆ Selected suitable accounting policies and then applied them consistently;
- ◆ Made judgements and estimates that were reasonable and prudent;
- ◆ Complied with the Code of Practice.

In respect of the points below, reliance has been placed on the Governance Statement certified by Durham County Council.

- ◆ Keeping proper accounting records which were up to date;
- ◆ Taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Certificate of The Treasurer**

I certify that the Statement of Accounts presents fairly the financial position of the Central Durham Crematorium Joint Committee as at 31<sup>st</sup> March 2010 and its income and expenditure for the year ended 31<sup>st</sup> March 2010.

<b>Signed</b>	<b>Date</b>
<b>S. D. Crowe C.P.F.A. Corporate Director of Resources and Treasurer to the Joint Committee</b>	

## Income and Expenditure Account

This account summarises the resources that have been generated and consumed in providing and managing a Crematorium service during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed.

Year Ended 31 March 2009		Year Ended 31 March, 2010			
		Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Notes
(491)	Cremations and associated services	484	(1076)	(592)	
64	Other corporate costs	63	0	63	
<b>(427)</b>	<b>Net Cost of Services</b>	<b>547</b>	<b>(1076)</b>	<b>(529)</b>	
(23)	Interest receivable			(4)	<b>4.</b>
<b>(450)</b>	<b>Net Operating Expenditure</b>			<b>(533)</b>	
500	Distributions made to Constituent Authorities			306	<b>12.</b>
<b>50</b>	<b>Surplus (-)/Deficit for the year</b>			<b>(227)</b>	



## Statement of Movement on General Fund Balance

The purpose of this statement is to clarify how the surplus / deficit from the Income and Expenditure Account impacts the resources available to fund the activities of the Constituent Authorities.

The Income and Expenditure Account shows the Joint Committee's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the Constituent Authorities are required to raise council tax on a different accounting basis, the main difference being:

- ◆ Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed;
- ◆ Retirement benefits are charged as amounts become payable to pensions funds and pensioners rather than as future benefits are earned

This reconciliation statement summarises the difference between the surplus / deficit on the Income and Expenditure Account and the amount available to be added in the future to the General Fund Balance of each Constituent Authority.

Year Ended 31 March 2009 Net £000		Year Ended 31 March 2010 Net £000
<b>50</b>	Deficit/(Surplus) for the year on the Income & Expenditure Account	<b>(227)</b>
(59)	Net Additional Amount Required By Statute and Non-Statutory Proper Accounting Practices to be Debited or (Credited) to the General Fund Balance for the Year	227
<b>(9)</b>	<b>Decrease/(Increase) in the General Fund Balance</b>	<b>0</b>
(415)	General Fund Balance brought forward	(424)
<b>(424)</b>	<b>General Fund Balance carried forward</b>	<b>(424)</b>

## Statement of Total Recognised Gains and Losses

This statement brings together all the gains and losses of the Joint Committee for the year and shows the aggregate increase in its net worth. In addition to the surplus generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets.

Year Ended 31 March 2009 £000		Year Ended 31 March 2010 £000	Notes
50	(Surplus) / deficit for the year on the Income and Expenditure Account	(227)	
0	Surplus arising from the revaluation of Fixed assets	(192)	<b>7,11</b>
0	Surplus arising on the revaluation of available for sale financial assets	0	
0	Any other gains and losses required to be included in the STRGL	0	
<b>50</b>	<b>Total Recognised Gains(-) Losses for the year</b>	<b>(419)</b>	

## Balance Sheet as at 31 March 2010

Year Ended 31 March 2009 £000		Year Ended 31 March 2010 £000	Notes
	<b>Fixed Assets:</b>		
	<b>Operational Assets:</b>		
324	- Other land and buildings	498	
45	- Vehicles, plant, furniture and equipment	38	
<b>369</b>	<b>Total Fixed Assets</b>	<b>536</b>	<b>7.</b>
	<b>Current Assets:</b>		
25	- Debtors	258	<b>9.</b>
363	- Investments	851	<b>17.</b>
781	- Cash and Bank	86	
<b>1,169</b>	<b>Total Current Assets</b>	<b>1,195</b>	
	<b>Current Liabilities:</b>		
(284)	- Creditors	(58)	<b>10.</b>
<b>(284)</b>	<b>Total Current Liabilities</b>	<b>(58)</b>	
<b>1,254</b>	<b>Total Assets less Liabilities</b>	<b>1,673</b>	

Year Ended 31 March 2009 £000	Financed By:	Year Ended 31 March 2010 £000	Notes
369	Capital Adjustment Account	350	<b>11.</b>
424	General Reserve - General Fund Balance	424	<b>12.</b>
0	Revaluation Reserve	186	<b>11.</b>
461	Earmarked Reserves	713	<b>11.</b>
<b>1,254</b>	<b>Total Net Worth</b>	<b>1,673</b>	

## The Cash Flow Statement

Year Ended 31 March 2009 £000		Year Ended 31 March 2010 £000	Notes
	<b>Revenue Activities</b>		
	Cash Outflows		
206	Cash paid to and on behalf of employees	213	
696	Other operating cash payments	841	
<b>902</b>		<b>1,054</b>	
	Cash Inflows		
	Cash received for goods and services		
(1,178)	Other operating cash receipts	(842)	
<b>(276)</b>	<b>Net cash inflow(-)/ outflow from revenue activities</b>	<b>212</b>	<b>20</b>
	<b>Dividends and Joint Ventures and Associates</b>		
	Cash Inflows		
0	Dividends received	0	
0	<b>Net cash inflow(-)/ outflow from Joint Ventures and Associates</b>	<b>0</b>	
	<b>Returns on Investments and Servicing of Finance</b>		
	Cash Outflows		
0	Interest paid	0	
0	Interest element of finance lease payments	0	
	Cash Inflows		
(10)	Interest received	(17)	
<b>(10)</b>	<b>Net cash inflow(-)/ outflow from returns on investments</b>	<b>(20)</b>	<b>20</b>
	<b>Capital Activities</b>		
	Cash Outflows		
0	Purchase of fixed assets	0	
0	Other capital cash payments	0	
	Cash Inflows		
	Sale of fixed assets	0	
	Other capital cash received	0	
<b>0</b>	<b>Net cash inflow(-)/ outflow from capital activities</b>	<b>0</b>	
	<b>Management of Liquid Resources</b>		
<b>0</b>	<b>Net (increase) / decrease in short term deposits</b>	<b>500</b>	<b>20</b>
	<b>Financing</b>		
	Cash Outflows		
0		0	
<b>0</b>	Cash Inflows	<b>0</b>	
<b>(286)</b>	<b>Net (increase) / decrease in cash</b>	<b>695</b>	<b>20</b>

## Notes to the Core Financial Statements

### 1. Officers' Emoluments

There were no employees whose remuneration, including any redundancy / lump sum payments but excluding any pension contributions, exceeded £50,000 in the current or previous year.

### 2. Related Party Transactions

In accordance with FRS8 issued by the Accounting Standards Board, the Joint Committee is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Joint Committee or to be controlled or influenced by the Joint Committee. Disclosure of these transactions allows readers to assess the extent to which the Joint Committee might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Joint Committee.

The Joint Committee's membership and responsibilities are set out in the Statement of Responsibilities on page 13. The powers delegated to the Joint Committee by the constitution deed are restricted to those relevant to the provision and maintenance of crematoria under the Cremation Acts of 1902 and 1952. Neither Constituent Authority is considered to be the ultimate controlling party.

In addition to the transactions with the Constituent Authorities as set out in note 12 below, £668,670 (2008/09 £611,500) was paid to Durham County Council in respect of expenses born on behalf of the Joint Committee and a further £50,440 (2008/09: £48,048) was paid to Durham County Council in respect of non-domestic rates. At the balance sheet date an amount of £214,896 was repayable by Durham County Council (2008/09: amount payable to Durham County Council of £209,707).

### 3. Audit Costs

In 2009/2010 Central Durham Crematorium Joint Committee incurred the following fees relating to external Audit

Year Ended 31 March 2009 £000		Year Ended 31 March 2010 £000
21	Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	13
0	Fees payable in respect of other services provided by the appointed auditor	0
0	Fees payable in respect of statutory inspection	0
<b>21</b>	<b>Total Audit Costs</b>	<b>13</b>

### 4. Interest Receivable

Year Ended 31 March 2009 £000		Year Ended 31 March 2010 £000
13	Investment interest	3
10	Bank Interest	1
<b>23</b>	<b>Total Interest Receivable</b>	<b>4</b>

## 5. Agency Income and Expenditure

There are no amounts identified in respect of agency income or expenditure

## 6. Explanation of the significance of the Statement of Movement on the General Fund Balance

The Income and Expenditure Account summarises all of the resources that the Joint Committee has generated, consumed or set aside in providing its service during the year. However, this accounting basis is currently out of line with the statutory provisions that specify the net expenditure that the Constituent Authorities need to take into account when setting local taxes. In order to give a full presentation of the financial performance of an authority during the year and the actual spending power carried forward to future years, the outturn on the Income and Expenditure Account needs to be reconciled to the balance established by the relevant statutory provisions.

The Statement of Movement on the General Fund Balance provides the necessary reconciliation. The full significance of the Statement for local taxation is described in the introduction to the statement itself.

## 7. Breakdown of reconciling items in the Statement of Movement on the General Fund Balance

Year Ended 31 March 2009 £000 Net £000		Year Ended 31 March 2010 £000 Net £000
	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the movement on the General Fund Balance for the year:	
(173)	Depreciation and impairment of fixed assets	(25)
(18)	Amounts treated as revenue expenditure in accordance with the SORP but which are classified as capital expenditure by statute	(3)
	Transfers to or from the General Fund Balance that are required to be taken into account when determining the movement of the General Fund Balance for the year:	
132	Net Transfers (from)/to earmarked reserves	255
(59)	<b>Net Additional Amount Required by Statute and Non-Statutory Proper Accounting Practices to be Debited or (Credited) to the General Fund Balance for the Year</b>	<b>227</b>

## 7. Movement on Fixed Assets

	Operational Assets		
	Other Land & Buildings	Vehicles, plant, furniture and equipment	Total
	£000	£000	£000
Gross Book Value @ 01/04/09 [Restated]	614	75	689
Revaluations	(99)	0	(99)
Additions	0	0	0
Disposals	0	0	0
<b>Gross Book Value @ 31/03/10</b>	<b>515</b>	<b>75</b>	<b>590</b>
Less:			
Depreciation Accumulated	290	30	320
Accumulated Depreciation written off in year due to revaluation	(290)	0	(290)
Depreciation for Year	17	7	24
Impairments in the year	0	0	0
<b>Depreciation @ 31/03/10</b>	<b>17</b>	<b>37</b>	<b>54</b>
<b>Net Book Value @ 31/03/10</b>	<b>498</b>	<b>38</b>	<b>536</b>
<b>Net Book Value @ 31/03/09</b>	<b>324</b>	<b>45</b>	<b>369</b>

### Ownership of Assets

Included in Fixed Assets above are all of the buildings, vehicles, plant, furniture and Equipment, used by the Joint Committee in the provision of crematoria services at the Crematorium site. Legal title of the buildings is vested in Durham County Council. A view has been taken based on the principles set out in FRS 5: *The Substance of Transactions* that substantially all of the risk and rewards of ownership of these buildings has been passed to the Joint Committee. The rights and obligations conferred to the Joint Committee under its constitution agreement enable it to obtain the future economic benefits that will be derived from the use of the buildings and also to restrict the access of the Constituent Authorities to these benefits.

The land upon which the Crematorium is built is treated separately. It is not included in these accounts as an asset of the Joint Committee and instead appears in the accounts of Durham County Council as a Community Asset.

### Depreciation

Details of the depreciation methods used and the useful lives applicable to each type of asset can be found in the Statement of Accounting Policies on page 11.

*Changes in Depreciation Methods*

There were no changes in depreciation methods during 2009/2010.

*Impairment / Revaluation*

An Impairment Review of the Joint Committee's Asset Register has been undertaken by Kevin McGorie MRICS at 31 March 2010. No assets have been impaired during 2009/2010.

The Revaluation Review of the Crematorium Building has highlighted a change in valuation basis from Historical Cost to Depreciated Replacement Cost in line with the SORP requirement regarding specialised operational properties (in the absence of sufficient market based EUV evidence). This has resulted in a downward **Gross Book** Valuation of £98,778. **The Current Value before Depreciation** however shows an upward revaluation (shown in the STRGL and Revaluation Reserve) of £191,803.

*Valuation Information*

	Other Land and Buildings £000	Vehicles Plant and Equipment £000	Total £000
Valued at Depreciated Replacement Cost	498	0	498
Valued at Historic Cost in:			
2009/2010	0	0	0
2008/2009	0	0	0
2007/2008	0	0	0
2006/2007	0	0	0
2005/2006	0	38	38
<b>Total</b>	<b>498</b>	<b>38</b>	<b>536</b>

*Analysis of Net Assets Employed*

Year Ended 31 March 2009 £000		Year Ended 31 March 2010 £000
1,254	General Fund	1,673
<b>1,254</b>	<b>Total Net Assets Employed</b>	<b>1,673</b>



## 8. Capital Expenditure and Sources of Finance

Year Ended 31 March 2009 £000		Year Ended 31 March 2010 £000
	<b>Capital Expenditure</b>	
18	Revenue expenditure funded from capital under statute	3
0	Vehicles, plant, furniture and equipment	0
<b>18</b>	<b>Total Expenditure</b>	<b>3</b>
	<b>Sources of Finance</b>	
18	Masterplan Reserve	3
0	Cremator Reline Fund	0
<b>18</b>	<b>Total Financing</b>	<b>3</b>

## 9. Debtors

Year Ended 31 March 2009 £000		Year Ended 31 March 2010 £000
25	Trade debtors	42
0	Less provision for bad debts	(1)
0	Durham County Council Account	217
<b>25</b>	<b>Total Debtors</b>	<b>258</b>

## 10. Creditors

Year Ended 31 March 2009 £000		Year Ended 31 March 2010 £000
74	Sundry Creditors	58
210	Durham County Council Account	0
<b>284</b>	<b>Total Creditors</b>	<b>58</b>

During 2008/2009, Creditor provision was made for £210,000 to Durham County Council in relation to the reimbursement of invoices paid by the Former City of Durham Council on behalf of the Joint Committee (as per note 8 above)

During 2009/10 a duplicate payment was made in respect of the £210,000, therefore provision has been made for the repayment from the Joint Committee within the 2009/2010 accounts ( as per note 7 above)

## 11. Reserves

The Joint Committee keeps a number of reserves in the Balance Sheet. Some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

	Opening Balance	Gains or losses	Transfers	Closing Balance	Further details of movement
	£000	£000	£000	£000	
Capital Adjustment Account	369	0	(19)	350	below
Constituent Authorities General Reserve	424	0	0	424	Note 12
Revaluation Reserve	0	192	(6)	186	below
Constituent Authorities Earmarked Reserves	461	0	252	713	below
<b>Total</b>	<b>1,254</b>	<b>192</b>	<b>227</b>	<b>1,673</b>	

### *Movement on the Capital Adjustment Account*

The balance on the Capital Adjustment Account represents timing differences between the amount of the historical cost of fixed assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

	£000
<b>Balance at 1 April 2009</b>	<b>369</b>
Financing from Masterplan reserve	3
Depreciation	(19)
Revenue Expenditure funded from Capital under Statute	(3)
<b>Balance at 31 March 2010</b>	<b>350</b>

### *Movement on the Revaluation Reserve*

The Revaluation Reserve contains revaluation timing differences between the amount of the historical cost of fixed assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

	£000
<b>Balance at 1 April 2009</b>	<b>0</b>
Revaluation Gains	192
Adjustment re Historic Cost and Current Cost Depreciation	(6)
<b>Balance at 31 March 2010</b>	<b>186</b>

## 12. General Fund - Constituent Authorities Accounts

Year Ended 31 March 2009				Year Ended 31 March 2010		
Durham County Council £000	Spennymoor Town Council £000	Total £000		Durham County Council £000	Spennymoor Town Council £000	Total £000
332	83	415	<b>Balance Brought Forward</b>	339	85	424
407	102	509	Add: Share of Trading Surplus	245	61	306
0	0	0	Add: Transfers from Reserves	0	0	0
739	185	924		584	146	730
400	100	500	Less Payments	245	61	306
<b>339</b>	<b>85</b>	<b>424</b>	<b>Balance Carried Forward</b>	<b>339</b>	<b>85</b>	<b>424</b>

### 13. Contingent Assets

There are no contingent assets identified in respect of the financial year 2009/2010

### 14. Contingent Liabilities

There are no contingent liabilities identified in respect of the financial year 2009/2010

### 15. Accounts Authorised for Issue

The 2009/10 Statement of Accounts were authorised for issue on 30 June 2010 by the Members of the Central Durham Crematorium Joint Committee.

