



## **Mountsett Crematorium Joint Committee**

**Date**        **Thursday 30 January 2014**  
**Time**        **10.00 am**  
**Venue**       **Committee Room 1A, County Hall, Durham**

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### **Business**

#### **Part A**

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

1. Apologies.
2. Declarations of Interest, if any.
3. Minutes of the Meeting held on 4 October 2013 (Pages 1 - 6)
4. Quarterly Performance and Operational Report. (Pages 7 - 20)  
Report of the Bereavement Services Manager.
5. Financial Monitoring Report - Position at 31/12/13, with Projected  
Outturn to 31/03/14. (Pages 21 - 28)  
Joint Report of the Corporate Director of Neighbourhoods and the  
Corporate Director Resources / Treasurer to the Joint Committee.
6. Fees and Charges 2014/15: (Pages 29 - 36)  
Joint Report of the Corporate Director of Neighbourhoods and  
Corporate Director of Resources / Treasurer to the Joint Committee.
7. Provision of Support Services 2014/15: (Pages 37 - 50)  
Joint Report of the Corporate Director of Neighbourhoods and  
Corporate Director Resources / Treasurer to the Joint Committee
8. Review of the Effectiveness of Internal Audit. (Pages 51 - 62)  
Report of the Corporate Director Resources / Treasurer to the Joint  
Committee.
9. Provision of Internal Audit Services. (Pages 63 - 98)  
Report of the Corporate Director Resources / Treasurer to the Joint  
Committee.

10. 2014/15 Revenue and Capital Budgets. (Pages 99 - 106)  
Joint Report of the Corporate Director of Neighbourhoods and the  
Corporate Director of Resources / Treasurer to the Joint Committee.
11. Such other business as, in the opinion of the Chairman of the meeting,  
is of sufficient urgency to warrant consideration.

**Colette Longbottom**  
Head of Legal and Democratic Services

County Hall  
Durham  
22 January 2014

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

**Durham County Council:-**

Councillors: O Temple (Chairman), A Batey, K Dearden, C Hampson, I Jewell,  
O Milburn, T Nearney, W Stelling and B Stephens

**Gateshead Council:**

Councillors K Dodds (Vice-Chairman), M Ord, M Charlton, P Ronan,  
D Davidson, P Mole and J Lee

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**Contact: Lucy Stephenson**

**Tel: 03000 269712**

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**DURHAM COUNTY COUNCIL**

At a Meeting of **Mountsett Crematorium Joint Committee** held in Saltwell Room, Civic Suite, Gateshead Council on **Friday 4 October 2013 at 10.00 am**

**Present:**

**Councillor O Temple (Chairman)**

**Members of the Committee:**

**Durham County Council**

Councillors K Dearden, C Hampson, I Jewell and T Nearney

**Gateshead Council:**

Councillors M Ord, M Charlton, P Ronan, D Davidson, P Mole and J Lee

**1 Apologies for absence**

Apologies for absence were received from Councillor K Dodds (Gateshead Council)

**2 Minutes of the Meeting held on 14 June 2013**

The minutes of the meeting held on 14 June 2013 were confirmed as a correct record and signed by the Chairman.

**3 Declarations of Interest, if any**

There were no declarations of interest submitted.

**4 External Audit Report**

The Head of Finance (Financial Services) informed Members that the External Audit was now complete (for copy of letter from BDO LLP see file of Minutes). He advised Members that there were no matters arising from the audit.

**Resolved:**

That the Small Bodies in England Annual Return for the year ended 31 March 2013 be approved.

**5 Quarterly Report of the Bereavement Services Manager**

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

The Bereavement Services Manager reported upon the number of cremations which had been undertaken during the period 1 June 2013 to 31 August 2013, noting that there had been a decrease of 46 on the comparable period last year. He advised that the figures were offset against the high performance in April/ May and that there was no cause for concern at present. He added that the sale of memorial plaques in this period was 3 compared to 4 from the same period last year.

Members were advised of operational matters as follows:-

- Green Flag Application – Mountsett had been successful in obtaining this nationwide award that was a good testimony to the staff of the Crematorium.
- Staffing – two members of staff have expressed an interest to enrol on the Institute of Cemetery and Crematorium Management Diploma Course. The post of Business Administration Apprentice would be re-advertised as the two candidates it had been offered to previously had turned the post down. Two people had been interviewed for the post of Superintendent and Registrar's position, however, were unsuitable for the position. Members would discuss the options for this post under a separate agenda item. A new advert for the posts of Relief Crematorium Attendant has been drafted.
- Recycling of Metals Scheme – a cheque would be presented to the chosen charity, Age Concern, in due course.

Members received a presentation from the Senior Projects Manager, Neighbourhood Services regarding the replacement of Cremators and Installation of Mercury Abatement Plant (details of which can be found in the report). He advised Members that there were three Options available and provided detailed plans of the proposals for consideration.

Option 1 – would involve applying the lessons learnt from Durham Crematorium with the existing cremators continuing to run until mid 2016 and the new cremators up and running by this time, with the work broken into phases. Members were informed that the procurement process could start November 2013 with a successful contractor appointed by April 2014 and completion by mid 2016. This option would cause the minimum amount of disruption to services and out of hours working had been included in the budget. Once existing cremators had been removed a new control room would be installed. Staff facilities would also be improved. Members were advised that Durham are using a heat recovery system, using the surplus heat for the hot water and heating requirements. This system could also be developed to generate electricity.

Option 1A – As above but without the electric generation.

Option 2 – would include the power generation costs but would reduce the size of the building.

Members discussed the options in detail and agreed that the proposal to re-use power for the Crematorium would be environmentally friendly and cost effective in the long run, provided it was managed carefully. The Head of Finance (Financial Services) informed Members that the generation of electricity would be explored as part of a feasibility study.

Members agreed that Option 1 would be supported in principle as the logical way forward would be to run the existing cremators and generate more space.

The Bereavement Services Manager then reported the amended Service Asset Management Plan. In the report was an item of grass cutting Machinery which requires replacement. The Head of Finance (Financial Services) informed Members that this could be met from using reserves.

**Resolved:**

That the recommendations contained in the report be noted and approved.

**6 Financial Monitoring Report 2013/14: Spend to 31/08/13 and Projected Outturn to 31/03/14**

The Joint Committee considered a report of the Corporate Director, Neighbourhood Services, Corporate Director Resources and Treasurer to the Joint Committee which set out details of income and expenditure in the period 1 April 2013 to 31 August 2013, together with the provisional outturn position for 2013/14, and highlighted areas of over / underspend against the revenue budgets at a service expenditure analysis level.

The report further set out details of the funds and reserves of the Joint Committee at 1 April 2013 and forecast outturn position at 31 March 2014, taking into account the provisional financial outturn.

The Head of Finance (Financial Services) reported that the projected outturn was showing a surplus (before transfers to reserves and distribution of surplus to the partner authorities) of £255,293 against a budgeted surplus of £254,526, (£767) less than the budgeted position. An explanation of those significant variances which contributed to the position was reported.

Details were then provided in respect of earmarked reserves and it was reported that contributions from the revenue surplus towards the reserves was forecast to be £767.

The retained reserves of the Mountsett Crematorium Joint Committee at 31 March 2014 were forecast to be £677,005, representing a £90,403 (15%) increase over the opening position at 1 April 2013.

**Resolved:**

That the April to August 2013 revenue spend financial monitoring report, associated provisional outturn position and the forecast Crematorium earmarked reserve balances at 31 March 2014 be noted.

**7 Risk Register Update 2013/14**

The Joint Committee received a report of the Corporate Director, Neighbourhood Services and Corporate Director, Resources and Treasurer to the Joint Committee which provided

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

A risk assessment report had been presented to members at the January 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. It was subsequently agreed at that meeting to regularly monitor and report on both strategic and operational risks.

In line with the previous report, two risk registers had been prepared and reviewed identifying Service and Operational risks. It was reported that sickness absence had been removed and that loss of knowledge would remain, until a permanent arrangement was in place.

**Resolved:** that

- (i) the content of the report and updated position be noted.
- (ii) the risk registers shall be kept up to date and reviewed by the Joint Committee on a half yearly basis.

## **8 Fees and Charges Strategy Options 2014/15**

The Joint Committee considered a report of the Corporate Director: Neighbourhood Services and Corporate Director Resources and Treasurer to the Joint Committee which set out details of the proposed Fees and Charges for Mountsett Crematorium for 2014/15 (for copy see file of minutes).

Details of the proposed charges were detailed within the report alongside comparable charges imposed by Crematorium's within the North east area.

The Head of Finance (Financial Services) informed Members that the fees and charges for Durham and Mountsett were low compared to the regional benchmark, and Coundon had recently put their costs up to £630. Durham had also agreed at their last meeting to increase their costs to £620, the neighbouring average.