### 16. Retirement Benefits

The employees of the Joint Committee are participants in the Durham County Pension fund, a defined benefit scheme which is also a multi-employer scheme. The fund actuaries, Hewitt Associates Ltd have indicated that it is not possible to identify on a consistent basis the assets and liabilities relating to those smaller bodies within the Fund. The Committee is classified within the fund as a small body. In this circumstance FRS 17 requires that the disclosure in the financial statements is made as that for a defined contribution scheme basis.

The contributions to the Fund were:

	31 March 2009 £000	31 March 2010 £000
Employees	9	9
Employers	28	31
Employers in respect of added years	5	4
<b>Total</b>	<b>42</b>	<b>44</b>

A contribution of £4,268 regarding added years was outstanding as at 31 March 2010.

Accounting standard, Financial Reporting Standard 17: "Retirement Benefits" has been introduced for schemes such as the Durham County Council Pension Fund, paragraph 9(b) of FRS 17 requires the Joint Committee to account for pension costs on the basis of contributions actually payable to the scheme during the year.

The Joint Committee is classified within the fund as a small body and as such does not have individually assessed employer contribution rates. In this circumstance, the Joint Committee has to disclose the deficit on the pension scheme as a whole, and the impact of this deficit.

As stated in the Durham County Council Pension Fund Valuation Report dated 31st March, 2007 the deficit relative to the funding target is £382.1 million and the impact on the Councils' employer contributions is as follows 2008/2009 19.% 2009/2010 19.4% and 2010/2011 19.7%.

## 17. Financial Instruments – Assets and Liabilities

### *Borrowing*

Under its constitution deed the Crematorium Joint Committee is not permitted to borrow money from any source other than Durham County Council. During 2009/10 no loans were taken with Durham County Council.

### *Investments*

	31 March 2010	31 March 2010	31 March 2009	31 March 2009
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
<b>Investments</b>	<b>851</b>	<b>851</b>	<b>363</b>	<b>363</b>

The investments shown in the balance sheet represent surplus cash balances loaned to Durham County Council, which are repayable on demand, plus accrued interest. Due to the short term nature of the loan, interest due is calculated at the average current account rate. As this investment is pooled within Durham County Council's investment portfolio a higher rate is achievable than that available in the market. The interest income on Loans and Receivables included above is £619 (£13,434: 2008/2009).

There is no difference between the carrying value of this deposit and its fair value.

## 18. Nature and Extent of Risks arising from Financial Instruments

Whilst the Joint Committee's use of financial instruments is very limited, its activities may expose it to the following possible financial risks. However such exposure to risk is considered not material.

- *Credit Risk* - the possibility that other parties might fail to pay amounts due to the Joint Committee
- *Market Risk* – the possibility that Financial loss might arise as a result of changes in interest rates and stock market movements

Risk Management is carried out by Durham County Council's Treasury Management Team, under the policies approved the Council in the Annual Treasury Management Strategy.

#### *Credit Risk*

Credit Risk arises from deposits with banks and financial institutions, as well as credit exposures to the Joint Committee's customers. The Joint Committee has all deposits with Durham County Council. The Joint Committee does not expect any losses from non – performance by its counter party Durham County Council in relation to such deposits.

The following analysis summarises the Joint Committees potential maximum exposure to credit risk, based on experience of default and uncollectability, adjusted to reflect current market conditions where appropriate

	31 March 2010	Historical Experience of default	Historical experience adjusted for Market conditions 31 March 2010	Estimated Maximum exposure to default and uncollectability
	£ 000 A	% B	% C	£000 (A*C)
Local Authority	851	0	0	0
Customers	42	0	0	0

The historical experience for default of customers has been derived from actual losses occurring from 31 March 2006 to 31 March 2010.

Although debts are due immediately, the Joint Committee generally allows customers up to 30 days for payment. There is no amount outstanding past its due date for payment.

#### *Market Risk*

##### Interest Rate Risk

The Joint Committee is exposed to limited risk in terms of its exposure to interest rate movements on its investments. A rise in interest rates would have the following effect:

- Investments at variable rates – the income credited to the Income and Expenditure Account will rise.
- If interest had been 1% higher and all other variables held constant, the financial effect on the Income and Expenditure would be an additional £5,993. The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

At the balance sheet date the Joint Committee has total liabilities of £58k and total assets of £1,195k. The total liabilities represent Sundry Creditors (2007/08: £284k) of short-term trade payables whose carrying amount is not considered to differ from their fair value.

**19. Post Balance Sheet Events**

There were no events arising after the Balance Sheet date and up to the approval date that materially affected the amounts included or the fair presentation of the financial statements.

**20. Notes Relating to the Cash Flow Statement**

*Reconciliation of Net Surplus/ Deficit on the Income and Expenditure Account to the Revenue Activities Net Cash Flow in the Cash Flow Statement:*

Year Ended 31 March 2009		Year Ended 31 March 2010
50	<b>(Surplus)/Deficit from Income and Expenditure Statement</b>	(227)
	<b>Non-cash transactions:</b>	
(173)	Depreciation and impairment of Fixed Assets	(25)
	<b>Debtors and Creditors</b>	
(163)	Net movement in debtors and creditors	447
	Stock and provisions	0
	<b>Items classified in another category in cash flow statement</b>	
10	Interest received	17
<b>(276)</b>	<b>Net Cash flow from Revenue Activities</b>	<b>212</b>

*Movement in Cash reconciled to the Movement in Net Debt:*

	2009/10 £000
<b>Increase (-)/ Decrease in cash during the year</b>	695
Cash inflow (-)/ outflow from short term investments	(487)
Cash inflow (-)/ outflow from long term investments	0
<b>Change in net debt</b>	208
Net funds at 1 April 2009	1,144
<b>Net Funds at 31 March 2010</b>	<b>936</b>

*Movement in Cash and Cash Equivalents:*

Year Ended 31 March 2009		2009/10	
		Balance 31.3.10 £000s	Movement in Year £000
781	Cash and Bank Balances	86	695
<b>781</b>	<b>Net Movement</b>	<b>86</b>	<b>695</b>

*Reconciliation of Management of Liquid Resources and Financing items:*

Balance 1.4.09 £000s		2009/10	
		Balance 31.3.10 £000s	Movement in Year £000
350	Short Term Investments	850	500
13	Interest	1	12
<b>363</b>	<b>Net Movement</b>	<b>851</b>	<b>487</b>

# Annual Governance Statement

## 1. Scope of Responsibility

The Central Durham Crematorium Joint Committee is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. It also has a responsibility under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy efficiency and effectiveness. This Committee was jointly established by the City of Durham Council and Spennymoor Town Council. Following Local Government Reorganisation, as successor to the City of Durham Council, Durham County Council acts as the lead authority.

In discharging this overall responsibility, the Central Durham Crematorium Joint Committee is also responsible for putting in place proper arrangements for the governance of its affairs and for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

The Central Durham Crematorium Joint Committee has adopted and operates under the Code of Corporate Governance (the Local Code), policies and strategies including Contract Procedure rules, Financial procedure rules, financial regulations, developed, agreed and adopted by the Durham County Council, its lead authority.

This statement explains how the Central Durham Crematorium Joint Committee has complied with the code and also meets the requirements of Regulation 4(2) of the Accounts and Audit regulations 2003 as amended by the Accounts and Audit (Amendment) (England) regulations 2006 including circular 03/2006 which replaces the publication of a statement of internal control with an annual governance statement.

## 2. The Purpose of the Governance Framework

The Governance framework comprises the systems, processes, culture and values by which the Central Durham Crematorium 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.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Central Durham Crematorium Joint Committee's aims and objectives, its policies and procedures, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Central Durham Crematorium Joint Committee for the year ended 31<sup>st</sup> March 2010 and up to the date of approval of the annual report and statement of accounts.



### 3. The Governance Framework

The governance framework supports the Central Durham Joint Crematorium in establishing, implementing and monitoring policies and objectives. The system of internal control refers to the system by which the Central Durham Crematorium Joint Committee directs and controls its operational functions and relates this to the community it serves. It is therefore the totality of the strategies and objectives of the joint committee and the management systems, procedures, and structures it has adopted, that together determine and control the way in which the Central Durham Joint Crematorium manages its business, and sets about delivering its services to meet those objectives.

The system of internal control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers appointed by the joint committee to facilitate its effective and efficient operation by enabling it to respond appropriately to significant business, operational, financial, compliance and other risks to achieve its objectives. The Central Durham Joint Crematorium's system of internal control reflects its control environment which encompasses its organisational structure.

In particular, the system includes control activities, information and communication processes and processes instigated by the Joint Committee and its lead authority for monitoring the continuing effectiveness of the system of internal control.

The key elements of the systems and processes that comprise the Joint Committee's governance arrangements include:

**Defining and documenting the roles and responsibilities of the Central Durham Crematorium Joint Committee member and officer functions, with clear delegation arrangements and protocols for effective communication**

The Joint Committee ensures that the necessary roles and responsibilities for the Governance of the crematorium are identified and allocated so that it is clear who is accountable for decisions that are made. The Joint Committee does this by:

- ◆ Electing a Chair, Vice Chair with defined executive responsibilities.
- ◆ The Central Durham Crematorium Joint Committee's Constitution which clearly describes the roles of the Chair and Vice Chair.
- ◆ Adopting Durham County Councils constitution, undertaking regular reviews of the operation of both the Joint Committee and Council Constitutions.
- ◆ Ensuring that all policy and decision making is facilitated through the Central Durham Crematorium Committee with all party membership being drawn from the constituent authorities.
- ◆ Making Durham County Council's nominated Senior Officer responsible for the proper administration of its financial affairs (Treasurer)
- ◆ Developing protocols that ensure effective communications between Members and Officers.
- ◆ Regularly reviewing the Corporate Governance arrangements in place.

**Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and officers**

The Joint Committee fosters a culture of behaviour based on shared values, high ethical principles and good conduct. The Joint Committee does this by:

- ◆ Adopting the Human Resource policies, plans and procedures of the lead authority, Durham County Council.
- ◆ Establishing and keeping under review, systems for reporting and dealing with any incidents of fraud and corruption.
- ◆ The Crematorium's values on leadership as set out in the business plan.
- ◆ Appropriate and timely advice, guidance and training for both Members and Officers.

**Reviewing and updating financial instructions and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required in managing risks.**

The Council and Joint Committee Constitutions set out how they operate, how decisions are made and the procedures which are followed to ensure that these are effective, transparent and accountable to service users

A risk management approach is in operation that aids the achievement of strategic objectives, supports decision making processes, protects the reputation and other assets of the Crematorium and is compliant with statutory and regulatory obligations. The Joint Committee ensures that the risk management approach:

- ◆ Is conducted in accordance with the risk management policy and strategy of Durham County Council. The Crematorium Superintendent is advised by the corporate risk management working group where strategic and operational risks are considered.
- ◆ Involves regular reports by internal audit, to standards defined in the CIPFA code of practice, and in accordance with the Accounts and Audit Regulations 2003. These include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the system of internal control, at the crematorium, together with recommendations for improvement
- ◆ Involves independent annual audits carried out by the Audit Commission with the recommended outcome of these reviews actioned and undertaken.
- ◆ Ensures financial management is undertaken by the Neighbourhood Services Head of Finance, HR and Business Support under the scheme of delegated responsibilities by the Treasurer of the Joint Committee in accordance with the standing orders, contract procedure and procurement rules, financial regulations and financial procedure rules of Durham County Council.
- ◆ Ensures comprehensive monthly budgetary control systems including the preparation of regular financial reports which indicate actual expenditure against budget and forecast year end positions are undertaken and reported quarterly to the Joint Committee.
- ◆ Ensures SMART targets are set to measure financial and other performance
- ◆ Ensures clearly defined capital expenditure guidelines are adhered to

#### 4. Review of Effectiveness

Central Durham Crematorium Joint Committee has responsibility for conducting, at least annually, a review of the effectiveness of its system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates.

The Crematorium Joint Committee has established the following processes to achieve this aim:

- ◆ Formalised arrangements with Durham County Council for the provision of internal audit through the development of a formal service level agreement.
- ◆ Strengthened existing internal audit arrangements through an agreed annual plan of work covering all key financial systems for the year and the production of an annual report to inform the annual governance statement
- ◆ Risk based assessments of key financial systems (as agreed in the annual plan of work) carried out in the final quarter of the financial year to ensure maximum coverage of the Crematorium's financial transactions and provide an informed opinion on the robustness, adequacy and effectiveness of the system of internal control, at the crematorium, together with recommendations for improvement
- ◆ The production of a Risk Register with regular reviews undertaken by the Crematorium Superintendent Registrar and action plan reports produced and approved where necessary.
- ◆ Strengthened year end procedures for producing financial statements with the production of a full closedown timetable including risk assessment and control and ensuring those involved in the closedown process are fully aware of the SORP requirements for 2009/2010
- ◆ Annual reviews of corporate governance arrangements and the annual review undertaken by the lead authority, Durham County Council, of its corporate governance arrangements, together with the arrangements that the lead authority, Durham County Council has in place to detect and deter fraud and corruption.
- ◆ Performance monitoring undertaken through the use of comparative statistics with other crematoria.
- ◆ The Internal audit section is subject to review by the Council's external auditors who report annually to the Council. The external auditors seek to place reliance on the work carried out by the Internal Audit Section.
- ◆ The Internal audit section is also subject to an annual review of its activities and performance by key senior officers of the Council in order to meet the requirements of the Accounts and Audit Regulations 2003 (amended). A formal report on the performance of the Internal Audit section is considered by the County Council's Audit Committee in this respect and this provides assurance to the Joint Committee that the Internal Audit Section is reputable and follows the required standards.
- ◆ Internal Audit Reports presented to, and reviewed by the Joint Committee
- ◆ Attendance at Regional and National Seminars in a `speaker` capacity by the Superintendent Registrar and provision of advice and mentoring to Durham university PHD students

- ◆ Commissioning of an options appraisal for procurement of replacement cremators and mercury abatement equipment to ensure the installation of such equipment by the regulatory deadline

In summary the governance framework and the system of internal control in place at the Central Durham Crematorium for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts and except for the details of internal control issues at section 5 accords with proper practice.

## 5. Significant Governance Issues

The Joint Committee is fully committed to the principles of corporate governance, and has made further progress in recent months in developing its arrangements. Following the production of the External Auditors Annual Governance Report for 2008/09 an action plan of the recommendations was produced and undertaken.

In addition to the issues contained within the action plan, Internal Audit sought assurance, via its annual plan of work and review of key systems.

The internal audit inspection resulted in a moderate assurance provision. The following governance and internal control issues have been identified:

### *Recording of Transactions*

All transactions including income should be recorded within a single general ledger to reduce the risk of error caused by manual processes. An action plan has been produced and discussions made around the system setup within the Oracle FMS and bank account arrangements. Further work will continue to ensure the recording of all transactions within Oracle

### *Stock Control*

Stock records should be held and maintained for all stocks held in emergency stores to ensure all purchases/ sales are properly accounted for. Records for emergency stocks are being compiled by the Superintendent Registrar, further work will continue to ensure that full records are established and maintained in 2010/11.

### *Treasury Management Arrangements*

Arrangements with Durham County Council regarding Treasury Management should be formally documented including the terms of agreement for all funds held on behalf of the Joint Committee. Meetings have taken place and the updated Treasury Management Strategy has been requested along with regular update reports which will be presented to the Joint Committee on a quarterly basis

**Declaration of Those Charged with Governance**

We have been advised on the implications of the result of the review of the effectiveness of the governance framework and the system of internal control by the Crematorium Joint Committee and are satisfied that plans to address weaknesses and ensure continuous improvement of the system is in place

<b>Signed</b>	<b>Date</b>
<b>Councillor Maria Plews</b> <b>Chair to the Joint Committee</b>	

<b>Signed</b>	<b>Date</b>
<b>S.D. Crowe, CPFA</b> <b>Corporate Director of Resources and</b> <b>Treasurer to the Joint Committee</b>	

## **Auditors Report**

To follow upon completion of the Audit

## Glossary of Terms

### Accounting Policies

The specific accounting bases selected and consistently followed by an organisation as being, in the opinion of management, appropriate to its circumstances and best suited to present fairly its results and financial position.

### Audit Commission

A statutory body which oversees the conduct of local authority statutory audits.

### Balance Sheet

A balance sheet is an accounting statement that shows the financial position (that is assets, liabilities and funds) of an organisation at a particular date (the balance sheet date).

### Capital Expenditure

Expenditure on the acquisition of fixed assets, or expenditure that adds to the value of fixed assets or increases the useful life of the asset.

### Capital Adjustment Account

The Capital Adjustment Account provides a balancing mechanism between the different rates at which assets are depreciated and financed through the capital controls system.

### Cashflow Statement

This financial statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

### CIPFA

The Chartered Institute of Public Finance and Accountancy.

### Income and Expenditure Account

This statement reports the net cost for the year of the function for which the Joint Committee is responsible, and demonstrates how that cost has been financed through fees and charges.

### Creditors

Amounts owed by the Joint Committee for work done, goods received or services rendered to the Council during the accounting period, but for which payment has not been made as at the balance sheet date.

### Current Asset

An asset which is expected to be disposed of, utilised or realised within twelve months of the balance sheet date.

### Current Liability

A liability which is expected to be met, within twelve months of the balance sheet date.

### Debtors

Amounts due to the Joint Committee that relate to the accounting period, and have not been received by the balance sheet date.

### Depreciation

The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset whether arising from use, effluxion of time or obsolescence through technological or market changes.

### Earmarked Reserves

These reserves represent the monies set aside that can only be used for a specific usage or purpose.

### Fixed Assets

Tangible assets that yield benefits to the authority and the services it provides for a period of more than one year.

### Revenue Expenditure

General revenue expenditure incurred in the running of the crematorium service, mainly on pay and other costs.

### Revenue Reserves (or Balances)

This is the Joint Committees accumulated surplus income (in excess of expenditure) which can be used to finance future spending.



## Certification by the Chair

I certify that the Statement of Accounts presents fairly the financial position of the Central Durham Crematorium Joint Committee as at 31 March 2010 and its income and expenditure for the year ended 31 March 2010.

<b>Signed</b>	<b>Date</b>
<b>Councillor Maria Plews</b> <b>Chair to the Joint Committee</b>	

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**Central Durham Crematorium  
Joint Committee**

**29 September 2010**

**Quarterly Update Report**



**Report of Alan José, Superintendent and Registrar to the Joint Committee**

**1. Purpose of the Report**

To give Members of the Central Durham Crematorium Joint Committee the usual information contained within the Quarterly Update.

**2. Cremations**

I have to report for your information, the following statistics relating to the Crematorium for the period 1 April 2010 to 30 June 2010 inclusive:

	<b>2009/2010</b>	<b>2010/2011</b>	<b>Change</b>
APR	170 + 6*	190	+20
MAY	169 + 2*	188 + 1*	+19-1*
JUNE	179 + 3*	184 + 1*	+5-2*
TOTAL	518 + 11*	562 + 2*	+44-9*

\* = Non Viable Foetus (NVF)      \*\* = Stillborns (STs)      \*\*\* = Body Parts

The full profile of where families came from can be seen in Appendix 2. In summary, 177 came from Durham and 385 from outside of the area. This has led to 562 cremations undertaken in this period, compared to 518 in the comparable period last year an increase of 44.

### 3. Memorial Garden

The walled memorial garden was opened in 2000. During the period 1 April 2010 to 30 June 2010 inclusive, the following Memorials have been sold:

Vase Blocks	9
Large Plaques	32
Small Plaques	7
Columbaria	<u>2</u>
<b>Total</b>	<b>33</b>

Financial Information (Net of VAT)

Vase Blocks	2,574.65
Large Plaques	8,861.10
Small Plaques	1,642.92
Columbaria	<u>2,290.00</u>
<b>Total</b>	<b>£ 15,368.67</b>

### 4. 50 Year Anniversary

A good deal of detailed work was carried out by the Clerk and the Superintendent and Registrar to put in place the agreed arrangements for the 50 Anniversary over the weekend of 6-8 August 2010.

The Dinner which was held at County Hall on Friday 6 August 2010, was a great success with 180 people in attendance. The Principal guests were:

- The Chairman of the County Council Councillor Mac Williams and his partner Pauline Adams
- Isobel Mattick – President of the Federation of Burial and Cremation Authorities
- Mr Roger Arber – Secretary of Cremation Society of Great Britain and his wife Irene Arber
- Mr Martin Birch – Chairman of Institute of Cemetery and Crematorium Management and his wife Denise Birch
- Councillor Maria Plews – Chair of the Central Durham Crematorium Joint Committee and Mr Brian Plews
- Deputy Mayor of Durham – Councillor Les Thompson and Mrs Thompson
- Mr John Parkin – Mayor of Spennymoor and Mrs Julie Parkin
- Ms Janet Officer – Chairman of British Institute of Embalmers (NE)

Other guests were made up from Councillors, Funeral Directors, Clergy and Staff.

The food was excellent and Stuart Thompson and his team did a superb job.

Two Memorial Services were held at the Crematorium, one on Saturday 7 August 2010 and the other on Sunday 8 August 2010. Both were co-

ordained by Reverend Keith Lumsdon – Vicar of St. Lukes Parish Church, Ferryhill and Dean for the Sedgefield Deanery.

Both services were well attended, the Chairman of the County Council attended on Saturday 7 August 2010 and the Mayors of Durham and Spennymoor on Sunday 8 August 2010.

The feedback from the events held to mark this important Anniversary, have been hugely positive.

The Booklet, written by the Superintendent and Registrar, printed by Inprint, was made available to each guest at the Dinner and to everyone who attended a Memorial Service.

The Superintendent and Registrar has written a series of articles for the Professional Journals and the one for the Institute of Cemetery and Crematorium Management is produced for information.

## **5. Staffing**

Mr John Dodd resigned from his post on 18 August 2010.

Mr Ray Goodson, a fully qualified Standby Cremator Operator has been engaged on a temporary contract to ensure adequate staffing cover over the next couple of months.

Mr Dodd, had gardening expertise and it is essential that an experienced Gardener be recruited at the earliest opportunity so as to ensure that the high standards of maintenance, essential at the Crematorium, are maintained.

The Superintendent and Registrar has liaised with staffing at Neighbourhood Services about this vacancy.

## **6. Joint Conference – Federation of Burial and Cremation Authorities / Cremation Society of Great Britain**

The Vice Chairman and the Superintendent attended the Joint Cremation and Burial Conference held at Stratford upon Avon in July 2010.

A number of keynote addresses were given, including those by Judith Bernstein, Head of Coroner Policy at the Ministry of Justice, who reported on the progress of Coroner's Reform which will have a major impact on the work of Crematoria.

Ahmed Azam, Leader of the Pandemic Flu Co-ordination Team, at the Home Office, reminded delegates that a Flu Pandemic was still a very high risk as far as the Government was concerned, confirmed that there should be no backtracking on Pandemic Planning.

Mr Azam expressed interest in visiting Durham to see how the plans put in place by the Crematoria and Cemeteries would work.

Simon Bennett, Head of Clinical Governance, Clinical Policy and Strategy at the Department of Health, reported on the progress towards the appointment of Medical Examiners – this issue too could have a significant impact on all Crematoria and Cemeteries.

Stephen White, Member of Council of the Cremation Society of Great Britain, gave an update on the Legal Limbs V12 & V12 Funeral Pyres.

There were some twelve other papers of high quality presented as well as a comprehensive Exhibition devoted to Cemetery and Crematorium supplies.

## **7. Recommendation**

That the Report be noted.

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**Contact: Alan José, Superintendent and Registrar**  
**Tel: 0191 384 8677**

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## **Appendix 1: Implications**

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### **Finance**

As outlined in the Report

### **Staffing**

As outlined in the Report

### **Equality and diversity**

None

### **Accommodation**

None

### **Crime and disorder**

None

### **Environment**

None

### **Human rights**

None

### **Localities and rurality**

None

### **Young people**

None

### **Consultation**

None

## Appendix 2: Breakdown of figures

	<b>Apr</b>	<b>May</b>	<b>Jun</b>		<b>Apr</b>	<b>May</b>	<b>Jun</b>
Alston				London			
America				Middlesbrough			
Ashington	1			Middleton/Teesdale			
Barnard Castle				Morpeth			
Birtley	1			Murton	3	2	2
Bishop Auckland	15	13	12	Nettlesworth			
Bishop Middleham	1	1	1	Newcastle	1	1	1
Blackhall	1		2	Newton Aycliffe	4	2	7
Boldon			1	Northallerton		1	
Burnhope				Pelaw			1
Cambridge			1	Peterlee	7	8	4
Chester-le-Street	18	6	17	Rothbury			
Cheshire				Sacrison	2	3	2
Chilton	1	4	1	Seaham	4	2	1
Consett	1	1		Seaton			
Cornsay	1			Sedgefield	4	3	2
Coundon			1	Shildon		4	2
Cowhill				Shiney Row			
Crook	11	7	13	Shotton	2	6	1
Darlington				Southampton			
Easington	5	6		South Hetton	2	1	
East Rainton				Staindrop			
Edmondsley				Stanhope	1	1	1
Esh				Stanley		4	
Esh Winning			1	Station Town		1	1
Fencehouses				Stockton			
Ferryhill	8	8	11	Sunderland	1		2
Fishburn	3	1	2	Sunnybrow	1	1	
Frosterley				Thirsk			
Gateshead				Thornley	1	3	
Great Lumley	2	2	2	Toft Hill			
Hamsterley				Tow Law			2
Hartlepool	1	2		Trimdon	4	3	2
Haswell	1	1	1	Warrington			
Hetton-le-Hole	1	2	1	Washington			
High Etherley				West Auckland	1		2
High Rickleton				West Cornforth	2	4	4
Horden	6	2	4	Wheatley Hill	1	1	3
Houghton	5	7	4	Willington	1	4	4
Howden	2		1	Wingate	4	3	1
Hunwick				Witney, Oxfordshire		1	
Kimblesworth			1	Wolsingham	3	1	1
Lanchester	1			Yorkshire			
Langley Park	2		2	London			
<b>Daily Total</b>	<b>137</b>	<b>123</b>	<b>125</b>				



## golden jubilee of Durham Crematorium

Durham Crematorium opened in August 1960. It was one of 17 crematoria to open in Great Britain that year – the most new sites in any twelve month period before or since. The Central Durham Crematorium Joint Committee, which has been responsible for the operation of the crematorium since its inception, agreed that the 50th anniversary should be marked in a number of ways; that the Superintendent & Registrar, Alan José should research and write a booklet outlining the history of the crematorium, that two memorial services take place and that a dinner be held. The focus of these events was to be the weekend of Friday 6th - Sunday 8th August 2010.

First the grand dinner took place on the 6th of August at County Hall in Durham City where 170 guests including funeral directors, clergy, funeral celebrants, doctors, organists and crematorium staff joined the guests of honour to mark the Golden Jubilee. The guests of honour were: Chairman of Durham County Council Mr Mac Williams & Pauline Adams, Councillor Isobel Mattick - President Federation of Burial & Cremation Authorities, Mr Rick Powell - Secretary of Federation of Burial & Cremation Authorities, Mr Roger Arber & Mrs Irene Arber - Secretary Cremation Society of Gt. Britain, Mr Martin & Mrs Denise Birch - Immediate Past President of the ICCM, Councillor Maria Plews & Mr Brian Plews - Chairman of CDCJC, Deputy Mayor of Durham - Mr Les Thompson & Mrs Thompson, Ms Janet Officer – Chairman British Institute of Embalmers N.E. and the Mayor of Spennymoor - Mr John Parkin & Mrs Julie Parkin.



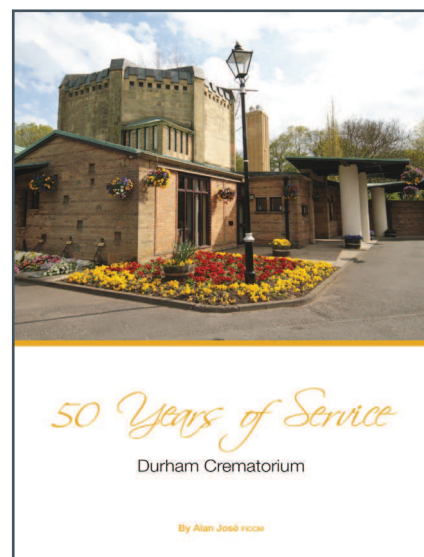
The Chairman of the County Council gave a brief history of the crematorium and of his own involvement with the building in his pre-retirement role as Health & Safety Officer and welcomed all the guests. Councillor Maria Plews (Chairman of Central Durham Crematorium Joint Committee) outlined the plans for the future including installation of new cremators and mercury abatement plant. Councillor Isobel Mattick, President of the Federation of Burial and Cremation Authorities responded on behalf of the guests, pictured above. A very enjoyable evening was had by all and the last of the stragglers were seen departing County Hall at midnight.

Before they left each guest received a copy of the comprehensive and well produced 24 page 50th Anniversary Booklet researched and written by Alan José. In the forward to the booklet Professor Hilary J. Grainger, author of *Death Redefined: British Architecture and Landscape (Reading 2006)*, describes the crematorium thus:

"Durham Crematorium is linked to those communities [it serves] by something much stronger than utilitarian purpose. It offers not only a beautiful natural landscape within which to remember the dead, but has, over time, emerged as a piece of regional history and culture. As such, Durham Crematorium occupies a well-deserved and dignified place in the life of the region."