Members agreed that the best option for Mountsett would be to increase the fees in line with the regional cluster average, of £620. Members also discussed the additional budget that would be generated of £88,125 and the options for the redistribution of income. The opinion of the Committee was to transfer the additional income into the Cremator Reserve, which would help to build reserves.

The Head of Finance (Financial Services) suggested that a further option would be to keep the same charge for certain times of the day, i.e. 9 – 10 a.m. and introduce the new fees from 10 a.m. onwards. He advised that final proposals would be brought back for Committee's consideration.

**Resolved:**

- (i) That Mountsett Crematorium increase the fees and charges to £620, with an option to introduce discretionary costs at certain times of the day.
- (ii) That the additional budget is transferred to the Cremator Reserve.

## **9 Any Other Business**

The Chairman informed members that the Bereavement Services Manager would be preparing a feedback report , following their attendance at the recent ICCM Learning Convention and Exhibition 2013.

## **10 Exclusion of public**

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

## **11 Options for Filling the Superintendent and Registrar's Post**

The Joint Committee considered a report of the Neighbourhood Protection Manager that provided an update on recruitment of the Superintendent and Registrars Post and the outline for future options (for copy see file of minutes).

### **Resolved:-**

That the recommendations contained within the report be approved.

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# Mountsett Crematorium Joint Committee

30 January 2014

## Mountsett Crematorium Performance and Operational Report




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### Report of Graham Harrison, Bereavement Services Manager

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#### Purpose of the Report

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

#### Performance Update:

#### Number of Cremations: for the period 1 September 2013 to 31 December 2013

2. The table below provides details of the number of cremations for the period 1 September 2013 to 31 December 2013 inclusive, with comparative data in the same periods last year:

	2012/2013		2013/2014	Change
	Sept	Dec	Sept-Dec	
September	100		85	- 15
October	109		92	- 17
November	144		97	- 47
December	115		90	- 25
<b>TOTAL</b>	<b>468</b>		<b>364</b>	<b>- 104</b>

Gateshead	98
Durham	236
Outside Area	30
<b>Total</b>	<b>36</b>

3. In summary there were 364 cremations undertaken during 1 September 2013 to 31 December 2013, compared to 468 in the comparable period last year, a decrease of 104 (or 22%).
4. In the October 2013 report it was noted that there had been a decrease in cremations previous to that period, and also that this had offset the increase in the previous reporting period. We continue to monitor the usage and for the period April-December 2013 there have been 150 less cremations when compared to the previous year (2012). Prudent assumptions built in to the

Financial Monitoring report project a financial year reduction in cremation numbers of 93 as at 31<sup>st</sup> March 2014.

5. The table below shows how the numbers of cremations vary on a year by year basis and are affected by many things, the main factor for the winter period is the weather, with this year so far being unusually mild when compared to previous years. The team continue to have a good relationship with clergy and funeral directors and improvements to the facilities including the recent installation of the Wesley tribute system have made the facility more attractive to service users.

<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>Average</b>
1212	1188	1258	1404	1157	1244

6. Notwithstanding the prudent assumptions that were built into the base budgets (1250 for 2013/14) the forecast outturn has been based on the levels of usage in the final 3 months of 2009/10 (the lowest of the years above).

### Memorials

7. The table below outlines the number and value (exc. VAT) of the memorials sold in period 1 September 2013 to 31 December 2013 inclusive with comparative information for the same period last year.

	<b>Sept-Dec</b>	<b>2012/13</b>	<b>Sept-Dec</b>	<b>2013/14</b>
	<b>Number</b>	<b>£</b>	<b>Number</b>	<b>£</b>
<b>Large Plaques</b>	14	4,592.00	10	3,280.00
<b>Total</b>	<b>14</b>	<b>4,592.00</b>	<b>10</b>	<b>3,280.00</b>

8. In overall terms the number and value of memorials 10 / £3,280 in 2013/14, compared to 14 / £4,592 in 2012/13– is a decrease of 4 / £1,312 year on year.

### Operational Matters

#### Staffing

9. Members will recall that, at the meeting held on 14 June 2013, it was agreed (to further ensure business continuity for the longer term) to employ a Business Administration Apprentice. I can now confirm that this appointment has been made and the new member of staff has settled in well.
10. In terms of the new trainee Crematorium Attendant position, this has been advertised and interviews are to be held week commencing 13<sup>th</sup> January 2014. The post has been covered by a member of staff from DCC Clean and Green Service over the last 6 months.
11. Members will also recall that, at the meeting held on 4<sup>th</sup> October 2013, it was agreed (to further ensure business continuity for the longer term) that the Bereavement Services Manager continue to run both crematoria in Durham. The continuation of this arrangement on a permanent basis has been factored into the budget for 2014/5. The net effect equates to a £21,447 saving against the

2013/14 budget. This has also been factored into the 2013/14 provisional outturn (£23,547, 10 months)

12. Since September the operations have continued day to day satisfactorily with progress on feasibility studies and other strategic responsibilities. A review will be undertaken in the coming months in relation to current working practices and overtime and honorarium levels.

### **Green Flag Application**

13. As Members will recall that we were successful in obtaining a Green Flag Award in 2013. We are again submitting an application for the 2014 Award and I will report back at a future meeting.

14. A management plan for this will be updated to help maintain the award although works are required any financial requirement is covered by existing budgets.

### **Recycling of Metals Scheme**

15. I am pleased to inform the Committee that a cheque was received from the Institute of Cemetery and Crematorium Management to the sum of £3,472 for Age Concern. Arrangements were made for the Cheque to be presented to Age Concern by the Committee Chair and the Bereavement Services Manager on 12 November 2013. (See Appendix 2).

### **ICCM Conference 2013**

16. A summary **The INSTITUTE OF CEMETERY AND CREMATION CONFERENCE** which was held on 30<sup>th</sup> to 2<sup>nd</sup> October 2013 can be found in Appendix 3.

17. There were a number of good papers ranging from the work Sands (Stillbirth and Neonatal Death Society) had carried out, to controlling the cost of funerals and a relevant paper about Funeral poverty.

### **Mountsett Crematorium: Replacement of Cremators and Installation of Mercury Abatement Plant**

18. At the meeting held on 4<sup>th</sup> October 2013 it was agreed that Option 1 would be supported in principle. Members agreed that the logical way forward would be to run the existing cremators and generate more space.

19. An 'Options' paper has been further developed and will be presented to members along with financing options at the April meeting.

## **Recommendations and Reasons**

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

- The content of this report with regards to current performance of the crematorium and forecast changes.
- The current situation with regards to the sale of Memorial Plaques.
- The current situation with regards to the appointment of a trainee crematorium attendant.
- Note the future submission with regards to the Green Flag.
- Note the recent presentation of the ICCM metal recycling scheme.
- Note the feedback from the ICCM Conference.

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**Contact:                   Graham Harrison, Bereavement Services Manager**

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## **Appendix 1: Implications**

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### **Finance**

As identified in the report.

### **Staffing**

There are no implications

### **Risk**

There are no implications

### **Equality and Diversity / Public Sector Equality Duty**

There are no implications

### **Accommodation**

There are no implications

### **Crime and Disorder**

There are no implications

### **Human Rights**

There are no implications

### **Consultation**

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

### **Procurement**

There are no implications

### **Disability Issues**

There are no implications

### **Legal Implications**

As outlined in the report

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## Appendix 2: Letter of thanks from chosen Charity

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The new name for  
**AGE** Durham County  
*Concern*

13 November 2013

Mr T Robson  
Finance & IT Manager  
ICCM National Office  
City of London Cemetery  
Aldersbrook Road  
Manor Park  
London  
E12 5DQ

Dear Mr Robson

**Re Donation received via ICCM Recycling of Metals Scheme**

Our organisation was delighted to be contacted by Graham Harrison from Durham County Council with regard to your donation of £3472 from the above scheme.

I was very pleased to be able to accept the donation on behalf of Age UK County Durham on Tuesday 12 November 2013. Graham arranged for Durham County Councillor Owen Temple to present the cheque to us on your behalf. Michael Chipperfield, Assistant Superintendent Registrar and Graham were also present on the day and the local press were also invited.

The donation and presentation was then reported in the Northern Echo today and I have enclosed a copy of the article for your information.

We have identified that the money will be best used via our Information and Advice Service – which supports older people in the County with a wide range of issues including welfare benefits, housing issues etc.

Once again, please accept my thanks and that of our organisation for supporting our work with this donation.