The booklet goes on to chart the history of the crematorium – built at a cost of £62,799. 9s .0d (£62,799.45) – with archive photographs and press cuttings. The adult cremation fee on opening was £6. 6s. 0d (£6.30); in the first year 375 cremations took place. Twenty-four years later the two original cremators were replaced and, whilst works were in progress, the opportunity taken to install a new central heating system replacing the original inefficient electric under floor heating. Alan continues through the decades bringing the reader right up to date as he highlights all the major changes that have taken place and the enhancements made to the building and grounds to improve the visitor experience and comply with ever-changing legislation and greater public awareness and expectation.

In a personal message in the booklet Chairman of the Joint Committee, Cllr. Maria Plews, states, "There have been many challenges along the way.....so it is once more as the Committee has recently approved a £2.3 million scheme to install new cremators and abatement plant together with improvements to the roadways and the provision of a new and larger car park.....These works will ensure that once again Durham Crematorium will have the very latest efficient and clean cremators, and the best facilities to meet the challenges of the next 50 years."



*Reverend Ann Shepherdson, Margaret Wood (Humanist) and Reverend Keith Lumsdon*



The two memorial services were held on Saturday 7th August and Sunday 8th August and were interdenominational with representatives of the Church of England, Roman Catholic and Methodist Churches and the Humanist Society taking part. The detailed arrangements were overseen by Reverend Keith Lumsdon, Vicar of St Lukes Parish, Ferryhill and Dean for the Sedgfield Deanery. The services were well attended and the theme of thanksgiving for the lives of those cremated at Durham Crematorium and for the staff, both past and present who minister to the bereaved, was well received.

The dignitaries in attendance were the Chairman of Durham County Council - Councillor Mac Williams, the Chairman of the Central Durham Crematorium Joint Committee - Councillor Maria Plews, the Mayor of Durham - Councillor Mamie Simmonds, the Mayor & Mayoress of Spennymoor - Councillor John Parkin and Mrs Julie Parkin and the Deputy Mayor of Durham - Councillor Les Thompson.

*Mac Williams - Chairman of Durham County Council, Stephen Tinkler - Durham's cremator technician and Pauline Adams*



*Trainee cremator operator Elizabeth Wilson with Cllr Mamie Simmonds*



**Central Durham Crematorium  
Joint Committee**

**29 September 2010**



**Financial Monitoring Report –  
Position at 31/08/10, with  
Projected Outturn at 31/03/11**

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

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**Purpose of the Report**

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

**Background**

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

**Financial Performance**

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



Subjective Analysis	Base Budget 2009/10 £	Year to Date Actual – April – Aug £	Projected Outturn 2010/2011 £	Variance Over/ (Under) £
Employees	220,000	84,788	214,800	(5,200)
Premises	189,700	48,519	187,900	(1,800)
Transport	1,500	1,166	2,000	500
Supplies & Services	132,990	65,831	129,990	(3,000)
Agency & Contracted	50,230	6,839	48,318	(1,912)
Central Support Costs	32,000	0	32,000	0
<b>Gross Expenditure</b>	<b>626,420</b>	<b>207,143</b>	<b>615,008</b>	<b>(11,412)</b>
<b>Income</b>	<b>(1,094,530)</b>	<b>(481,906)</b>	<b>(1094,530)</b>	<b>0</b>
<b>Net Income</b>	<b>(468,110)</b>	<b>(274,763)</b>	<b>(479,522)</b>	<b>(11,412)</b>
<b>Transfer to Reserves</b>				
- Masterplan Memorial Garden	5,000	0	5,000	0
- Major Capital Works	141,860	0	153,272	11,412
- Small Plant	5,000	0	5,000	0
- Central Heating Renewal Fund	10,000	0	10,000	0
<b>Distributable Surplus</b>	<b>(306,250)</b>	<b>0</b>	<b>(306,250)</b>	<b>0</b>
<b>80% Durham County Council</b>	<b>245,000</b>	<b>0</b>	<b>245,000</b>	<b>0</b>
<b>20% Spennymoor Town Council</b>	<b>61,250</b>	<b>0</b>	<b>61,250</b>	<b>0</b>
<b>Central Durham Crematorium Earmarked Reserves</b>	<b>Balance @ 1 April 2010 £</b>	<b>Transfers to Reserve £</b>	<b>Transfers From Reserve £</b>	<b>Balance @ 31 March 2011 £</b>
General Reserve	(424,060)	(306,250)	306,250	(424,060)
Masterplan Memorial Garden	(16,250)	(5,000)	0	(21,250)
Major Capital Works	(655,964)	(153,272)	0	(809,236)
Small Plant	(18,001)	(5,000)	0	(23,001)
Central Heating Renewal Fund	(23,001)	(10,000)	0	(33,001)
<b>Total</b>	<b>(1,137,276)</b>	<b>(479,522)</b>	<b>306,250</b>	<b>(1,310,548)</b>

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

9. As can be seen above, the projected outturn is showing a surplus (before transfers to reserves and distribution of surpluses to the partners authorities) of £479,422, against a forecast surplus of £468,110, £11,412 more than the budgeted position.

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

#### 9.1 *Employees*

The probable outturn is projecting a £5,200 underspend based on current staffing levels. The base budget assumed a 1.0 % pay award (£2,200), however, it is anticipated that this will not materialise. In addition to this, are forecast savings totalling £3,000 within the training and staff advertising budgets.

#### 9.2 *Premises*

A NNDR Refund of £1,800 (relating to a rateable value adjustment) has been received from Durham County Council, reducing the 2010/11 costs. This refund dates back a number of years and is a one off saving in 2010/11.

#### 9.3 *Supplies and Services*

It is anticipated that £3,000 of the Public BOR Visual Reference system budget will not be spent during 2010/11.

#### 9.4 *Agency and Contracted*

The underspend on Agency and Contracted is two fold, the on- line referencing system budget of £11,912 is not now required, however the Audit Commission have advised that their costs for 2010/11 will be £13,500. This is an additional £10,000 to the current budgeted level. The external audit fee budget will need to be increased in 2011/12 to reflect these significantly higher costs.

#### 9.5 *Income*

No variance to budget are expected / reported at this stage.

#### 9.6 *Earmarked Reserves*

In line with previous practise the additional surplus generated is to be transferred to the Major Repairs Reserve at the year end.

The earmarked reserves of the CDCJC at 31 March 2011 are forecast to be £886,488, along with a General Reserve of £424,060, giving a forecast total reserve projection £1,310,548 at the year end.

### **Recommendations and reasons**

10 It is recommended that:-

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

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

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## **Appendix 1: Implications**

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### **Finance**

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

### **Staffing**

There are no staffing implications associated with this report.

### **Equality and Diversity**

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

### **Accommodation**

There are no Accommodation implications associated with this report.

### **Crime and Disorder**

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

### **Sustainability**

There are no Sustainability implications associated with this report.

### **Human Rights**

There are no Human Rights implications associated with this report.

### **Localities and Rurality**

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

### **Young People**

There are no Young People implications associated with this report.

### **Consultation**

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

### **Health**

There are no Health implications associated with this report.

**Central Durham Crematorium  
Joint Committee**

**29 September 2010**

**Risk Register Update 2010/11**



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

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**Purpose of the Report**

1. To provide an update on the current position of the Risk Register of the Central Durham Crematorium Joint Committee.

**Background**

2. A Risk Assessment report was presented to members at the 27th January, 2010 meeting which included a comprehensive risk register that identified all known risks of a Service and Operational nature, with all risks scored using the Durham County Council methodology approach to Risk Management. In approving the report, the Committee committed to regular monitoring and reporting of both strategic and operation risks.

**Risk Assessment – September 2010**

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

these. The risk matrix plots the risk to a grid based upon the assessment of likelihood and impact scores. The higher a risk is towards the top right corner of the matrix the more significant the risk is to the service.

7. As the majority of Net Risk Scores were at a low level already, there have been no changes to the majority of scores previously reported, with the exception of two risks. The review found that the majority of actions previously identified have now been completed, reducing the assessment of the risks to tolerable levels i.e. no further action(s) required.

8. The following risks have been rescored:-

Risk 3 "Impact of morale of staff due to Job Evaluation and Single Status". The previously identified actions have all been completed and all possible steps are being taken to alleviate staff concerns, resulting in the Net Score reducing from Moderate, Possible to Moderate, Unlikely.

Risk 15 "Inability to meet 2012 Legislative Change". Again, all outstanding actions have been completed and the control measures strengthened as a result, which has resulted in the Net Score reducing from Moderate, Possible to Moderate, Unlikely.

The amendments to these scores have reduced both risks to a tolerable level.

9. Risk 17 "Administrative Duties" has been closed as it was felt that this was covered by risks 4 ("Sickness Absence of Staff") & Risk 10 ("Loss of knowledge and ability to cover existing workload through staff loss").

10. Whilst risk 14 "Contractual failure in relation to future planned projects or maintenance leading to financial claims or losses and loss of reputation and income e.g. Replacement of Cremators" remains at a tolerable level currently it is recognised that this could increase once the planned work commence. The impacts will need to be reflected in the Project Plan Risk Assessment and monitored closely.

11. There are no outstanding actions.

12. As with Service Risks, the Operational Risks (i.e. those that are key to the operational areas of the service which relate to individual tasks carried out on a routine basis) have also been plotted onto a risk matrix and these are set out at Appendix 4 together with individual risk assessments for each of these. These assessments confirm that these risks are well managed and it can be demonstrated that there is a risk culture embedded within the business.

13. There have been no changes to the net risk scores and they are all at a tolerable level, however, the action in Risk 7 "Limited space in office area" may need to be re-visited if it is not addressed within the planned extension.

14. Finally, there is one possible emerging risk that may need some attention in the future and that is that the Wear Valley Crematorium at Coundon, may adversely impact still further on the Durham Crematorium. Whilst there is no immediate cause for concern this should continue to be monitored on a regular basis to identify any worrying trends as soon as possible and respond effectively.



## **Embedding Risk Management**

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

## **Conclusions**

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

## **Recommendations and Reasons**

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

## **Background Papers**

- Risk Assessment – Report to Central Durham Crematorium Joint Committee – 27 January 2010

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<b>Contact:</b>	<b>Paul Darby</b>	<b>Tel: 0191 383 6594</b>
	<b>Marian Shanks</b>	<b>Tel: 0191 372 7639</b>

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## **Appendix 1: Implications**

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### **Finance**

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

### **Staffing**

There are no staffing implications associated with this report.

### **Equality and Diversity**

There are no implications associated with this report

### **Accommodation**

There are no implications associated with this report

### **Crime and Disorder**

There are no implications associated with this report

### **Sustainability**

Risk Management improves governance arrangements and is integral to the management of the facility and has a positive influence over the sustainability of the operation.

### **Human Rights**

There are no implications associated with this report

### **Localities and Rurality**

There are no implications associated with this report

### **Young People**

There are no implications associated with this report

### **Consultation**

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

### **Health**

There are no implications associated with this report

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## Appendix 2: Durham County Council Risk Management Process

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



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

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

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

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

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

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



## DURHAM COUNTY COUNCIL – IMPACT FACTORS

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

## DURHAM COUNTY COUNCIL - LIKELIHOOD FACTORS

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

**Appendix 3: Service Risk Register**

RISK MATRIX							
5	Highly Probable						LIKELIHOOD
4	Probable						
3	Possible		11				
2	Unlikely	4,20	7,10,16	3, 15			
1	Remote	13,14, 18,19	1,2,5,6,8,12	9			
		Insignificant (Score 1-3)	Minor (Score 4-6)	Moderate (Score 7-9)	Major (Score 10-12)	Critical (Score 13-15)	
		IMPACT					

<b>Risk. No.</b>	<b>Risk – Ranked by Risk Number</b>	<b>Net Risk Score</b>	<b>Ranking</b>
1	Not implementing changes in legislation	6	8
2	Non compliance with the new fire order	6	8
3	Impact of staff morale due to uncertainty over Job Evaluation and Single Status	14	1
4	Sickness absence of key staff	6	8
5	Disclosure of confidential information through incorrect disposal / maintenance of information	5	13
6	Failure of Cremators / Specialist Equipment	6	8
7	ICT and Power Failure	10	4
8	Loss of Income/Money	5	13
9	Breakdown of Partnership	7	7
10	Loss of knowledge and ability to cover existing workload through premature staff loss	10	4
11	Managing excess deaths	12	3
12	Adverse inspection / Audit report	5	13
13	Financial Losses due to reputation	3	16
14	Contractual failure in relation to future planned projects or maintenance leading to financial claims or losses and loss of reputation and income e.g. Replacement of Cremators	3	16
15	Inability to meet 2012 legislation changes	14	1
16	Inability to recruit appropriately qualified staff at short notice	10	4
17	Administrative duties <b>CLOSED</b>		
18	Lack of awareness of the Impact of Equalities, DDA, Access to Services and Age Legislation	3	16
19	Lack of evidence for Employers Liability Claims	3	16
20	Damage to Public or Vehicles due to tree branches falling	6	8



<b>Risk. No.</b>	<b>Risk – Ranked by Net Risk Score</b>	<b>Net Risk Score</b>	<b>Ranking</b>
3	Impact of staff morale due to uncertainty over Job Evaluation and Single Status	14	1
15	Inability to meet 2012 legislation changes	14	1
11	Managing excess deaths	12	3
7	ICT and Power Failure	10	4
10	Loss of knowledge and ability to cover existing workload through premature staff loss	10	4
16	Inability to recruit appropriately qualified staff at short notice	10	4
9	Breakdown of Partnership	7	7
1	Not implementing changes in legislation	6	8
2	Non compliance with the new fire order	6	8
4	Sickness absence of key staff	6	8
6	Failure of Cremators / Specialist Equipment	6	8
20	Damage to Public or Vehicles due to tree branches falling	6	8
5	Disclosure of confidential information through incorrect disposal / maintenance of information	5	13
8	Loss of Income/Money	5	13
12	Adverse inspection / Audit report	5	13
13	Financial Losses due to reputation	3	16
14	Contractual failure in relation to future planned projects or maintenance leading to financial claims or losses and loss of reputation and income e.g. Replacement of Cremators	3	16
17	Administrative duties <b>CLOSED</b>		
18	Lack of awareness of the Impact of Equalities, DDA, Access to Services and Age Legislation	3	16
19	Lack of evidence for Employers Liability Claims	3	16

DESCRIPTION OF RISK		
Business Unit	Durham Crematorium	
Risk	1	
Risk Owner	Alan Jose	
Detail of Risk	Service Risk – Not implementing changes in Legislation	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Non compliance with the law</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Reputational Damage</li> <li>Criticism by Stakeholders</li> <li>Results in negative press coverage.</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)		1
Service Delivery Impact (1 to 5)		3
Stakeholder Impact (1 to 5)		2
<b>Total Gross Impact Score (sum above)</b>		<b>6</b>
Likelihood (1 to 5)		2
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>		<b>12</b>
Existing Control Measures		
<ul style="list-style-type: none"> <li>Regular updates from professional institutes – ICCMM &amp; FBCA</li> <li>Membership of external organisations</li> <li>Updates received from a number of sources inc Justice Dept</li> <li>Copies of periodicals circulated among staff members</li> <li>Share best practice and communication with Durham</li> <li>Copies of various periodicals received and circulated to staff</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)		1
Service Impact (1 to 5)		3
Stakeholder Impact (1 to 5)		2
<b>Total Net Impact Score (sum above)</b>		<b>6</b>
Likelihood (1 to 5)		1
<b>Total Net Risk Score (Total Impact * Likelihood)</b>		<b>6</b>
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE after taking into account existing control measures</b></li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
<b>Completed by</b>	<b>Date</b>	
T Maddison/A Jose	15/09/10	

DESCRIPTION OF RISK		
Business Unit	Durham Crematorium	
Risk	2	
Risk Owner	Alan Jose	
Detail of Risk	Service Risk – Non compliance with new fire order	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Non compliance with new fire order</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Injury to staff and public</li> <li>Damage to building</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Delivery Impact (1 to 5)	3	
Stakeholder Impact (1 to 5)	2	
<b>Total Gross Impact Score (sum above)</b>	<b>6</b>	
Likelihood (1 to 5)	2	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>12</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Staff aware of the new order.</li> <li>Responsible officer for building in place</li> <li>Fire wardens in place</li> <li>Fire extinguishers in place</li> <li>Relevant information displayed</li> <li>Auto gas control fitted in control room</li> <li>Regular inspections carried out</li> <li>Fire Alarm Testing Carried out Weekly</li> <li>Draft Fire Risk Assessment in place pending Health &amp; Safety approval.</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Impact (1 to 5)	3	
Stakeholder Impact (1 to 5)	2	
<b>Total Net Impact Score (sum above)</b>	<b>6</b>	
Likelihood (1 to 5)	1	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>6</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE after taking into account existing control measures</b></li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
Completed by	Date	
T Maddison/A Jose	15/09/10	

DESCRIPTION OF RISK		
Business Unit	Durham Crematorium	
Risk	3	
Risk Owner	Alan Jose	
Detail of Risk	Service Risk – Impact of morale of staff due to Job Evaluation and Single Status	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Job Evaluation</li> <li>Rationalisation of grades and salaries</li> <li>Job Evaluation not implemented in COD</li> <li>Job Evaluation to recommence in new Authority.</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Impact on staff morale affecting ability to deliver services</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)		1
Service Delivery Impact (1 to 5)		4
Stakeholder Impact (1 to 5)		2
<b>Total Gross Impact Score (sum above)</b>		<b>7</b>
Likelihood (1 to 5)		5
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>		<b>35</b>
Existing Control Measures		
<ul style="list-style-type: none"> <li>Regular meeting and team briefings</li> <li>Bereavement Services Manager appointed for County Council</li> <li>Staff kept fully informed of the process.</li> <li>Management participating in the process.</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)		1
Service Impact (1 to 5)		4
Stakeholder Impact (1 to 5)		2
<b>Total Net Impact Score (sum above)</b>		<b>7</b>
Likelihood (1 to 5)		2
<b>Total Net Risk Score (Total Impact * Likelihood)</b>		<b>14</b>
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE</b></li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
Completed by	Date	
T Maddison/A Jose	15/09/10	

DESCRIPTION OF RISK		
Business Unit	Durham Crematorium	
Risk	4	
Risk Owner	Alan Jose	
Detail of Risk	Service Risk – Sickness absence of key staff	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Unexpected sickness absence by key staff</li> <li>Prolonged Sickness Absences</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Failure to deliver service</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Delivery Impact (1 to 5)	3	
Stakeholder Impact (1 to 5)	2	
<b>Total Gross Impact Score (sum above)</b>	<b>6</b>	
Likelihood (1 to 5)	3	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>18</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Internal procedures and policies are in place.</li> <li>Back to Work interviews are undertaken</li> <li>Sickness Monitoring is undertake</li> <li>Family friendly policies in place with HR advice available</li> <li>Trained cremator technicians available at short notice</li> <li>Reciprocal arrangement with Mountsett Crematorium.</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Impact (1 to 5)	1	
Stakeholder Impact (1 to 5)	1	
<b>Total Net Impact Score (sum above)</b>	<b>3</b>	
Likelihood (1 to 5)	2	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>6</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE after taking into account existing control measures and TREAT</b></li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
Completed by	Date	
T Maddison/A Jose	15/09/10	

DESCRIPTION OF RISK		
Business Unit	Durham Crematorium	
Risk	5	
Risk Owner	Alan Jose	
Detail of Risk	Service Risk – Disclosure of confidential information through the incorrect disposal/maintenance of information	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Loss of data</li> <li>Data disclosed to persons not authorised</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Breach of confidentiality</li> <li>Breach of Data Protection</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Delivery Impact (1 to 5)	1	
Stakeholder Impact (1 to 5)	3	
<b>Total Gross Impact Score (sum above)</b>	<b>5</b>	
Likelihood (1 to 5)	2	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>10</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Internal procedures and policies are in place for document retention and disposal</li> <li>Secure environment for storage of information</li> <li>Passwords in place for electronic data storage</li> <li>Document retention and disposal policy in place</li> <li>Contract with Securishred</li> <li>Book of Remembrance and Registers are scanned annually and held on external hard drive.</li> <li>Improved filing/folder referencing system on the server</li> <li>Register is kept in a fire resistant safe and associated papers are kept in a separate location within the crematorium overnight.</li> <li>All records over 5 years old are stored at County Hall.</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Impact (1 to 5)	1	
Stakeholder Impact (1 to 5)	3	
<b>Total Net Impact Score (sum above)</b>	<b>5</b>	
Likelihood (1 to 5)	1	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>5</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE after taking into account existing control measures and planned actions</b></li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
A fire resistant room is to be built into the design of the new extension for the crematorium.	A Jose	30/03/2011
Completed by	Date	
T Maddison/A Jose	15/09/10	

DESCRIPTION OF RISK		
Business Unit	Durham Crematorium	
Risk	6	
Risk Owner	Alan Jose	
Detail of Risk	Service Risk – Failure of cremators/specialist equipment	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Age and wear and tear</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Impact on the ability to deliver services</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Delivery Impact (1 to 5)	3	
Stakeholder Impact (1 to 5)	2	
<b>Total Gross Impact Score (sum above)</b>	<b>6</b>	
Likelihood (1 to 5)	2	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>12</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Maintenance contract in place –response within 24 hours, services every 4 months</li> <li>Contingency plans in place to cover long term breakdown</li> <li>Daily log completed</li> <li>Set procedures in place</li> <li>Specialised trained staff available in event of failure</li> <li>Health and Safety evaluated</li> <li>Cremators relined in 2008</li> <li>Reciprocal arrangements in place with Mountset, Darlington and Sunderland Crematoriums</li> <li>Cremators to be replaced by June 2012</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Impact (1 to 5)	3	
Stakeholder Impact (1 to 5)	2	
<b>Total Net Impact Score (sum above)</b>	<b>6</b>	
Likelihood (1 to 5)	1	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>6</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE after taking into account existing control measures and planned actions</b></li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
Completed by	Date	
T Maddison/A Jose	15/09/10	

DESCRIPTION OF RISK		
Business Unit	Durham Crematorium	
Risk	7	
Risk Owner	Alan Jose	
Detail of Risk	Service Risk – IT and Power failure	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Loss of utility services</li> <li>Non delivery of Service</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Impact on the ability to deliver services</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Delivery Impact (1 to 5)	3	
Stakeholder Impact (1 to 5)	1	
<b>Total Gross Impact Score (sum above)</b>	<b>5</b>	
Likelihood (1 to 5)	3	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>15</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Business Continuity Plan in place</li> <li>Discussions with ICT undertaken</li> <li>Alternative location available for critical function</li> <li>Paper records available</li> <li>Regular backups daily and stored off site</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Impact (1 to 5)	3	
Stakeholder Impact (1 to 5)	1	
<b>Total Net Impact Score (sum above)</b>	<b>5</b>	
Likelihood (1 to 5)	2	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>10</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE after taking into account existing control measures and planned actions and TREAT</b></li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
1. Develop off site back up pack including telephone numbers and contact details	A Jose	31/03/2011
2. PC's to be replaced to ensure more robust service provision	A Jose	31/10/10
Completed by	Date	
T Maddison/A Jose	15/09/10	



DESCRIPTION OF RISK		
Business Unit	Durham Crematorium	
Risk	8	
Risk Owner	Alan Jose	
Detail of Risk	Service Risk – Loss of income/money	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Theft</li> <li>Non payment of crematorium fees</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Detrimental Impact on the service</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Delivery Impact (1 to 5)	2	
Stakeholder Impact (1 to 5)	2	
<b>Total Gross Impact Score (sum above)</b>	<b>5</b>	
Likelihood (1 to 5)	2	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>10</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Cash/cheques collected and banked in a safe and timely manner</li> <li>Any overdue accounts are subject to recovery</li> <li>Accountancy reconcile income on a regular basis</li> <li>Schedule of income maintained on a daily basis</li> <li>Reconciliation of Paying in book</li> <li>Weekly summary sheets are calculated and kept</li> <li>Written Procedures in Place for dealing with income</li> <li>Maximum levels of cash stored is £1000</li> <li>Electronic Register implemented</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Impact (1 to 5)	2	
Stakeholder Impact (1 to 5)	2	
<b>Total Net Impact Score (sum above)</b>	<b>5</b>	
Likelihood (1 to 5)	1	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>5</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE after taking into account existing control measures</b></li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
Completed by	Date	
T Maddison/A Jose	15/09/10	

DESCRIPTION OF RISK		
Business Unit	Durham Crematorium	
Risk	9	
Risk Owner	Alan Jose	
Detail of Risk	Service Risk – Breakdown of Partnership	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Partner withdraws funding</li> <li>Partner becomes insolvent</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Detrimental Impact on finances</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	2	
Service Delivery Impact (1 to 5)	3	
Stakeholder Impact (1 to 5)	2	
<b>Total Gross Impact Score (sum above)</b>	<b>7</b>	
Likelihood (1 to 5)	2	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>14</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Formal partnership agreement in place</li> <li>Maintain a good working relationship</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	2	
Service Impact (1 to 5)	3	
Stakeholder Impact (1 to 5)	2	
<b>Total Net Impact Score (sum above)</b>	<b>7</b>	
Likelihood (1 to 5)	1	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>7</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE after taking into account existing control measures</b></li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
Completed by	Date	
T Maddison/A Jose	15/09/10	

DESCRIPTION OF RISK		
Business Unit	Durham Crematorium	
Risk	10	
Risk Owner	Alan Jose	
Detail of Risk	<b>Service Risk –</b> Loss of knowledge and ability to cover existing workload through staff loss.	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Staff leaving for alternative employment</li> <li>Sudden departure of staff</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Failure in service delivery</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Delivery Impact (1 to 5)	3	
Stakeholder Impact (1 to 5)	3	
<b>Total Gross Impact Score (sum above)</b>	<b>7</b>	
Likelihood (1 to 5)	2	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>14</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Good employment terms and conditions</li> <li>Work forward planned</li> <li>Regular liaison with outside bodies – ICCM and FBCA</li> <li>Close communication with small team</li> <li>Exit interviews carried out</li> <li>Job Shadowing</li> <li>Procedure notes available for key areas</li> <li>Regular communication with staff</li> <li>Trained cremator technicians available at short notice.</li> <li>Reciprocal arrangement with Mountsett crematorium</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Impact (1 to 5)	2	
Stakeholder Impact (1 to 5)	2	
<b>Total Net Impact Score (sum above)</b>	<b>5</b>	
Likelihood (1 to 5)	2	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>10</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE</b></li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
<b>Completed by</b>	<b>Date</b>	
T Maddison/A Jose	15/09/10	

DESCRIPTION OF RISK		
Business Unit	Durham Crematorium	
Risk	11	
Risk Owner	Alan Jose	
Detail of Risk	Service Risk – Managing excess deaths	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Flu pandemic</li> <li>Catastrophic incident</li> <li>Loss of experienced staff/not enough trained staff</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Huge strain on crematorium capacity - unable to cope</li> <li>Equipment failure</li> <li>Staff Overtime</li> <li>Existing Staff Resources unable to cope</li> <li>Number of deaths too high to cope with</li> <li>Funeral Directors unable to deliver coffins</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)		2
Service Delivery Impact (1 to 5)		2
Stakeholder Impact (1 to 5)		2
<b>Total Gross Impact Score (sum above)</b>		<b>6</b>
Likelihood (1 to 5)		3
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>		<b>21</b>
Existing Control Measures		
<ul style="list-style-type: none"> <li>Internal Policies and Procedures in Place</li> <li>Testing has been carried out to ensure cremators are able to cope with 8 cremations each per day 7 days per week.</li> <li>Plans are in place should the requirement be to move from normal to enhanced operation</li> <li>Stocks of consumable spares for each cremator is purchased and stored on site</li> <li>Stocks of Cremation forms held</li> <li>Training of additional volunteer Cremator Technicians in Durham has been undertaken – working one day per month to keep up skills</li> <li>Procedure notes for administration are prepared and kept in the Crematorium/Cemetery Office</li> <li>Supplies of suitable containers for Cremated remains, flat pack urns or heavy duty plastic bags</li> <li>Excess death plan in place.</li> <li>Working with Civil Contingencies unit excess deaths group</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)		2
Service Impact (1 to 5)		1
Stakeholder Impact (1 to 5)		1
<b>Total Net Impact Score (sum above)</b>		<b>4</b>
Likelihood (1 to 5)		3
<b>Total Net Risk Score (Total Impact * Likelihood)</b>		<b>12</b>
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE after taking into account existing control measures and planned actions</b></li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
<b>Completed by</b>	<b>Date</b>	
T Maddison/A Jose	15/09/10	

DESCRIPTION OF RISK		
Business Unit	Durham Crematorium	
Risk	12	
Risk Owner	Alan Jose	
Detail of Risk	Service Risk – Adverse inspection/audit report	
BACKGROUND TO RISK VENT		
Risk Causes	<ul style="list-style-type: none"> <li>Lack of evidence for inspections</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Detrimental Impact on the service</li> <li>Reputational Damage</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Delivery Impact (1 to 5)	3	
Stakeholder Impact (1 to 5)	3	
Total Gross Impact Score (sum above)	7	
Likelihood (1 to 5)	2	
Total Gross Risk Score (Total Impact * Likelihood)	14	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Policies and procedures in place adhered to and can be evidenced.</li> <li>Filing systems in place</li> <li>New employees are subject to an induction process</li> <li>Health and Safety policy available.</li> <li>Regular Health &amp; safety inspection of building carried out and documented</li> <li>Fire Risk assessments in place</li> <li>Adequate signage for first aiders, fire wardens and fire extinguishers in place</li> <li>Staff aware of need to provide evidence of activities</li> <li>Develop Document retention register in accordance with policy</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Impact (1 to 5)	2	
Stakeholder Impact (1 to 5)	2	
Total Net Impact Score (sum above)	5	
Likelihood (1 to 5)	1	
Total Net Risk Score (Total Impact * Likelihood)	5	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE after taking into account existing control measures</b></li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
Completed by	Date	
T Maddison/A Jose	15/09/10	