Yours sincerely

**Harriet Gibbon**  
Chief Executive  
Age UK County Durham

**Age UK County Durham** t 0191 386 3856  
Age Concern House f 0191 383 1528  
7 Atherton Street e info@ageukcountydurham.org.uk  
Durham DH1 4DJ www.ageukcountydurham.org.uk



Age UK County Durham is a trading name of Age Concern Durham County, which is a registered charity (1122008) and company limited by guarantee. Registered in England and Wales number 6431030. Registered office: Age Concern House, 7 Atherton Street, Durham DH1 4DJ. ID10603 07/12

## Crematorium donation to help elderly



**CHEQUE GIFT:** Councillor Owen Temple, right, presents the cheque for £3,472 to Harriet Gibbon, chief executive of Age UK County Durham, with Michael Chipperfield, assistant superintendent registrar, and Graham Harrison, bereavement service manager for County Durham, at the Mountsett Crematorium, in Dipton  
Picture: DAVID WOOD

A CHARITY has received a donation of £3,472 from a crematorium.

Age UK has been given the cash by the joint committee of Durham and Gateshead councillors based

at Mountsett Crematorium, in Dipton, near Consett.

The cheque is the third contribution that the crematorium has been able to make to charity as a result of joining a national

scheme for recycling metals arising from the cremation process.

The donations now total £11,805. Durham county councillor Owen Temple, committee chairman, said: "At a time of grief, families are still

making the selfless response of approving this scheme so that the suffering of others can be alleviated.

"It's a tribute to the generosity of spirit within our community."

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**Appendix 3: INSTITUTE OF CEMETERY AND CREMATION  
CONFERENCE – NORTH LINCOLNSHIRE 30th to 2nd  
October 2013**

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The conference was opened by the ICCM President, Natasha Bradshaw who welcomed delegates from the U.K., Japan, America, France, Italy, Australia, Netherlands and Germany.

**Robertson and the Early Years of the National Association of Cemetery Superintendents**

The first paper was given by Dr. Brian Parsons; BA PhD Dip FD MBIE AICCM who gave a most interesting talk on John Duncan Robertson and the early years of what is now the ICCM.

**Dunstable War Graves**

Kate Dimmock MICCM, MSBP OF Dunstable Town Council, gave a very interesting paper which took a look at some of the stories of the soldiers buried or remembered in Dunstable cemetery.

**Living for the Dead: Who are they really?**

A most interesting paper was given by Cath Brew, BL Arch, Grad Dip Heritage Studies of Red Plait Interpretation LLP who explained that in years gone by, cemeteries were community places where the living could gain a real sense of the deceased, their beliefs, attitudes and possibly the way in which they died. Today, epitaphs include basic biographical information with, at best, a poetic phrase. The dead have now only become known to us through the living. But memories fade and remain private to loved ones. If we don't attend the funeral, how do we really know who are our dead? How do we feel part of the continuum of generations if we can't access our dead?

This paper explored how death has been represented on headstones historically and the ways in which cemeteries have come to 'hold the trauma' – thus reinforcing the fear of death.

**Death and the 'Spirit of Place': assessing cemeteries as a heritage asset**

Dr Julie Rugg, University of York's Cemetery Research Group, gave a very interesting paper on an exploration of how to assess the significance of all types of burial space.

The paper discussed the unique selling point of burial space compared with other heritage assets– An ability to demonstrate changing attitudes towards death, This distinctive element means that many cemeteries and burial grounds have a particular 'spirit of place'. The 'spirit of place' makes a major contribution to the likelihood of a site's designation on the English Heritage Register of Parks and Gardens of Special Historic Interest.



## **The New Charter for Green Burial Operators**

This paper was given by Nicky Whichelow MA (Dis) MCIM FRSA Charter Marketer of Greenacres Woodland Burials and Ian Quance, FICCM (Dip) MSBP BA (Hons) PGCE of the ICCM Natural Burial Committee.

The Institute is launching this Charter at its annual Learning Convention being held on 30th September to 2nd October at the Forest Pines Hotel, North Lincolnshire.

A vital function of the Institute is to set standards of service for the industry, and this has been achieved by the development and implementation of the Charter for the Bereaved. The Institute's board has extended this Charter in order to promote natural burial as an equal alternative to traditional burial and cremation.

Natural Burial may take place in a Natural Burial Ground, in part of a conventional cemetery or on private ground. It may be defined by the resulting landscape; by the materials and practices used or by other environmental considerations such as the type and rate of decomposition. The term Natural Burial encompasses woodland; meadowland; farmland; green; orchard burial etc., but does not define them.

Natural Burial was started by Ken West MBE in Carlisle Cemetery in 1993.

There are now more Natural Burial Grounds than crematoria in the UK (265 vs. 260).

The majority are in Municipal cemeteries.

Our recent survey showed 25% increase in demand in the last 5 years.

Factors widely considered to define Natural Burial include the use of a biodegradable coffin; reduced use of embalming as a procedure; burial clothing made of natural materials; the lack of a conventional memorial and ultimately an enriched and preserved environment. Sustainability is also an issue.

## **Rip Off! Or: The British way of Death**

This paper was given by Ken West MBE. Hon MA (Durham), DMS, Life Member ICCM (Dip) ILAM (Dip)

Ken has written a book which gives an insight into Can the British laugh in the face of death and Funerals? Do they really want to know what happens when they hand their body over to the men in black? You are a short time alive and a long time dead! This fictionalised tale of real and astonishing events beginning in 1993. At times deadly serious; at times deadly funny. It's the mysterious world of the funeral directors, as they try to kill off burial under trees and oppose DIY funerals. It's a world of embalming, pink glitzy shrouds, crappy coffins, brawling at funerals and girl power. Nobody's resting in peace. It spawns a revolution but twenty years later, who is really in control? Find out; if you dare!

## **Shortage of Burial Space**

This paper was given by Alex Strangwayes-Booth, Senior Journalist at BBC News who explained that BBC English Regions conducted a survey of burial authorities in England, asking how many years before they ran out of burial space. They had approached 699 authorities and a quarter of 358 local authorities responding to the BBC said they would have no more room for burials within a decade. Cemetery experts warned of a looming "crisis", while managers called for a change in law to allow graves that are more than 75-years-old to be reused. The Ministry of Justice (MoJ) said the issue was "under constant review".

Many of the councils surveyed, including those in Gosport, Mole Valley, Crawley and Rother, said they had five years or less before they ran out of room. Other areas - such as Tandridge district council in the South East - said they had already run out of space. Some 44% said they had 20 years or less before burial space ran out. About 74% of people who died in 2012 in the UK were cremated, but the cremation rates have levelled off - and there is still a demand for full burial and burial of ashes.

### **Sands – Working to improve services for bereaved parents**

This paper was given by Judith Abela, Group Manager with Sands, who gave an overview of the aims and structure of Sands and how they provide services for bereaved parents. Focusing on the parent perspective and challenges facing professionals working with bereaved parents whilst providing support meetings, telephone helpline, e-mail support, links to local hospitals and fundraising

### **Controlling the Cost of Funerals – The Cardiff Council Funeral Service**

Martin Birch FICCM (Dip) from Cardiff City Council gave a most interesting paper on how Cardiff Council set out to Control the Cost of Funerals for local residents through the introduction of a Fixed Price, Low Cost, High Quality funeral service available to anyone.

Cardiff City Council produced a funeral specification and Tender exercise to all local Funeral Directors was sent out requesting the most competitive price for that spec. Discussions were then held with the preferred winner and the a tender was issued.

This service was then promoted via local press, events etc.

Average UK Funeral Cost -**£3,456**

Average Funeral Cost in Cardiff -**£4000**

#### **Cremation**

Funeral arrangements and provision of the specification £1030

Cremation Fee at Thornhill Crematorium £480

Doctors Fees £157

**Total cost of funeral including Disbursements £1667**

#### **Burial**

Funeral arrangements and provision of the specification £1030  
EROB New Grave2 depth 100 years £650  
Interment Fee £580  
Chapel Fee £80

**Total Cost of Funeral including Disbursements£2340**

Benefits & Risks

Retains business

Reduction in public health funerals

Good news story

Something Helpful and Positive in current economic climate

Funeral director gets repeat business

Raises profile

Can sell extras at the family's request

**Funeral Celebrancy – 12 years on!**

Anne Barber BA (Hons), MBA OF Civil Ceremonies Ltd gave an update on the survey of Funeral celebrants which was recently carried out on how they found working with crematoria across the UK.

Lots of interesting information and views came back along with insights into this growing area.

**The Birth and Death of Ichabod Smith, or: How to teach Best Practice 'Care and Management of the body' to trainee Alternative Funeral Directors - without a body**

Angie McLachlan MA BA (Hons), MBIE, MEAE of Red Plait Interpretation LLP gave an interesting presentation about designing and building an interactive body that will be used to train people to care for some of the common complexities of death.



### **Respect Shrouds for Burial and Cremation**

Gordon Tulley HNC Engineer of Respect GB gave an interesting presentation. Respect was led into investigating shrouds by customer demand for a more natural way to go. However, the current American products are very expensive! as too are the UK versions and not suitable for Cremation. Respect chose Bamboo because Bamboo forests are sustainable! Respect Everybody Shrouds are spun into yarn & produced in the UK Produced to ISO 9001 quality standards. Most importantly produced to ISO 14001 environmental standards. These shrouds were then put through tests and provided suitable for use in a cremator. Tests proved THE SHROUD IS actually slow to ignite this is so important especially at the charging stage.