DESCRIPTION OF RISK		
Business Unit	Durham Crematorium	
Risk	13	
Risk Owner	Alan Jose	
Detail of Risk	Service Risk – Financial Losses due to reputation	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Inability to provide service expected</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Detrimental Impact on the service</li> <li>Reputational Damage</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)		1
Service Delivery Impact (1 to 5)		1
Stakeholder Impact (1 to 5)		2
Total Gross Impact Score (sum above)		4
Likelihood (1 to 5)		1
Total Gross Risk Score (Total Impact * Likelihood)		4
Existing Control Measures		
<ul style="list-style-type: none"> <li>Formal procedures in place to avoid loss of reputation</li> <li>Job shadowing to encourage knowledge of all processes</li> <li>Good relations with partners and associated bodies</li> <li>Contingency Planning</li> <li>Flexible staff willing to work late and or cover other areas</li> <li>Staff carry out work on own initiative</li> <li>Options Appraisal</li> <li>Business Plans developed</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)		1
Service Impact (1 to 5)		1
Stakeholder Impact (1 to 5)		1
Total Net Impact Score (sum above)		3
Likelihood (1 to 5)		1
Total Net Risk Score (Total Impact * Likelihood)		3
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE after taking into account existing control measures</b></li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
Completed by	Date	
T Maddison/A Jose	15/09/10	

DESCRIPTION OF RISK		
Business Unit	Durham Crematorium	
Risk	14	
Risk Owner	Alan Jose	
Detail of Risk	<b>Service Risk –</b> Contractual failure in relation to future planned projects or maintenance leading to financial claims or losses and loss of reputation and income e.g. Replacement of Cremators	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Inability to deliver projects on time</li> <li>Inability to maintain equipment</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Detrimental Impact on the service</li> <li>Reputational Damage</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Delivery Impact (1 to 5)	2	
Stakeholder Impact (1 to 5)	2	
<b>Total Gross Impact Score (sum above)</b>	<b>5</b>	
Likelihood (1 to 5)	1	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>5</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Consultants are used</li> <li>Feasibility study undertaken before projects are commenced</li> <li>Options appraisal carried out</li> <li>Project managers assigned to each project.</li> <li>Project Risk Assessment will be in place</li> <li>Procedures in place for management of service vehicles whilst works are ongoing.</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Impact (1 to 5)	1	
Stakeholder Impact (1 to 5)	1	
<b>Total Net Impact Score (sum above)</b>	<b>3</b>	
Likelihood (1 to 5)	1	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>3</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE after taking into account existing control measures and planned actions</b></li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
Completed by	Date	
T Maddison/A Jose	15/09/10	

DESCRIPTION OF RISK		
Business Unit	Durham Crematorium	
Risk	15	
Risk Owner	Alan Jose	
Detail of Risk	Service Risk – Inability to meet 2012 Legislative change	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Equipment will not meet targets set by DEFRA</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Financial</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	2	
Service Delivery Impact (1 to 5)	3	
Stakeholder Impact (1 to 5)	3	
<b>Total Gross Impact Score (sum above)</b>	<b>8</b>	
Likelihood (1 to 5)	3	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>24</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Monitoring Situation</li> <li>DEFRA has reported progress is not suitable to be on target for 2012</li> <li>Regular reports being produced on progress</li> <li>Option of burden sharing agreement costing £100k pa</li> <li>£2.3 million funding has been approved for the investment in a new extension to the crematorium.</li> <li>Cremators are to be replaced by June 2012.</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	2	
Service Impact (1 to 5)	3	
Stakeholder Impact (1 to 5)	2	
<b>Total Net Impact Score (sum above)</b>	<b>7</b>	
Likelihood (1 to 5)	2	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>14</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE</b></li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
Completed by	Date	
T Maddison/A Jose	15/09/10	



DESCRIPTION OF RISK		
Business Unit	Durham Crematorium	
Risk	16	
Risk Owner	Alan Jose	
Detail of Risk	<b>Service Risk –</b> Inability to recruit appropriately qualified staff at short notice	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>National and Regional shortage of appropriately qualified staff</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Impaired service deliver</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Delivery Impact (1 to 5)	3	
Stakeholder Impact (1 to 5)	2	
<b>Total Gross Impact Score (sum above)</b>	<b>6</b>	
Likelihood (1 to 5)	3	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>18</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Good terms and conditions</li> <li>Pool of volunteers have been trained in the event of pandemic who may be interested in the event of vacancies</li> <li>Attractive professional working environment</li> <li>Good networking</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Impact (1 to 5)	2	
Stakeholder Impact (1 to 5)	2	
<b>Total Net Impact Score (sum above)</b>	<b>5</b>	
Likelihood (1 to 5)	2	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>10</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE after taking into account existing control measures</b></li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
Completed by	Date	
T Maddison/A Jose	15/09/10	

DESCRIPTION OF RISK		
Business Unit	Durham Crematorium	
Risk	18	
Risk Owner	Alan Jose	
Detail of Risk	<b>Service Risk –</b> Lack of awareness of the Impact of Equalities, DDA, Access to Services and Age Legislation	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Claims arise from lack of compliance with legislation</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Reputational damage</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Delivery Impact (1 to 5)	1	
Stakeholder Impact (1 to 5)	2	
<b>Total Gross Impact Score (sum above)</b>	<b>4</b>	
Likelihood (1 to 5)	2	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>8</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Staff aware of Equalities policies and procedures</li> <li>Review of documentation</li> <li>Access and Disability assessments carried out</li> <li>Buildings have been assessed for DDA compliance</li> <li>Training and awareness carried out</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Impact (1 to 5)	1	
Stakeholder Impact (1 to 5)	1	
<b>Total Net Impact Score (sum above)</b>	<b>3</b>	
Likelihood (1 to 5)	1	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>3</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE after taking into account existing control measures</b></li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
<b>Completed by</b>	<b>Date</b>	
T Maddison/A Jose	15/09/10	

DESCRIPTION OF RISK		
Business Unit	Durham Crematorium	
Risk	19	
Risk Owner	Alan Jose	
Detail of Risk	<b>Service Risk –</b> Lack of evidence for Employers Liability Claims	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Claims arise from lack of compliance with Health and Safety policy</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Reputational damage</li> <li>Financial damage</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Delivery Impact (1 to 5)	1	
Stakeholder Impact (1 to 5)	2	
<b>Total Gross Impact Score (sum above)</b>	<b>4</b>	
Likelihood (1 to 5)	2	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>8</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Staff aware of Health and Safety policies and procedures – copy held on site</li> <li>Regular Health and Safety inspections of the building which is evidenced</li> <li>Trained First Aiders in place</li> <li>Fire Wardens and relative notices in place.</li> <li>Fire Drills undertaken</li> <li>Fire risk assessment has been carried out</li> <li>Fire extinguishers are labelled and regularly serviced</li> <li>Fire alarms are tested regularly</li> <li>Risk assessments carried out and staff are aware of them</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Impact (1 to 5)	1	
Stakeholder Impact (1 to 5)	1	
<b>Total Net Impact Score (sum above)</b>	<b>3</b>	
Likelihood (1 to 5)	1	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>3</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE after taking into account existing control measures</b></li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
Completed by	Date	
T Maddison/A Jose	15/09/10	

DESCRIPTION OF RISK		
Business Unit	Durham Crematorium	
Risk	20	
Risk Owner	Alan Jose	
Detail of Risk	<b>Service Risk –</b> Damage to Public / Vehicles due to tree branches falling	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>High Winds</li> <li>Disease</li> <li>Heavy Snow</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Damage to Vehicles / Equipment</li> <li>Injury to Public or Staff</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Delivery Impact (1 to 5)	2	
Stakeholder Impact (1 to 5)	1	
<b>Total Gross Impact Score (sum above)</b>	<b>4</b>	
Likelihood (1 to 5)	3	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>12</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>2 yearly inspection scheduled by Olivers Tree Expert Services</li> <li>Any recommendations made by tree experts acted upon immediately</li> <li>Visual inspections carried out in grounds by staff monthly</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Impact (1 to 5)	1	
Stakeholder Impact (1 to 5)	1	
<b>Total Net Impact Score (sum above)</b>	<b>3</b>	
Likelihood (1 to 5)	2	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>6</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE after taking into account existing control measures</b></li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
Completed by	Date	
T Maddison/A Jose	15/09/10	

## Appendix 4: Operational Risk Register

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

Risk. No.	Risk – Ranked by Risk Number	Net Risk Score	Ranking
1	Injury to staff and visitors	7	2
2	Exterior Pathways, Steps and Grounds	5	3
3	Use of hand tools and machinery for gardening on site, driveway and car park	5	3
4	Cleaning, Maintenance and Gardening Duties	5	3
5	Risk Assessments and Reviews not undertaken	10	1
6	Violent or other Assault on officer whilst lone working	5	3
7	Limited Space in Office Area	3	7
8	Slips, trips and falls	3	7

<b>Risk. No.</b>	<b>Risk – Ranked by Net Risk Score</b>	<b>Net Risk Score</b>	<b>Ranking</b>
<b>5</b>	<b>Risk Assessments and Reviews not undertaken</b>	<b>10</b>	<b>1</b>
<b>1</b>	<b>Injury to staff and visitors</b>	<b>7</b>	<b>2</b>
<b>2</b>	<b>Exterior Pathways, Steps and Grounds</b>	<b>5</b>	<b>4</b>
<b>3</b>	<b>Use of hand tools and machinery for gardening on site, driveway and car park</b>	<b>5</b>	<b>4</b>
<b>4</b>	<b>Cleaning, Maintenance and Gardening Duties</b>	<b>5</b>	<b>4</b>
<b>6</b>	<b>Violent or other Assault on officer whilst lone working</b>	<b>5</b>	<b>4</b>
<b>7</b>	<b>Limited Space in Office Area</b>	<b>3</b>	<b>8</b>
<b>8</b>	<b>Slips, trips and falls</b>	<b>3</b>	<b>8</b>

DESCRIPTION OF RISK		
Business Unit	Durham Crematorium	
Risk	1	
Risk Owner	Alan Jose	
Detail of Risk	Operational Risk Injury to staff and visitors	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Hot apparatus – staff handling hot ash pans</li> <li>Staff raking down and removing metal from remains</li> <li>Hydraulic lifting gear.</li> <li>Dust</li> <li>Transferring remains into and between containers.</li> <li>Noise from machinery</li> <li>Staff trapping fingers or limbs in equipment</li> <li>Noise</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Injury to staff and visitors</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	2	
Service Delivery Impact (1 to 5)	3	
Stakeholder Impact (1 to 5)	2	
<b>Total Gross Impact Score (sum above)</b>	<b>7</b>	
Likelihood (1 to 5)	2	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>14</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Only certified and trained staff allowed to operate</li> <li>Machinery regularly maintained and serviced</li> <li>Extractor fans and masks used.</li> <li>Make sure others are at a distance whilst work is ongoing</li> <li>PPE issued to staff</li> <li>Operators carry out visual checks of equipment</li> <li>Dust cabinet has extraction fan, staff use dust masks</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	2	
Service Impact (1 to 5)	3	
Stakeholder Impact (1 to 5)	2	
<b>Total Net Impact Score (sum above)</b>	<b>7</b>	
Likelihood (1 to 5)	1	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>7</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE after taking into account existing control measures and planned actions - TREAT</b></li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
1. Revised Risk Assessments distributed to staff	Ian Ramsey	31/12/10
<b>Completed by</b>	<b>Date</b>	
T Maddison/A Jose	15/09/10	

DESCRIPTION OF RISK		
Business Unit	Durham Crematorium	
Risk	2	
Risk Owner	Alan Jose	
Detail of Risk	Operational Risk Exterior pathway and steps and grounds	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Path and steps in state of disrepair</li> <li>Holes in grounds due to animals</li> <li>Kerbstones</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Injury to staff and public</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	3	
Service Delivery Impact (1 to 5)	1	
Stakeholder Impact (1 to 5)	1	
<b>Total Gross Impact Score (sum above)</b>	<b>5</b>	
Likelihood (1 to 5)	2	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>10</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Paths and steps well maintained</li> <li>Inspected regularly</li> <li>Access levels regularly cleaned</li> <li>Handrails on steps safety ridge on top and bottom</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	3	
Service Impact (1 to 5)	1	
Stakeholder Impact (1 to 5)	1	
<b>Total Net Impact Score (sum above)</b>	<b>5</b>	
Likelihood (1 to 5)	1	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>5</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE after taking into account existing control measures</b></li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
<b>Completed by</b>	<b>Date</b>	
T Maddiosn/A Jose	15/09/10	



DESCRIPTION OF RISK		
Business Unit	Durham Crematorium	
Risk	3	
Risk Owner	Alan Jose	
Detail of Risk	Operational Risk Use of hand tools and machinery for gardening on site, driveway and car park	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Vibration</li> </ul>	
	<ul style="list-style-type: none"> <li>Noise</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Injury to staff</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	3	
Service Delivery Impact (1 to 5)	1	
Stakeholder Impact (1 to 5)	1	
<b>Total Gross Impact Score (sum above)</b>	<b>5</b>	
Likelihood (1 to 5)	2	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>10</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Tools kept in good order, defective tools replaced</li> </ul>		
<ul style="list-style-type: none"> <li>Machinery regularly serviced and maintained</li> </ul>		
<ul style="list-style-type: none"> <li>Tools kept in locked storage area</li> </ul>		
<ul style="list-style-type: none"> <li>Power tools used away from the public</li> </ul>		
<ul style="list-style-type: none"> <li>Staff trained in the use of all equipment</li> </ul>		
<ul style="list-style-type: none"> <li>PPE issued to staff as appropriate</li> </ul>		
<ul style="list-style-type: none"> <li>High Viz jackets used when dealing with traffic</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	3	
Service Impact (1 to 5)	1	
Stakeholder Impact (1 to 5)	1	
<b>Total Net Impact Score (sum above)</b>	<b>5</b>	
Likelihood (1 to 5)	1	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>5</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE after taking into account existing control measures</b></li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
Completed by	Date	
T Maddison/A Jose	15/09/10	

DESCRIPTION OF RISK		
Business Unit	Durham Crematorium	
Risk	4	
Risk Owner	Alan Jose	
Detail of Risk	Operational Risk Cleaning, Maintenance and Gardening duties	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Hazardous cleaning materials</li> <li>Wet floor</li> <li>Noise (vacuums)</li> <li>Work at Height</li> <li>Fountain Pump maintenance</li> <li>Fertilizers and insecticides</li> <li>Using ladders</li> <li>Candles</li> <li>Maintenance of heating system</li> <li>Inspection Hole</li> <li>CCTV equipment</li> <li>Electrical Equipment</li> <li>Manual Handling</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Injury to staff/public</li> <li>Fire</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	3	
Service Delivery Impact (1 to 5)	1	
Stakeholder Impact (1 to 5)	1	
<b>Total Gross Impact Score (sum above)</b>	<b>5</b>	
Likelihood (1 to 5)	2	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>10</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Least hazardous cleaning products used</li> <li>Chemicals and other COSHH Items kept in locked store</li> <li>COSHH data sheets on site</li> <li>Pat Testing carried out on electrical items</li> <li>Floors mopped at quiet times wet floor signage displayed</li> <li>Cleaner assisted by other staff if lifting is required</li> <li>Cleaner not required to work at height other trained staff assist</li> <li>PPE available – gloves, goggles, dust masks etc</li> <li>Two person task to lift cover</li> <li>No smoking policy</li> <li>Candle snuffer available</li> <li>Ladder training completed by all staff</li> <li>Manual Handling training completed by staff.</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	3	
Service Impact (1 to 5)	1	
Stakeholder Impact (1 to 5)	1	
<b>Total Net Impact Score (sum above)</b>	<b>5</b>	
Likelihood (1 to 5)	1	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>5</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE after taking into account existing control measures</b></li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
<b>Completed by</b>	<b>Date</b>	
T Maddison	15/09/10	

DESCRIPTION OF RISK		
Business Unit	Durham Crematorium	
Risk	5	
Risk Owner	Alan Jose	
Detail of Risk	Operational Risk Risk Assessments and reviews not undertaken	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Staff unaware of risks affecting service</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Detrimental Impact on the service</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Delivery Impact (1 to 5)	3	
Stakeholder Impact (1 to 5)	2	
<b>Total Gross Impact Score (sum above)</b>	<b>6</b>	
Likelihood (1 to 5)	3	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>18</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Staff trained in risk assessments.</li> <li>Full review undertaken</li> <li>Risk assessment procedures in place</li> <li>Health &amp; Safety recommendations carried out</li> <li>Encourage clear desk policy</li> <li>Work station assessments carried out</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Impact (1 to 5)	2	
Stakeholder Impact (1 to 5)	2	
<b>Total Net Impact Score (sum above)</b>	<b>5</b>	
Likelihood (1 to 5)	2	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>10</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE after taking into account existing control measures</b></li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
Completed by	Date	
T Maddison/A Jose	15/09/10	

DESCRIPTION OF RISK		
Business Unit	Durham Crematorium	
Risk	6	
Risk Owner	Alan Jose	
Detail of Risk	Operational Risk Violent or other assault on officer whilst lone working	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Irate and emotional member of the public</li> <li>Remote location</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Injury to staff</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Delivery Impact (1 to 5)	2	
Stakeholder Impact (1 to 5)	3	
<b>Total Gross Impact Score (sum above)</b>	<b>6</b>	
Likelihood (1 to 5)	1	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>6</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Risk assessments carried out.</li> <li>Procedures tested</li> <li>Code of conduct in place</li> <li>One to one training</li> <li>Information shared at Team Briefings</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Impact (1 to 5)	2	
Stakeholder Impact (1 to 5)	2	
<b>Total Net Impact Score (sum above)</b>	<b>5</b>	
Likelihood (1 to 5)	1	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>5</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE after taking into account existing control measures</b></li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
<b>Completed by</b>	<b>Date</b>	
T Maddison/A Jose	15/09/10	

DESCRIPTION OF RISK		
Business Unit	Durham Crematorium	
Risk	7	
Risk Owner	Alan Jose	
Detail of Risk	Operational Risk Limited space in office area	
BACKGROUND TO RISK EVENT		
Risk Causes	<ul style="list-style-type: none"> <li>Not sufficient space for staff using office area</li> </ul>	
Potential Impact	<ul style="list-style-type: none"> <li>Injury to staff</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Delivery Impact (1 to 5)	1	
Stakeholder Impact (1 to 5)	1	
<b>Total Gross Impact Score (sum above)</b>	<b>3</b>	
Likelihood (1 to 5)	1	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>3</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Furniture moved to provide maximum space around desks</li> <li>Shelves checked to ensure they are secure and sturdy</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Impact (1 to 5)	1	
Stakeholder Impact (1 to 5)	1	
<b>Total Net Impact Score (sum above)</b>	<b>3</b>	
Likelihood (1 to 5)	1	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>3</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE after taking into account existing control measures and planned actions - TREAT</b></li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
1. Accommodation issues are to be addressed in the plans for the new extension proposed for the crematorium.	A Jose	31/03/11
Completed by	Date	
T Maddison/A Jose	15/09/10	

DESCRIPTION OF RISK		
Business Unit	Durham Crematorium	
Risk	8	
Risk Owner	Alan Jose	
Detail of Risk	Operational Risk Slips, Trips and Falls	
BACKGROUND TO RISK EVENT		
Risk Causes	Manual handling Tripping hazards Step ladders 2 rung	
Potential Impact	<ul style="list-style-type: none"> <li>Injury to staff</li> </ul>	
GROSS RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Delivery Impact (1 to 5)	1	
Stakeholder Impact (1 to 5)	1	
<b>Total Gross Impact Score (sum above)</b>	<b>3</b>	
Likelihood (1 to 5)	1	
<b>Total Gross Risk Score (Total Impact * Likelihood)</b>	<b>3</b>	
Existing Control Measures		
<ul style="list-style-type: none"> <li>Manual handling training provided where appropriate</li> <li>Good Housekeeping – walkways kept clear at all times.</li> <li>Ladder Register kept and maintained</li> <li>Ladder Training carried out</li> <li>Staff training kept up to date.</li> </ul>		
NET RISK ASSESSMENT		
Financial Impact (1 to 5)	1	
Service Impact (1 to 5)	1	
Stakeholder Impact (1 to 5)	1	
<b>Total Net Impact Score (sum above)</b>	<b>3</b>	
Likelihood (1 to 5)	1	
<b>Total Net Risk Score (Total Impact * Likelihood)</b>	<b>3</b>	
CONCLUSION		
<ul style="list-style-type: none"> <li><b>TOLERATE after taking into account existing control measures and planned actions</b></li> </ul>		
CONTROL IMPROVEMENTS/ ACTIONS		
Activity	Responsible	Timescales
1. Ensure training is kept up to date	A Jose	June 10
Completed by	Date	
T Maddison/A Jose	15/09/10	

**Central Durham Crematorium  
Joint Committee**

**29 September 2010**

**Provision of Audit Services  
2010-2014**



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

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**Purpose of the Report**

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

**Background**

2. Following recommendations by the Audit Commission in the Annual Governance (AG) report 2008/09, arrangements for the provision of Internal Audit were strengthened in 2009/10 through the development of a formal service level agreement. This agreement has been reviewed for 2010/11.
3. To increase its accountability it was also agreed that Internal Audit would present an annual audit plan of work for approval to the Committee and an annual report to inform the Annual Governance Statement.
4. This report sets out details of the proposed SLA for the period April 2010 to March 2014 following a review of the SLA that was established in 2009/10 and details of the audit plan for 2010/11

**Service Level Agreement (SLA)**

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

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

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

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

### **Management and Governance**

Internal Audit is responsible for the following:



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

## **Systems Testing**

### **Fundamental Accounting systems**

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

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

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

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

#### **Advice and assistance**

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

#### **Redevelopment of the Crematorium**

Contract audit activity, attendance at meetings

#### **Contingency**

Set aside for special assignments including fraud and corruption investigations

## **Recommendations**

15. It is recommended that:-

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

## **Background Documents**

Annual Governance Report 2008/09 and 2009/10

Internal Audit Report 2009/10

Service Level Agreement 2009/10

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

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**Implications**

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**Finance**

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

**Staffing**

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

**Equality and Diversity**

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

**Accommodation**

There are no Accommodation implications associated with this report.

**Crime and Disorder**

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

**Sustainability**

There are no Sustainability implications associated with this report.

**Human Rights**

There are no Human Rights implications associated with this report.

**Localities and Rurality**

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

**Young People**

There are no Young People implications associated with this report.

**Consultation**

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

**Health**

There are no Health implications associated with this report.

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## APPENDIX 2



### **Service Level Agreement**

for the provision of Internal Audit Services to

**CENTRAL DURHAM CREMATORIUM JOINT  
COMMITTEE**

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

**THIS AGREEMENT** is made the [29th] of [September] **two thousand and ten BETWEEN DURHAM COUNTY COUNCIL ( the Council ) and CENTRAL DURHAM CREMATORIUM JOINT COMMITTEE** (“ the Partnership” )

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

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

### **2. DURATION**

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

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

#### **3.1. Services**

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

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

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

- The Internal Audit Charter which sets out the detailed terms of reference and audit strategy for how the service is to be delivered
- The terms and conditions of this agreement.

3.1.3. The Council will provide strategic risk management and corporate governance support, if required, in accordance with best professional practice, and as provided for in the audit fee provision (see clause 4.1.1 and 5.0).

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

3.1.5. To submit to the Joint Committee on an annual basis as part of the Annual Audit report a reconciliation of the charges for services provided during the year to be recharged to the Joint Committee in accordance with Schedule 2.

### **3.2. Accommodation**

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

### **3.3. Insurance**

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

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

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

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

4.1.2. Both parties intend that the annual audit fee provision will be set at such a level as to cover the costs incurred by the Council in delivering the annual audit plan, any elements of risk management and / or corporate governance work and a

contingency provision for unplanned work. An indicative annual budget and number of days allocated to each of these areas as at the date of this agreement is set out in Schedule 2.

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



for any additional work exceeds the contingency provision set out in Schedule 2. In cases where an increase is requested the Council will endeavour to respond to the request dependent upon the availability of resources and at such additional cost as agreed between the parties.

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

## **4.2. Service Delivery**

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

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

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

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

5.1. Peter Jackson, (Audit Manager), is responsible for the management and delivery of the service and will in practice fulfil the role of the Head of Internal Audit for the Joint Committee. Any queries arising from specific audit reports and general day to day enquiries about the service should be addressed to the Audit Manager:

- In person at Durham County Council, County Hall, Durham
- E-mail: [peter.jackson2@durham.gov.uk](mailto:peter.jackson2@durham.gov.uk)
- Telephone 0191 383 4872

5.2. The Audit Manager will report to the Crematorium Superintendent, the Head of Finance, HR and Business Support and to the Central Durham Crematorium Joint Committee.

5.3. The Audit Manager and the Crematorium Superintendent will meet periodically to review performance on delivering agreed services and agree any changes to the delivery of the Service. Such meetings may be attended by other such persons as either party may wish.

5.4. The Head of Internal Audit & Risk at the Council is ultimately responsible for the performance and effectiveness of services provided to the Joint Committee under this agreement. Any issues concerning any aspect of the delivery of the service or terms of this agreement that can not be satisfactory resolved with the Audit

Manager should be referred to the Council's Head of Internal Audit & Risk. Contact details are:

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

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

5.6 The Crematorium Superintendent is responsible for ensuring :

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

## **6 FRAUD AND IRREGULARITY**

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

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

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

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

## **7 INFORMATION AND CONFIDENTIALITY**

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

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

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

8.5 Each party will:

8.5.1 Comply with the Data Protection Act 1998

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

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

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

## **9 TERMINATION**

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

## **10 VARIATION**

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

**AS WITNESSED**

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

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

**Date**

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

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

**Date**

**SERVICES TO BE PROVIDED**

The following services may be provided.

**Management and Assurance**

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

**Advice**

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

**Risk Management**

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

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

### **Corporate Governance**

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

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

### **Counter Fraud**

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

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

### **VFM Reviews**

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

### **Investigations**

14. Investigations into suspected fraudulent irregularities

### **Contingency**

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

**BUDGET SCHEDULE AND ALLOCATED DAYS**

AREA	2010/11	2011/12	20012/13	20013/14
<b>Management and Assurance</b>				
Preparation of Internal Audit plan (including risk assessment of audit needs, planning for reviews and production of report)	3	3	3	3
Production of Annual report and opinion	2	2	2	2
Attendance at ad hoc meetings, Committee pre meetings and Committee meetings	1	1	1	1
Regular liaison with relevant staff and follow up of recommendations	1	1	1	1
<b>Fundamental Accounting Systems</b>				
Audit testing in relation to Crematorium sub systems to include Personnel, Payroll, Expenditure/Purchasing, Accounts Payable, Accounts receivable.	2	2	2	2
<b>Crematorium Review</b>				
Establishment audit to include Petty Cash, Budgetary Control and Financial Reporting, Income & Debt Collection, Bank Reconciliation, Asset Management, stock control, Strategic Risks, Operational Risks, Risk Management Assurance Review and Corporate Governance Assurance Review	7	7	7	7
<b>Advice and Assistance</b>	2	2	2	2
<b>Redevelopment of Crematorium</b>	2	2	0	0
<b>Contingency</b>	2	2	2	2
<b>Total</b>	22	22	20	20

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



## **BASIS OF CHARGE**

1. Charges in respect of the period 1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2011 will be recharged to the Joint Committee using the existing methodology.
2. The cost of providing the internal audit service for the period 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2012 will be based on planned audit days of 22, at a charge of £250 per day and an estimated cost of £5500 for the year. In the period 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2014 this will be based on planned audit days of 20, at a charge of £250 per day and an estimated cost of £5000 per year. This excludes any additional work required from the Risk Management and Governance Service.
3. This audit fee set out above covers the cost of all planning, management, research, preparation, audit visits, follow-up, production of reports, and presentation of reports to managers and members, discussions and travelling time. The daily charge is inclusive of all travelling costs and other overheads.
4. Any requests for additional services, including VFM studies, special investigations and specific consultancy/project work that can not be accommodated from the contingency provision and the provisions of clause 4.1.3 (surplus/insufficient contingency) plans will be considered against the availability of the necessary resources and skills. The cost of this work will be subject to the agreement of additional fees at an appropriate daily charge, depending on the nature of the work required, in accordance with clause 4.1.5.
5. Internal Audit will continue to give assurance on the Crematorium's Risk Management and Governance arrangements as part of its annual review. However, additional support from the Risk Management and Governance Section is available and can be accommodated within this agreement. Where required the maximum number of days are to be agreed annually and the cost of this work will be subject to the agreement of additional fees at the same daily cost as the Internal Audit Service.
6. A recharge for fees payable will be annually in arrears based on the actual audit fee provision and any variances agreed under clauses 4.1.3 and 4.1.5 and 5.0

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AREA	2010/11	2011/12	20012/13	20013/14
<b>Management and Assurance</b>				
Preparation of Internal Audit plan (including risk assessment of audit needs, planning for reviews and production of report)	3	3	3	3
Production of Annual report and opinion	2	2	2	2
Attendance at ad hoc meetings, Committee pre meetings and Committee meetings	1	1	1	1
Regular liaison with relevant staff and follow up of recommendations	1	1	1	1
<b>Fundamental Accounting Systems</b>				
Audit testing in relation to Crematorium sub systems to include Personnel, Payroll, Expenditure/Purchasing, Accounts Payable, Accounts receivable.	2	2	2	2
<b>Crematorium Review</b>				
Establishment audit to include Petty Cash, Budgetary Control and Financial Reporting, Income & Debt Collection, Bank Reconciliation, Asset Management, stock control, Strategic Risks, Operational Risks, Risk Management Assurance Review and Corporate Governance Assurance Review	7	7	7	7
<b>Advice and Assistance</b>	2	2	2	2
<b>Redevelopment of Crematorium</b>	2	2	0	0
<b>Contingency</b>	2	2	2	2
<b>Total</b>	22	22	20	20

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

## **BASIS OF CHARGE**

1. Charges in respect of the period 1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2011 will be recharged to the Joint Committee using the existing methodology.
2. The cost of providing the internal audit service for the period 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2014 will be based on planned audit days of 22, at a charge of £250 per day and an estimated cost of £5500 for the year. This excludes any additional work required from the Risk Management and Governance Section.
3. This audit fee set out above covers the cost of all planning, management, research, preparation, audit visits, follow-up, production of reports, and presentation of reports to managers and members, discussions and travelling time. The daily charge is inclusive of all travelling costs and other overheads.
4. Any requests for additional services, including VFM studies, special investigations and specific consultancy/project work that can not be accommodated from the contingency provision and the provisions of clause 4.1.3 (surplus/insufficient contingency) plans will be considered against the availability of the necessary resources and skills. The cost of this work will be subject to the agreement of additional fees at an appropriate daily charge, depending on the nature of the work required, in accordance with clause 4.1.5.
5. Internal Audit will continue to give assurance on the Crematorium's Risk Management and Governance arrangements as part of its annual review. However, additional support from the Risk Management and Governance Section is available and can be accommodated within this agreement. Where required the maximum number of days are to be agreed annually and the cost of this work will be subject to the agreement of additional fees at the same daily cost as the Internal Audit Service.
6. A recharge for fees payable will be annually in arrears based on the actual audit fee provision and any variances agreed under clauses 4.1.3 and 4.1.5 and 5.0

**Background**

1. Internal Audit is an assurance function that provides an independent and objective opinion to Durham County Council on governance, control, and risk management by evaluating their effectiveness in achieving the Authority's 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.
2. A review of Durham Crematorium was agreed at Audit Committee and was subsequently included for completion within the annual Internal Audit Plan.