### **A Coffin Standard for Cremation**

Richard Barradell DMS of the Funeral Furnishing Manufacturers Association gave a presentation about coffin standards and how they would go about this. To defining & establishing a comprehensive standard, together with an associated test programme, to warrant that all coffins presented for cremation are 'fit for purpose'.

### **Avoiding (Unintended) Fires in Your Crematorium**

Kim Stopher of Stopher Associates Ltd gave an interesting presentation on some of the recent fires which have occurred at Crematoria in the U.K. The potential causes of fires were discussed, and advice given on how to reduce their likelihood, as well as a review of the general requirements of fire safety in the workplace.

### **Without Intervention, Funeral Poverty is set to soar (and it's already at record levels)**

Simon Cox DM OF Sun Life Direct gave a most interesting talk on Sun Life Directs 7<sup>th</sup> annual Cost of Dying research which revealed Funeral Poverty is at a record level. Rising funeral costs 2004 – 2013. Non discretionary costs up 80% since 2004. Now standing at £5,462, what is driving the rising cost of a funeral? Disbursements is a description of essential funeral costs that are not within the control of the funeral director Burial and Cremation fees are largely dictated by the local authority Ministers fees sudden rise is the consequence of a 60% rise from C of E.

Historically funeral director fees are the largest single cost of a funeral.

This is the first year since our research started that the monetary rise in disbursements was higher than the funeral directors. If trends are maintained Disbursement fees will exceed funeral directors fees.

Over half (and an increasing proportion) of consumers who had arranged a funeral said funeral costs were more than they expected.

Funeral Poverty up 50% in 3 years as 1 in 5 struggle with funeral costs.

18% struggle with funeral costs

Average shortfall £1,277

**If representative of 573,000 UK deaths, funeral poverty = £131m**

Funeral Poverty is up 50% since 2010 (from £85m)

Social Fund Funeral Payment: incredibly important but increasingly inadequate

Local authorities and Funeral Directors will be alarmed at the diminishing value of a SFFP compared to the retail cost of a funeral.

- Average SFFP award of £1225 leaves a significant (and growing) gap
- Those who claim are exposed to a flawed process driving many into debt
- A SFFP payment meets barely a third of the retail cost of a funeral

**If we use our trend data, by 2033**

- The number of deaths per annum c700, 000 pa.
- Increased deaths, better investment returns eases some pressure on funeral inflation
- Systemic problems remain meaning prices still running above inflation
- Basic funeral costs approaching £10,000
- Disbursements the largest element of funeral costs
- A SFFP worth approximately £2500
- Funeral Directors increasingly have to turn away SFFP applicants
- SFFP scrapped absorbed into universal credit or
- Funeral grants and public health funerals all administered by local authorities exceeding 100,000 claims a year.

**What needs to happen?**

- Recognition that there is a confluence of of inter-related issues conspiring to drive sustained above inflation rate funeral costs, resulting in funeral poverty.
- Inter-related issues are cross sector, cross party, cross industry yet currently there is no parliamentary appetite to deal with the problem, interested groups need to work together to gain political attention
- Its not the Governments fault, its not local authorities being greedy or funeral directors profiteering who are to blame –but it is everybody’s problem

- As it stands “Paupers funerals” are a thing of the future not just of the past.
- Without intervention funeral poverty is set to soar, and it is already at record levels.

### **Funeral Photography – Helping the bereaved**

Rachel Wallace of Farewell Photography gave a brief history of funeral photography, its purpose as an aid to grief past and present. Rachel is an accomplished photographer who began specialising in funeral photography almost 10 years. She produces Memory Books which clients find a great comfort and help in healing their grief, giving them something to literally “hold on to” after the event.

### **Fasten Your Seatbelt for the Next 100!**

Charles Cowling BA of the Good Funeral Guide gave the final presentation which examined likely funeral trends in the light of longevity, secularism and new technologies



## Mountsett Crematorium Joint Committee

30 January 2014

**Financial Monitoring Report – Position at 31/12/13, with Projected Outturn to 31/03/14**




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

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### Purpose of the Report

1. The purpose of this report is to set out details of income and expenditure in the period 1 April 2013 to 31 December 2013, together with the provisional outturn position for 2013/14, 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 2013 and forecast outturn position of reserves at 31 March 2014, taking into account the provisional financial outturn.

### Background

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

### Financial Performance

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

<b>Subjective Analysis</b>	<b>Base Budget 2013/14 £</b>	<b>Year to Date Actuals April – December £</b>	<b>Probable Outturn 2013/2014 £</b>	<b>Variance Over/ (Under) £</b>
Employees	108,051	69,377	116,822	8,771
Premises	233,480	162,990	197,825	(35,655)
Transport	400	0	400	0
Supplies & Services	83,828	46,574	130,040	46,212
Agency & Contracted	10,915	5,520	7,020	(3,895)
Central Support Costs	25,300	19,800	25,300	0
<b>Gross Expenditure</b>	<b>461,974</b>	<b>304,261</b>	<b>477,407</b>	<b>15,433</b>
<b>Income</b>	<b>(716,500)</b>	<b>(493,889)</b>	<b>(663,606)</b>	<b>52,894</b>
<b>Net Income</b>	<b>(254,526)</b>	<b>(189,628)</b>	<b>(186,199)</b>	<b>68,327</b>
<b>Transfer to Reserves</b>				
- Repairs Reserve	15,000	0	15,000	0
- Cremator Reserve	74,636	0	6,309	(68,327)
- General Reserve	0	0	0	0
<b>Distributable Surplus</b>	<b>(164,890)</b>	<b>0</b>	<b>(164,890)</b>	<b>0</b>
<b>65% Durham County Council</b>	<b>107,178</b>	<b>0</b>	<b>107,178</b>	<b>0</b>
<b>35% Gateshead Council</b>	<b>57,712</b>	<b>0</b>	<b>57,712</b>	<b>0</b>
<b>Mountsett Crematorium Earmarked Reserves</b>	<b>Balance @ 1 April 2013 £</b>	<b>Transfers to Reserve £</b>	<b>Transfers From Reserve £</b>	<b>Balance @ 31 March 2014 £</b>
Repairs Reserve	44,400	30,000	(15,000)	59,400
Cremator Reserve	327,252	6,309	(15,000)	318,561
General Reserve	214,950	0	0	214,950
<b>Total</b>	<b>586,602</b>	<b>36,309</b>	<b>(30,000)</b>	<b>592,911</b>

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

6. As can be seen from the table above, the projected outturn is showing a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £186,199 against a budgeted surplus of £254,526, (£68,327) less than the budgeted position. The following section outlines the reasons for any significant variances by subjective analysis areas:



## 6.1 *Employees*

The forecast outturn is showing an anticipated overspend of **£8,771** against the approved budget. This net over spend is a result of the following:

- The vacant Superintendent & Registrar post has resulted in a net saving of **(£23,547)**.

This is however, offset by the following:

- The approved appointment of the Cremator Attendant, which has resulted in projected spend additional to the original budget of **£17,649**.
- The approved appointment of the Business Administration Modern Apprentice has resulted in projected spend additional to the original budget of **£2,093**.
- Alternative arrangements regarding the management of the Crematorium via the Bereavement Services Manager has resulted in projected additional spend to original budget of **£8,060**.
- Two members of staff are undertaking the Institute of Cemetery and Crematorium Diploma Course. The cost of this training is not included in the original budget and has resulted in additional expenditure of **£3,750**.
- Honorarium payments to the Cremator Attendant in relation to holiday cover totalling **£1,706** along with additional overtime costs to ensure cover for the current opening hours and weekend hours of **£7,120**. The Bereavement Services Manager will undertake a review of working practices in the coming months.

## 6.2 *Premises*

An under spend of **(£35,655)** is projected in relation to the Crematorium premises costs.

- Utility costs for gas, electricity and water are anticipated to result in an under spend against budget of **(£2,069)**.
- NNDR Charges for 2013/14 have been received at **£1,176** more than budget. This is as a result of a re- assessment and increase in the rateable value of the Crematorium undertaken during the year.
- SAMP works originally scheduled to be completed in 2013/14 have been carried forward to be completed in 2014/15 totalling **(£29,700)**. These include the upgrading of external handrails, the renewal of the south perimeter fence and the scheduled Cremator Reline.
- The BACAS booking system was completed in 2012/13 (following the 2013/14 budget approval) thus resulting in a saving against budget of **(£4,000)**. This has been removed from the 2014/15 budgets.