**Objective of Review**

3. The overall objective of our reviews is to provide a risk based assessment of the systems in place in order to form an opinion as to whether they are robust and provide an adequate basis for effective control.
4. The detailed objectives for this audit are to ensure that the following areas were operated in accordance with Financial Procedures/good practice,
5. The objective of our review will be to ensure that:
  - An appropriate service level agreement between Durham County Council and the Central Durham Crematorium Joint Committee has been established, agreed and is regularly reviewed.
  - There is written evidence that the Central Durham Crematorium Joint Committee has agreed to adopt Durham County Council's Policies and Procedures.
  - There is an appropriate system in place to effectively record all income streams (Cremations, book of remembrance, plaques, urns etc.); all income is properly accounted for and can be reconciled to the Crematorium bank account and to the general ledger.
  - Processes to identify, analyse and recover outstanding debts have been established.
  - All major strategic and operational risks have been identified and are periodically reviewed; a risk owner has been established to monitor existing risks identify emerging risks and establish adequate processes to mitigate risk.
  - There is an appropriate system in place to procure goods and services which comply with Durham County Council regulations adopted by the Central Durham Crematorium Joint Committee.
  - All national policies are adhered to and all policies/service plans required for the operation of the Crematorium have been approved by the Committee.
  - All relevant legislative requirements are adhered to, including the Cremation Regulations 2008.
  - Detailed written procedures have been established for all aspects of Durham Crematoriums operations and these have been regularly reviewed and are fit for purpose.

- All of the Crematoriums assets are recorded accurately in the asset register.
- All equipment is serviced and maintained in accordance with manufacturer's instructions.
- Appropriate stock control processes are in place where relevant.
- There is an agreed and established protocol in place for the opening of post.
- Set contingency plans are in place to ensure business continuity in case of catastrophe
- Gas and electric consumption is regularly monitored.
- The Crematorium's corporate governance framework is established understood and adhered to.
- Suitable arrangements for the paying of salaries, wages and expenses etc. are in place and working effectively.
- The quality and integrity of financial and other management information is robust.

### **Resource Requirements**

6. The review will be undertaken by XXXXXXXX. It is scheduled to start during the week commencing XXXXXXXX and will require approximately XX days of audit resource input.

### **Reporting Arrangements**

7. The Crematorium Superintendent will be kept regularly informed of progress on our review. On completion of the review, conclusions and potential recommendations will be discussed with him prior to the preparation and issue of our draft report, the target date for the issue of which is XXXXXXXX
8. Once recommendations have been agreed and the report finalised the report will be issued to relevant officers as agreed and will also be presented as part of Internal Audits annual report to the Central Durham Crematorium Joint Committee.
9. A customer satisfaction survey will also be issued with the draft report for you to complete and return.

### **Implementation of Recommendations**

10. Internal Audit will undertake appropriate follow-up work to confirm with responsible managers whether the recommendations agreed within the Action Plan that supports the internal control report have been implemented as intended and within timescale.

### **Contact Names**

11. If you have any queries regarding this review please do not hesitate to contact XXXXXXXX on XXXXXXXX



**CENTRAL DURHAM  
CREMATORIUM JOINT  
COMMITTEE  
INTERNAL AUDIT  
CHARTER**

**August  
2010**

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## Introduction

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

## Statutory Basis

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

## Definition

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

## Strategic Aims

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

## Objectives of Internal Audit

7. Our primary objective is the provision of reasonable, not absolute, evidenced based assurance on the effectiveness of the whole of the Crematorium's risk management, control and governance environment to the Central Durham Crematorium Joint Committee.
8. The provision of our annual assurance opinion will be in compliance with professional guidelines and in accordance with the Accounts and Audit regulations 2003 as amended by the Accounts and Audit Regulations (Amendment) (England) 2006 and will be reflected in the Central Durham Crematorium Joint Committee's Annual Governance Statement which forms part of their published annual Statement of Accounts.
9. To determine the Audit Opinion the Internal Audit service will review, appraise and report upon:
  - The adequacy of risk identification, assessment and mitigation
  - The adequacy and application of controls to mitigate identified risk
  - The adequacy and extent of compliance with the Crematorium's corporate governance framework
  - The extent of compliance with relevant legislation
  - The extent to which the Central Durham Crematorium's assets and interests are accounted for and safeguarded from loss of all kinds including fraud, waste, extravagance, inefficient administration and poor value for money
  - The quality and integrity of financial and other management information utilised within the Crematorium's day to day operations.
10. When presenting an annual Audit Opinion the head of internal audit will:
  - Disclose any qualification to that opinion, together with the reasons for that qualification
  - Present a summary of the audit work undertaken from which the opinion is derived, including any reliance placed on the work of others
  - Draw attention to any issues considered particularly relevant to the perception of the Annual Governance Statement
  - Compare the work actually undertaken to the work that was planned and summarise the performance of the Internal Audit service

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

11. Other objectives include:

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

## **Outcomes of Internal Audit**

12. Our main outcome is the provision of Independent assurance to the Central Durham Crematorium 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 Central Durham Crematorium Joint Committee's vision and priorities.
- Improved corporate governance through helping to support compliance with relevant legislation, organisation policies , plans and procedures and acting as good governance champions
- Improved accountability, safeguarding Central Durham Crematorium Joint Committee assets and interests.
- Improved quality and reliability of financial and other management information used to support informed decisions

## Independence of Internal Audit

13. To be effective Internal Audit must operate independently and must have unrestricted access to all records deemed necessary in the course of our work.
14. As the Central Durham Crematorium 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 Committee to account for cash, stores or any other Committee asset under his or her control. (This includes Crematorium information held by or managed by third parties on the Committee's behalf)
  - direct access to the Central Durham Crematorium Joint Committee.
15. The Head of Internal Audit can report directly to those charged with governance, officers or Members, at any level.
16. Our independence is achieved by reporting in our own name, ensuring that all Internal Auditors are free from any conflicts of interest and being free from direct management responsibility for the development, implementation or operations of systems.

## Strategic Audit Planning

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

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

20. In consultation with the Crematorium Superintendent we will

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

## Annual Audit Plan

21. Annual audit plans will be developed to provide a reasonable level of assurance on both strategic and operational risks to enable annual opinion on the entire control environment to be given.

22. 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.

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

- Proactive responsive and innovative solutions to problems and opportunities to help the Committee achieve its business objectives.

- Timely response to ad hoc requests for advice on the identification, assessment and mitigating of risks through effective controls.
  - Timely response to ad hoc requests for advice on the impact of proposed policy initiatives, programmes and projects as well as responses to emerging risks.
  - Planned involvement in new initiatives or working groups established to help identify and access risk and design suitable controls
  - Undertaking Value for Money (VFM) reviews in accordance with the Committees VFM strategy.
  - Investigation of irregularities and suspected fraud and corruption
24. The level of audit resources required to deliver both a minimum level of assurance and adequate provision for advice and consultancy, will then be considered by the Head of Internal Audit. Minimum assurance levels will be informed by the maturity of the Crematorium's risk management arrangements and its risk appetite. Any concerns the Head of Internal Audit has over the quantity and quality of skills available to deliver the required level of assurance will be referred to the Treasurer and the Central Durham Crematorium Joint Committee for consideration.
25. The terms of reference for the annual review of the Crematorium will be agreed with the Crematorium Superintendent and referred to the Central Durham Crematorium Joint Committee for approval.

## **Audit Approach**

### **Strategic Risk**

26. Our reviews of strategic risks will provide assurance that:
- risk management processes, defined by the Committee's risk strategy and policy, are in place and are operating as intended
  - The processes have been designed well enough to manage the risks they are responsible for in an effective way
  - Managers are responding to risks adequately and effectively so that those risks are reduced to an acceptable level
  - The controls that managers have in place are successful in managing those risks.

## **Operational Risk**

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

- Compliance with corporate governance arrangements
- Risk identification, assessment and business continuity
- The control environment to manage identified risks and to ensure that the Committee's assets and interests are accounted for and safeguarded from loss of all kinds including fraud, waste, extravagance, inefficient administration and poor value for money
- Information governance ( the quality and integrity of financial and other management information and how it is used and communicated)

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

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

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

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

## **Audit Reporting**

32 All audit assignments will be the subject of formal reports and all assurance reviews will include an audit opinion.

33 Our reporting structure is designed to ensure that final versions of reports are agreed with managers and are both accurate practical and balanced and are distributed in accordance with instructions agreed at the pre audit meeting.

- 34 Towards the end of an audit we will arrange an exit meeting with the key contact where we will share and discuss our initial findings. If this is not practical, we will issue an informal draft report to the key contact which will set out our initial findings.
- 35 The purpose of the exit meeting/informal draft stage is to give feedback and to eliminate any inaccuracies in our findings so that these can be resolved before a formal draft report is issued.
- 36 Once a formal Draft report has been issued the lead auditor will arrange a post audit meeting with the key contact to discuss the report and to provide a management response to the recommendations made and agree target implementation dates and the responsible officer.
- 37 To assist managers in their response we categorise our recommendations as follows:

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

- 38 It is the responsibility of managers to accept and implement internal audit findings and recommendations, or accept the risk resulting from not taking action.
- 39 We also provide an overall assurance opinion on each audit review to help us inform our overall opinion required to support the Council's Annual Governance Statement. We categorise our opinions as:

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



- 40 The determination of our audit assurance opinion is derived from the overall level of assurance, positive as well as negative, of the effectiveness of controls operating in the area reviewed and is informed by risks identified through our recommendation rankings e.g. any area reviewed where a high risk ranking recommendation is made will lead to an audit assurance opinion of no more than Moderate. Where a Limited assurance opinion is given controls are considered to be ineffective overall and require improvement to maintain an acceptable level of control.
- 41 Managers responses to recommendations made in draft reports will be incorporated and reissued as finals. Copies of all final reports are shared with our External Auditors on request.
- 42 Wherever possible the circulation of audit reports will be agreed at the outset and will have due regard to confidentiality and legal requirements. Any information gained in the course of audit work remains confidential without limiting or preventing internal audit from meeting its reporting responsibilities.
- 43 It is the responsibility of the Crematorium Superintendent to assist in the progressing of draft reports to final report stage any significant delay will be reported to the Head of Finance, HR and Business Support.
- 44 To ensure that adequate progress is made by the Crematorium Superintendent we request that a response to the draft report is provided within 20 working days. If a response has not been received within this timescale the following escalation process will then be invoked
- A reminder will be sent to the Crematorium Superintendent, and copied to the Head of Finance, HR and Business Support, requesting a response within the next 10 days
  - If a response is still not forthcoming, a second reminder will be issued direct to the Head of Finance, HR and Business Support, advising that if a response is not received with the next 5 days the matter will be reported to the relevant Corporate Director
45. We will also follow-up progress made by the Crematorium Superintendent on the implementation of all high and medium priority recommendations. In addition listings of all recommendations outstanding at the end of each month will be produced and issued to the Head of Finance, HR and Business Support.
46. We will report annually to the Central Durham Crematorium on progress made on delivering the agreed Annual Plan overdue responses to draft reports, and progress made by the Crematorium Superintendent in implementing audit recommendations. We will also:
- a. Compare actual activity with planned work
  - b. Provide an overall opinion on the control environment
  - c. A summary of work undertaken to formulate the annual opinion on the entire control environment, including reliance placed on work by other assurance bodies

- d. Draw attention to any issues considered particularly relevant to the preparation of the Annual Governance Statement.

## **Responsibilities of Managers**

- 47 Internal Audit is involved in a wide range of internal and external relationships. The quality of these relationships impacts on the effective delivery of the service, its reputation and independence.
- 48 We strive to build effective working relationships with all our stakeholders, internal and external, by encouraging an environment of mutual trust, confidence and understanding.
- 49 A key relationship is with managers. Managers at all levels need complete confidence in the integrity, independence and capability of internal audit.
- 50 Managers' role is to manage the risks facing their service and to maintain an adequate and effective system of internal control to mitigate these risks. Managers are also responsible for ensuring that staff are aware of the processes and procedures required to operate the control systems in place.
- 51 We encourage managers to maximise the effectiveness of the outcome of internal audit work by:
  - Commenting on, and inputting to, the annual audit plan.
  - Agreeing terms of reference for the audit to ensure attention is focused on areas of greatest risk or concern.
  - Giving information and explanations that are sought during audit reviews.
  - Providing access at all reasonable times to premises, personnel, documents and assets as necessary.
  - Giving early notification of plans for change, including potential new initiatives, operational systems and processes.
  - Ensuring key contacts provide responses to draft audit reports within the required timescales.
  - Ensuring agreed actions arising from audit recommendations are carried out efficiently and on a timely basis
  - Notify internal audit of any suspected fraud, irregularity, improper use or misappropriation of the Council's property or resources.
  - Pending investigations and reporting, take all responsible steps to prevent further loss and to secure records and documents against removal or alteration.
  - Acting in line with the Council's disciplinary procedures.

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

- 52 In order for Internal Audit to demonstrate high standards of professional conduct, the Internal Auditor must be impartial in discharging all responsibilities. Bias, prejudice or undue influence must not be allowed to limit or override objectivity.
- 53 The service operates in accordance with standards of best professional practice applicable to internal audit as identified through the Institute of Internal Auditors (IIA) and International Auditing Standards, but with particular reference to the CIPFA Code of Practice for Internal Audit in Local Government, as CIPFA is recognised as the key professional body for providing advice and guidance to Internal Audit in the public sector. This Code is identified as representing 'proper practices in relation to internal audit' and governs the way in which we operate. Policies and standard working practices have been put in place to ensure audit staff understand and comply with the Code and best professional practice.
- 54 In addition, the Council recognises and formally adopts the CIPFA Statement of Professional Practice on Ethics, as appropriate standards by which the conduct of the Internal Audit Section can be measured.
- 55 The service is provided by Durham County Council's in house internal audit team. The staffing structure will, as far as possible, be comprised of a suitable mix of qualifications, experience and skills.
- 56 The Head of Internal Audit ensures internal audit resources are sufficient to meet its responsibilities and achieve its objectives. Resource requirements are reviewed annually in relation to draft annual audit plans. Resources will be considered in terms of available days and the skills and experience of audit staff.
- 57 Individual training needs are identified in accordance with the Council's Performance Appraisal Scheme. As well as basic training in audit techniques and the development of specialist skills, the service is committed to coaching and mentoring its staff and to providing opportunities for continuous professional development (CPD).
- 58 Internal review of work standards is undertaken through a system of management review of working papers and reports prior to release.
- 59 Internal Audit maintains its awareness of national and local issues through membership and subscription to professional bodies such as CIPFA's Technical Information Service, "TIS online", the Finance Advisory Network (FAN) and the Institute of Internal Auditors as well as liaison with external audit and networking with other internal audit services.

60 A customer survey form will be issued after the completion of the audit to allow management an opportunity to review the work carried out by Internal audit.

## Approval and Review

61 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 Central Durham Crematorium Joint Committee. Any amendments will be reported to the Central Durham Crematorium 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

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Address

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Resources Directorate  
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## 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

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