- The Replacement units, wall tiling and water damage repairs have cost **(£1,836)** less than originally budgeted within the SAMP.
- Paths and roads repairs (additional original SAMP requirements) have resulted in a **£4,200** overspend to budget.
- Additional tribute screens costing **£4,608** to that originally budgeted within the SAMP have been purchased.
- Works undertaken as part of the SAMP have resulted in elements of the General repairs budget not being required during 2013/14. This has resulted in an under spend of **(£8,034)**.

### 6.3 *Supplies and Services*

An over spend of **£46,212** is projected in relation to Supplies and Services. The reasons for this are identified below:

- Equipment, telephones, clothing and sundry items such as subscriptions to the Institute and conference fees are collectively anticipated to over spend by a net **£629**.
- The projected decrease in cremations to budget (identified in the Income element below) has resulted in a corresponding under spend in the medical referee costs of **(£1,535)**.
- Recent correspondence received from CAMEO has identified an environmental surcharge/Tmac value of £50.52 per cremation undertaken during the period of January to December 2013. The budget assumes a charge of £25.00 (based on best known information at that time). Taking into consideration the 2013/14 projected cremation numbers, the outturn assumes an over spend of **£47,118** against this budget. It should be noted that in line with Accounting Policies, the outturn considers the accruals concept and includes a payment to CAMEO covering the period January 2013 to March 2014. An element of these costs therefore relate to 2012/13. The 2014/15 budget has been adjusted to reflect these revised costs.

### 6.4 *Agency and Contracted*

The outturn assumes an under spend of **(£3,895)**. This is mainly as a result of the Grounds Maintenance Contract works previously undertaken by DCC's Clean and Green Service now being completed by Crematorium staff.

In addition External Audit fees received are **(£700)** lower than budgeted.

### 6.5 *Income*

A reduction in income of **£52,894** is projected within the 2013/14 outturn. The reasons are as follows:

- The 2013/14 base budget assumes a total of 1,250 cremations. Taking into consideration the numbers to date along with previous years information, it is envisaged that a reduction of 93 cremations to budget will be undertaken during the year. This results in a corresponding reduction to income of **£51,150** against budget.
- Entries into the Book of Remembrance are considered to be higher than budget by **(£733)**.
- Miscellaneous income from vending and Organ fees is projected to exceed budget by **(£526)**.
- Plaque sales however are significantly lower than the numbers budgeted to date and it is assumed that the trend will continue for the remainder of the financial year. This has resulted in a projected reduction in income to budget of **£3,003**.

## 6.6 *Capital Expenditure*

Members will recall the Committee's approval to purchase a Grass cutting machine at the last meeting. The table below highlights the costs and funding:

	<b>Expenditure £</b>	<b>Transfer from Cremator Reserve £</b>	<b>Transfer to Repairs Reserve £</b>	<b>Funding from Repairs Reserve £</b>
<b>Grass Cutting Machine</b>	15,000	(15,000)	15,000	(15,000)

## 6.7 *Earmarked Reserves*

Contributions from the revenue surplus towards earmarked reserves are forecast to be **(£68,327)** less than budgeted.

In line with the Reserves Policy, a contribution from revenue trading to the Cremator Reserve of £6,309 is included within the outturn.

In order to finance the capital expenditure above however, a transfer from the Cremator Reserve to the Repairs Reserve is also projected. This results in a net transfer from the Cremator Reserve of (£8,691).

The net movement on the Repairs Reserve is a £15,000 contribution from revenue trading.

The retained reserves of the Mountsett Crematorium Joint Committee at 31 March 2014 are forecast to be **£592,911**, representing a £6,309 (1%) increase over the opening position at 1 April 2013.

## **Recommendations and reasons**

7. It is recommended that:-

- Members note the April to December 2013 revenue and capital spend financial monitoring report, associated provisional outturn position and the forecast Crematorium earmarked reserve balances at 31 March 2014.

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

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## **Appendix 1: Implications**

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### **Finance**

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

### **Staffing**

There are no staffing implications directly associated with this report.

### **Risk**

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

### **Equality and Diversity / Public Sector Equality Duty**

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

### **Accommodation**

There are no Accommodation implications associated with this report.

### **Crime and Disorder**

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

### **Human Rights**

There are no Human Rights implications associated with this report

### **Consultation**

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

### **Procurement**

None

### **Disability Issues**

None

### **Legal Implications**

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





## Mountsett Crematorium Joint Committee

30 January 2014

Fees and Charges 2014/15



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

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#### Purpose of the Report

1. The purpose of this report is to set out details of the proposed Fees and Charges for Mountsett Crematorium for 2014/15.

#### Background Information

2. In reviewing existing charges or setting new charges inflationary pressures; the potential impact of competition in terms of price and quality; trends in demand; results of customer surveys; budget targets; cost structure implications; impact on other service areas; alternative more effective charging structures and proposals for targeted promotions etc need to be fully taken into consideration.

#### Fees and Charges 2014/15

3. The inflationary and cost pressures facing the crematorium along with the views of the Bereavement Services Manager with regards to the local market (including harmonisation with Durham Crematorium) and customer impact from any proposed increase and benchmarking data on the charges levied in other neighbouring facilities.
4. Taking the above into consideration, the following revisions to the current fees and charges are proposed for 2014/15:-

#### *Cremation Charges*

5. At the September 2013 meeting, a Fees and Charges Strategy options report was presented to members for consideration. Members resolved to increase charges in line with the regional average. The information available at that point suggested a total average cremation fee of £620 (inclusive of medical referee fees)
6. Proposed 2014/15 fees and charges have now been received from the neighbouring crematoria benchmarking group and as a result, it is proposed that Adult Cremation fees are increased to £610 in 2014/15 (15%). This results in a monetary increase of £80 per adult over the age of 16 years. Total cremation fees levied for 2014/15 (inclusive of medical referee fees) are therefore proposed at £630. The benchmarking group details on which the average calculation is based is attached at Appendix 4.

7. The proposed increase considers a requirement to build up reserves in order to ensure sufficiency to fund future capital works (as highlighted previously in the Service Asset Management Plan reported to members at the October 2013 meeting).
8. In order to maximise the cremation service, members may also wish to consider a discounted price in relation to the currently underutilised 9am and 9.30am appointments. It is proposed to offer these times at a total fee (inclusive of medical referee fees) of £580 to service users after all other appointments have been filled.
9. The discount will be applicable to approximately 300 available appointments. It should be noted however that the working practices within the Crematorium would need to be amended in order to ensure revenue is maximised. Early appointments will need to be offered only when all other appointments have been filled in order to mitigate any financial risk to the Crematorium. Without a carefully managed process in place the Joint Committee may potentially see a £15,000 reduction in income.
10. This proposal has not been factored into the 2014/15 budget, rather members are asked to consider a pilot operation during the first 6 months of the year to assess any potential increased revenue as a result of amended working practices.
11. It is proposed to retain the NIL charging policy for child cremations. Members will see from Appendix 3 that neighbouring crematoria charges range from £0 to £190.

### ***Book of Remembrance***

12. There is no proposed increase to the Book of Remembrance fee for 2013/14.
13. A full schedule of the proposed fees and charges for Mountsett Crematorium is shown in Appendix 2, with benchmarking comparison data shown in Appendix 3 for members' information. As can be seen, the cremation fees continue to compare well in relation to neighbouring crematoria, indicating a mid price range position within the benchmarking group.

### **Recommendations and Reasons**

10. It is recommended that:-
  - Members of the Joint Committee note and approve the proposed fees and charges at Appendix 2 effective from 1 April 2014
  - All approved fees and charges are incorporated into the 2014/15 budget.

### **Background Papers**

2013/14 Budget and Financial Monitoring Reports  
2014/15 Budget Working Paper

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<b>Contact(s):</b>	<b>Paul Darby</b>	<b>03000 261930</b>
	<b>Joanne McMahon</b>	<b>03000 261968</b>

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## **Appendix 1: Implications**

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### **Finance**

A detailed schedule of the proposed fees and charges for Mountsett Crematorium is included at Appendix 2. These proposals have been factored into budget proposals for 2014/15.

### **Staffing**

There are no staffing implications associated with this report.

### **Risk**

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

### **Equality and Diversity/Public Sector Equality Duty**

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

### **Accommodation**

There are no Accommodation implications associated with this report.

### **Crime and Disorder**

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

### **Human Rights**

None

### **Consultation**

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

### **Procurement**

None

### **Disability Discrimination Act**

None

### **Legal Implications**

None

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**SCHEDULE OF PROPOSED CREMATORIUM CHARGES 2014-15**

	Mountsett				
	2013/2014 Charges incl VAT (where appropriate)	Proposed Charges 2014/2015 incl VAT (where appropriate)	VAT Status	Increase / (Decrease)	
	£	£		£	%
Non-viable Foetus	£9	<b>£9</b>	O	£0	0.00%
Child	£0	<b>£0 up to 1 mth</b>	O	£0	0.00%
Child	£0 up to 16 yrs	<b>£0 up to 16 yrs</b>	O	£0	0.00%
Adult	£550 over 16 yrs	<b>£610 over 16 yrs</b>	O	£60	10.91%
<u>Surcharges</u>					
Non Resident (Adult)	£0	<b>£0</b>	O	£0	0.00%
Environmental surcharge	£0	<b>£0</b>	O	£0	0.00%
Saturdays Additional	50%	<b>50%</b>	O	Not Applicable	Not Applicable
Certificate of Cremation	Included	<b>Included</b>	O	Not Applicable	Not Applicable
Medical Referees Fees	£20	<b>£20</b>	O	£0	0.00%
Body Parts	£9	<b>£9</b>	O	£0	0.00%
2 line entry Book of Remembrance	£50	<b>£50</b>	S	£0	0.00%
Large Plaques for Lease of 10 years Plus Cost of Plaque at supplier price	£304	<b>£304</b>	E/S	£0.00	0.00%

£70 VAT Exempt

Proposed Mountsett 2014/15	Period charged from:	Sep 2013 to Aug 2014 2014/15	Jan 2014 to Dec 2015 2014/15	Apr 2014 to Mar 2015 2014/15	Apr 2014 to Mar 2015 2014/15	Apr 2013 to Mar 2014 2013/14	Sep 2014 to Aug 2015 2014/15	Apr 2014 to Mar 2015 2014/15	Apr 2014 to Mar 2015 2014/15	Mar 2014 to Apr 2015 2014/15	Proposed Durham 2014/15
			*	*	*	**	*	*	*	*	***
Mountsett		Coundon	Darlington	Gateshead	Middlesbrough	Hartlepool	South Tyneside	Sunderland	Newcastle	North Tyneside	Durham
£		£	£	£	£	£	£	£	£	£	£

**Cremation Fees**

£610.00 15yrs or Over	Adult	£635 over 16 yrs	£588 15yrs or over	£590 over 18yrs	£555 15yrs or over	£599 over 16 yrs	£589 15yrs or over	£523 15yrs or over	£586	£565 over 18 yrs	£610.00 over 16 yrs
£0	Environmental surcharge	Included	£50	£40	£48	Included	£65	included	£59	Included	
£20	Medical Referees Fees	Included	£20	£35.00	Included	Included	£35	£22	£41.00 13 yrs & over	£23	£20
<b>£630</b>	<b>Sub total</b>	<b>£635</b>	<b>£658</b>	<b>£665</b>	<b>£603</b>	<b>£599</b>	<b>£689</b>	<b>£545</b>	<b>£686</b>	<b>£588</b>	<b>£630</b>

**Other Charges**

£9	Non-viable Foetus	£0	£0	£0	£11	£17	£39	£0	£0	£0	£9
£0 up to 1 month	Infant Child	£0	£0 12 mths	£0	£0 up to 1 month	£17 under 5 yrs	£0 up to 14 yrs	N/A	£0 up to 12 yrs	£23	£0 up to 1 month
£0 up to 16 yrs	Child	£0	£190 up to 18 yrs	£0	£44 up to 14yrs	£103 up to 16 yrs	£0 up to 14 yrs	£115 under 16 yrs	£0	£23	£0 up to 16 yrs
£0	Non Resident (Adult)	£0	£0	£0	£0	£0	£589	£693	Not Available	£565	£0
50%	Saturdays/ Additional	£318	No Cremations on a Saturday	No Cremations on a Saturday	£43	No Cremations on a Saturday	£983	£773	No Cremations on a Saturday	£848	50%
Included	Certificate of Cremation	Included	Included	Included	Included	£10	£17	Included	£11	Included	Included
£50	2 line entry Book of Remembrance (inclusive of VAT)	N/A	£62	£56	£34	£57	£15	£44	£66	£51	£50
£0	Body Parts	£0	£0	50% of appropriate charge	£33	£0	£0	£70	£150	£0	£0

\* All based on 14/15 Rates

\*\* Based on 13/14 Rates

\*\*\* Subject to consideration by the Durham Crematorium Joint Committee January 2014

Period charged from:

Jan 2014 to  
Dec 2015  
2014/15  
\*Apr 2014 to  
Mar 2015  
2014/15  
\*Apr 2014 to  
Mar 2015  
2014/15  
\*Apr 2014 to  
Mar 2012  
2012/13  
\*\*Sep 2014 to  
Aug 2015  
2014/15  
\*Apr 2014 to  
Mar 2015  
2014/15  
\*Apr 2014 to  
Mar 2015  
2014/15  
\*Mar 2014 to  
Apr 2015  
2014/15  
\*

	Coundon	Darlington	Gateshead	Middlesbrough	Hartlepool	South Tyneside	Sunderland	Newcastle	North Tyneside
	£	£	£	£	£	£	£	£	£

**Cremation Fees**

Adult	£635	£588 15yrs or over	£590 over 18yrs	£555 15yrs or over	£599 over 16 yrs	£589 15yrs or over	£523 15yrs or over	£586	£565 over 18 yrs
Environmental surcharge	Included	£50	£40	£48	Included	£65	included	£59	Included
Medical Referees Fees	Included	£20	£35.00	Included	Included	£35	£22	£41.00 13 yrs & over	£23
<b>Sub total</b>	<b>£635</b>	<b>£658</b>	<b>£665</b>	<b>£603</b>	<b>£599</b>	<b>£689</b>	<b>£545</b>	<b>£686</b>	<b>£588</b>

**Average of Benchmarking Group****£630**

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**Mountsett Crematorium Joint Committee**

**30 January 2014**

**Provision of Support Services 2014-2015**



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

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**Purpose of the Report**

1. The purpose of this report is to present for approval a proposed Service Level Agreement (SLA) for Support Service provision by Durham County Council to the Mountsett Crematorium Joint Committee for the period April 2014 to March 2015.

**Background**

2. A formal Service Level Agreement for Support Services provided by Durham County Council to the Mountsett Crematorium Joint Committee has been considered and approved by the Joint Committee for the past two years. For consideration within the 2014/15 budget, members are now requested to consider the forthcoming years Support Services requirement.
3. This report sets out details of the proposed SLA for the period 1 April 2014 to 31 March 2015 to cover the following functions:
  - Management Services
  - Financial Services
  - Administration Services
  - Payroll Services
  - Human Resources Services

**Service Level Agreement (SLA)**

4. The SLA established for the provision of Support Service functions to the Joint Committee provides a commitment for both parties over the medium term. This includes the provision of Management advice and attendance at Joint Committee Meetings by the Head of Finance (Financial Services), in addition to Accountancy, HR, Payroll, Creditor payment and Administration Services.
5. The proposed SLA, attached at Appendix 2, has been developed in consultation with the Head of Finance (Financial Services) under the delegated responsibility of the Treasurer to the Joint Committee and reflects the nature of the current partnership, the services to be provided, the period of agreement and total estimated annual budget.
6. As in previous years, all work carried out directly on behalf of the Joint Committee will be recharged and the resultant budget requirement for Support Services is set out in the

SLA. Details of all work to be carried out will be itemised so that costs are more transparent.

7. The proposed SLA considers the proportion of time spent by key staff undertaking the requirements of the Joint Committee. The charge proposed for 2014/15 is £20,300 (a £500 (2.5%) increase from 2013/14). The fee applicable takes into consideration the outcome of the Job Evaluation exercise and staff pay award along with the expectations from the Service Asset Management Plan works to be undertaken during the year.
8. The Support Service SLA is attached at Appendix 2 for consideration and approval by members. Schedule 1 to the Appendix, as attached, provides a more detailed breakdown of the following functions and responsibilities:

#### **Management Services**

- Overall Support Service Management and attendance at Joint Committee Meetings.

#### **Financial Services**

- Preparation and production of Revenue Budget
- Budget Monitoring and guidance
- Preparation and production of Small Bodies Annual Return and Statement of Accounts
- Review of the Effectiveness of internal Audit
- Creditor payments and day to day cash flow management.
- Financial Appraisals and budget monitoring of Service Asset Management Plan works

#### **Administration Services**

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

#### **Payroll Services**

- Employee crematorium salary processing.

#### **Human Resources Services**

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

#### **Recommendations**

9. It is recommended that:-
  - Members consider and approve the Service Level Agreement attached at Appendix 2 (including relevant schedule) for the year 2014/15.

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<b>Contact(s):</b>	<b>Paul Darby</b>	<b>03000 261930</b>
	<b>Joanne McMahon</b>	<b>03000 261968</b>

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## **APPENDIX 1 - Implications**

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### **Finance**

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

### **Staffing**

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

### **Risk**

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

### **Equality and Diversity/ Public Sector Impact Duty**

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

### **Accommodation**

There are no Accommodation implications associated with this report.

### **Crime and Disorder**

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

### **Human Rights**

There are no Human Rights implications associated with this report.

### **Consultation**

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

### **Procurement**

None

### **Disability Discrimination Act**

None

### **Legal Implications**

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

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## APPENDIX 2



# **Service Level Agreement**

for the provision of Support Services to

**MOUNTSETT CREMATORIUM JOINT  
COMMITTEE**

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

**THIS AGREEMENT** is made the [30th] of [January] **two thousand and fourteen**  
**BETWEEN DURHAM COUNTY COUNCIL** ("the Council") and **MOUNTSETT**  
**CREMATORIUM JOINT COMMITTEE** ("the Partnership")

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

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

### **2. DURATION**

- 2.1. This agreement will be effective 1<sup>st</sup> April 2014 and will continue until 31<sup>st</sup> March 2015 ("the Term")

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

#### **3.1. Services**

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

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

- The Accounts and Audit Regulations 2003 as amended by The Accounts and Audit (Amendment) (England) Regulations 2006, 2011 (Regulations)
- The Code of Practice on Local Authority Accounting in the United Kingdom
- All other relevant CIPFA guidelines, best professional practice and legislation
- The Local Government Act 2000 and other associated legislation
- All appropriate Employee and Health and Safety legislation
- The Joint Committee's relevant policies, rules, standing orders, procedures and standards. (These are the policies, rules, standing orders, procedures and standards of Durham County Council adopted by the Mountsett Crematorium Joint Committee)
- The terms and conditions of this agreement.

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

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

### **3.2. Accommodation**

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

### **3.3. Insurance**

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

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

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

- 4.1.1. To make available such Support Services provision as set out in Schedule 2 for the provision of agreed services for the year 2013/14 notwithstanding the contents of Schedule 2, the Support Services provision will be the subject of regular review and agreement by both parties as part of the Joint Committee's normal budget timetable. Final confirmation of the Support Services provision must be agreed no later than the 30<sup>th</sup> January in each year.
- 4.1.2. Both parties intend that the annual Support Services fee provision will be set at such a level as to cover the costs incurred by the Council in delivering the Central Support Functions. An indicative annual budget and time allocated to each of these areas as at the date of this agreement is set out in Schedule 2.
- 4.1.3. The parties agree that, without affecting the annual Support Services fee provision and the principles set out in Schedule 2, at the Joint Committee's request;
- The percentage split between the service elements to be provided can be varied up to 10% provided always that the maximum number of days per element specified in Schedule 2 is not exceeded
  - Crematorium Joint Committee being satisfied that any such changes will not have an adverse impact on the delivery of the service provision.
- 4.1.4. The parties agree that all variations, other than those referred to in the clause 4.1.3 above, require the expressed written consent of both parties.
- 4.1.5. To pay the Council annually the payments as set out in Schedule 2. The payment principles set out in Schedule 2 will apply for the purposes of determining the payments paid to the Council by the Joint Committee.

## **4.2. Service Delivery**

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

Allowing Council staff access to the Joint Committee's business premises if necessary at reasonable times for the provision of the Support Services.

4.2.1.1. The provision of suitable accommodation for the use of the Support Services on the Joint Committee's business premises, at its own cost, as may be necessary.

4.2.1.2. Agreed adherence to Durham County Council's Members Code of Conduct and Constitution.

4.2.1.3. 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.

4.2.1.4. Allowing and facilitating where necessary direct access by the Head of Finance (Financial Services) /Principal Accountant: Direct Services, to the Chair of the Joint Committee and the Treasurer (or his nominated representative) for the purpose of delivering the relevant services.

4.2.1.5. Approving the Small Bodies Annual Return and Statement of Accounts, Annual Governance Statement, Revenue Budget and all other Financial Reports.

4.2.1.6. Taking whatever action it considers necessary as a result of issues highlighted by the Head of Finance (Financial Services).

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

5.1. Paul Darby, Head of Finance (Financial Services) is responsible for the overall management and delivery of the support service functions and will (under delegated responsibility) in practice fulfil the role of the Treasurer for the Joint Committee. Any queries arising from financial and other relevant reports and any general day to day enquiries about the service should be addressed to the Head of Finance (Financial Services).

- In person at Durham County Council, County Hall, Durham
- E-mail: [paul.darby@durham.gov.uk](mailto:paul.darby@durham.gov.uk)
- Telephone 03000 261930

5.2. The Head of Finance (Financial Services) will report to the Corporate Director of Neighbourhood Services and to the Corporate Director of Resources and Treasurer to the Joint Committee and to the Mountsett Crematorium Joint Committee.

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

Contact details are:

Don McLure, Corporate Director: Resources  
Durham County Council,  
County Hall, Durham  
e.mail:don.mclure@durham.gov.uk  
Telephone 03000 261945

- 5.5. The Principal Accountant: Direct Services (under delegated responsibility) will meet with the Bereavement Services Manager each financial year to consider the support service fee for the following financial year. Such meetings will be scheduled in line with the Joint Committee's normal budget timetable. (Final confirmation of the support service fee provision must be agreed no later than the 15<sup>th</sup> January in each year) and be attended by such other persons as either party may wish.
- 5.6. The Bereavement Services Manager is responsible for ensuring:-
- Responses to reports are received within timescales specified
  - Information is provided to substantiate the implementation of any recommendations when requested
  - Co-operation with Support Services staff when required
  - Timely contact with the Head of Finance (Financial Services)/Principal Accountant: Direct Services
  - Compliance with relevant Codes of Conduct and Durham County Council Policies and Procedures.

## **6. INFORMATION AND CONFIDENTIALITY**

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

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

7.1. Each party will:-

7.1.1. Comply with the Data Protection Act 1998

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

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

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

**8. TERMINATION**

8.1. Either party may terminate the agreement before the 1 April 2015 by giving the other not less than 3 months prior written notice.

**9. VARIATION**

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

**AS WITNESSED**

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

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

**Date**

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

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

**Date**



## Schedule 1

The following Support Services will be provided.

### Management Services

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

### Financial Services

3. Preparation and Production of the Annual Revenue Budget for approval by the Mountsett Crematorium Joint Committee.
4. Review and setting of the Annual Fees and Charges taking into consideration inflationary pressures; the potential impact of competition in terms of price and quality; trends in demand; results of customer surveys; budget targets; cost structure implications; impact on other service areas; alternative more effective charging structures and proposals for targeted promotions etc.
5. Revenue Budget Monitoring including the provision of sound financial advice.
6. Preparation of Monthly Payroll, Bank, Debtor and Creditor Reconciliations.
7. Production of the Small Bodies Annual Return and Statement of Accounts for the Mountsett Crematorium Joint Committee in accordance with the Accounts and Audit Regulations and The Code of Practice on Local Authority Accounting in the United Kingdom.
8. Liaison with External Audit in relation to the Small Bodies Annual Return.
9. Timely processing and payment of all Mountsett Crematorium Joint Committee Purchase order and direct Invoices in line with BVPI 8 Regulations and Durham County Council Payment Terms.
10. Financial Appraisals and Budget Monitoring of Service Asset Management Plan works.

### Payroll Services

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

### Human Resources

12. Provision of Health and Safety Advice and guidance in compliance with relevant Health and Safety guidelines and legislation.

13. Management and co-ordination of arrangements regarding employee relations and Interaction with trade union officials.
14. Delivery and facilitation of the staff training, recruitment and selection processes.

### **Administration**

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

### **Advice**

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

**BUDGET SCHEDULE**

AREA	2012/13
<b>Management</b>	
Attendance at Joint Committee Meetings	
Report Review and overall Management	
	<b>4,200</b>
<b>Financial Services</b>	
Budget Preparation including fees and charges setting	
Budget Monitoring including monthly reconciliations	
Production of the Annual Statement of Accounts (including liaison with External Audit)	
	<b>10,600</b>
<b>Payroll Services</b>	
Employee payroll processing	<b>150</b>
<b>Human Resources</b>	
Health and Safety support and guidance	
Employee relations and interaction with trade unions	
Training and development facilitation	
	<b>1,800</b>
<b>Creditor Payments</b>	
Processing and payment of Invoices	<b>200</b>
<b>Administration</b>	
Distribution of Committee Papers	
Committee and Secretarial Services	
Minute maintenance and indexing	
	<b>3,350</b>
<b>Total</b>	<b>20,300</b>

**BASIS OF CHARGE**

- Charges in respect of the period 1 April 2014 to 31 March 2015 will be recharged to the Joint Committee using the existing methodology.
- This SLA charge is in addition to the fixed term Audit SLA totalling £5,775 previously approved by members.

*In overall terms the Support Service charge represents 2.7% of the gross turnover of the Joint Committee.*

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## Mountsett Crematorium Joint Committee

30 January 2014

## Review of Effectiveness of Internal Audit



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### Report of the Treasurer of Joint Committee

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#### Purpose of the Report

1. The purpose of this report is to advise the Joint Committee of a review of effectiveness of the Durham County Council Internal Audit Service, carried out by the County Council's Audit Committee in June 2013. This report provides assurance to the Joint Committee as part of its Annual Governance Review.

#### Background

2. The Joint Committee's internal audit provider is Durham County Council Internal Audit Services. The service is delivered in accordance with a Service Level Agreement (SLA) approved by the Joint Committee in Sept 2010.
3. In order to place reliance on the work of internal audit, and the annual audit opinion provided through it on the adequacy and effectiveness of the control environment operating across the Joint Committee, it is important that the Joint Committee is assured that the service is effective.
4. Under the Accounts and Audit Regulations 2011, Durham County Council as a large public body is required to carry out an annual review of the effectiveness of its Internal Audit Service. Whilst there is no such legal requirement for the Joint Committee as a small body under these regulations to do likewise, assurance can be provided on the effectiveness of the service provided to the Joint Committee from this review.

#### Summary of the outcomes from the review carried out by DCC Audit Committee

5. The Audit Committee considered a report presented by the Corporate Director Resources that provided evidence on the effectiveness of the service during 2012/13. Having considered the evidence, the Committee concluded that sufficient assurance had been provided that the service was effective. In reaching this conclusion the Committee considered:
  - Actions taken by the service during 2012/13 to address areas identified for improvement following the 2011/12 effectiveness review
  - Formal feedback from Corporate Directors and Heads of Service via an evaluation survey

- An initial self-assessment of compliance against the new Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note (LGAN) which came into effect 1 April 2013, carried out by the Head of Internal Audit.
6. A summary of the main outcomes from the review and the resultant improvement plan prepared by the Head of Internal Audit Risk is attached as an appendix 2.
  7. The improvement plan fulfils part of the requirement of PSIAS for the Head of Internal Audit to develop and maintain a quality assurance and improvement programme (QAIP). The quality assurance programme will be developed during the year and reported upon as part of the annual audit report as required by the PSIAS.
  8. The key activity identified within the improvement plan specifically relevant to the Joint committee is the review and update of the Internal Audit Charter. A revised Charter has been prepared for the Joint Committee's consideration and is included within the Provision of Audit Services Report under a separate agenda item.

### **Other Relevant Performance Indicators**

9. Following each annual audit, a post audit satisfaction survey is issued to the Crematorium Superintendent. The feedback from the 2012/13 audit returned an average score of 4.5 where 1 is very poor and 5 is very good.
10. The Internal Audit Service subscribes to the CIPFA Internal Audit Benchmarking Club. Whilst the benchmarking exercise is very much input and process focused, e.g. compares costs, chargeable days and areas of coverage, and does not provide any indicators of the quality or added value provided through internal audit services, it does provide some useful comparators as an indication of current performance compared with others.
11. The most relevant indicator from the latest exercise which will be of interest to the Joint Committee is the cost per audit day. In 2012/13 the average cost per audit day was £276 compared to the average for unitary authorities of £317. This demonstrates that the service represents good value for money.

### **Recommendation and Reasons**

12. The Joint Committee is asked to note:
  - The information provided that demonstrates the efficiency and effectiveness of the Durham County Council Internal Audit Service
  - Actions planned to further improve the service during 2013/14

### **Background Documents**

Report to DCC Audit Committee 27 June 2013  
CIPFA Benchmarking Exercise

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**Contact(s): Paul Darby, Head of Financial ( Financial Services)**

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**Appendix 1: Implications**

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**Finance**

The annual audit fee is set out in the report.

**Staffing**

None

**Risk** – Not a key decision

**Equality and Diversity**

None

**Accommodation**

None

**Crime and Disorder**

None

**Human Rights**

None

**Consultation**

None

**Procurement**

Purchase of Audit Services as set out in the report

**Disability Issues**

None

**Legal Implications**

Compliance with the Account and Audit Regulations 2011

**Extract from the report considered by DCC Audit Committee 27-6-13**

1. The responses from the senior management survey, although disappointingly limited in number, were on the whole very positive.
2. These indicate that the service consults well with senior management regarding audit issues but the audit strategy and risk based approach could be improved to ensure that there is more clarity over how internal audit work can support the achievement of council priorities and objectives and provide more support on helping services achieve VFM.
3. Communicating audit outcomes was another area where improvements were highlighted in relation to the timeliness of the issuing of reports and ensuring that audit findings are reported in the context of “the bigger picture”.
4. The development of the assurance framework and assurance maps, mapping assurance on the areas and /or risks that senior management and the Audit Committee agree as priority, is key to improving the strategic planning process. Whilst work has already begun on this, it does require further senior management buy-in and time to progress successfully. The implementation of the PSIAS clearly demonstrates the importance of moving this on during 2013/14.
5. Another key area for improvement is the need to implement a more robust quality assurance programme. This new requirement of the PSIAS will help improve performance management and the identification of training and development issues which will in turn help drive the quality of the service offer once addressed.
6. Ensuring internal auditors have the right skills, knowledge and experience is always a challenge but especially at the current time in view of the external influences impacting on the operations of the council and the resultant extent and pace of the transformational/change agenda at a time of reducing resources. It is therefore important that the service optimises any opportunity to enhance its skills and knowledge base by enhancing the in house team, wherever resources allow, and ensuring the continuous professional development of all existing staff. Again, the PSIAS provides focus on the importance of this.
7. The service is already compliant with the majority of the requirements under the PSIAS as the previous professional standard for local authority internal audit, the CIPFA 2006 Code, largely reflected the expectation of the IIA Standards. However, there are some new elements and the introduction of the PSIAS is an ideal opportunity to review all audit processes and procedures to ensure not only compliance but that the quality assurance framework in place is robust enough to evidence compliance. Since the demise of the tri-annual review of Internal Audit by the Audit Commission, the introduction of an external assessment to be carried at least once every 5 years is welcomed as it will help drive compliance and continuous improvement thereby increasing the overall quality and effectiveness of the service.



8. Actions required to address the areas identified for improvement from the outcomes of the both the Senior Management Survey and the initial self- assessment of compliance with the PSIAS and Application Note are summarised in the improvement plan attached. This improvement plan fulfils part of the requirement of PSIAS to develop and maintain a Quality Assurance and Improvement Programme (QAIP). The quality assurance programme will be developed during the year and reported upon as part of next year's annual review of effectiveness.
9. There is sufficient evidence to support the conclusion that the service was overall effective during 2012/13 and that the opinion provided in the 2012/13 Annual Audit Report is reliable.
10. Plans are in place to address areas for improvement and compliance with the PSIAS will help maintain quality standards going forward.

## IMPROVEMENT PROGRAMME 2013/14

Ref	Area of Improvement	Driver Improvement	for	Action Required	Responsible Officer	Target Date	Progress to Date
1.		PSIAS Ref	Survey Ref				
2.	Audit Strategy	2000	Q5, Q13, Q20	Review Audit Strategy in consultation with senior management to improve risk based strategy planning and ensure that audit resources are focused on the right areas and add most value	Avril Wallage	31/3/14	
3.		2050		Agree with CMT and Audit Committee on areas on which assurance is required	Avril Wallage	30/09/13	
4.		2050		Agree the definition of assurance with CMT/Audit Committee	Avril Wallage	30/09/13	
5.		2050		Develop common assurance language to be applied across all assurance providers	Avril Wallage	30/09/13	
6.		2050		Develop Assurance Maps in consultation with senior management to improve understanding of business and the risks it faces. Capture who, what, how and when assurance is or could be provided on the management of those risks and map to those areas where it is agreed assurance is needed	Audit Managers	28/02/14	Risk Based Approach and Control Risk Assessment (CRA) methodology has begun this process at the planning stage of individual audit assignments but needs to be progressed at strategic planning stage to provide clarity to CMT and Audit Committee on overall assurance sources and outcomes and to demonstrate the added value provided by Internal Audit assurance and any assurance gaps.
7.	Audit Terms of Reference –	1000	Q7	Promote awareness of Audit Terms of Reference and audit	Avril Wallage	31/3/14	

## IMPROVEMENT PROGRAMME 2013/14

Ref	Area of Improvement	Driver Improvement	for	Action Required	Responsible Officer	Target Date	Progress to Date
	Independence and objectivity			strategy across the organisation			
8.		1120		Ensure staff records within the Audit Management Software log details of areas to which staff are seconded to evidence that staff are not allocated to an area in which they were previously involved.	Audit Managers	On going	
9.		1120		Training to be given to all audit staff on IIA Code of Ethics and Seven Principles of Public Life which underpin PSIAS to reinforce existing professional ethical standards	Avril Wallage	31/7/2013	
10.		1120		Ensure all audit staff have completed annual declaration of interests	Avril Wallage	31/07/2013	
11.		1000		HIA to communicate directly with Chief Executive periodically	Avril Wallage	31/03/2013	
12.				Rotate on-going assurance arrangements periodically within the team ( No more than 2 consecutive audits if no significant changes wherever possible )	Audit Managers	Immediate effect	
13.		1000		Update Internal Audit Charter to reflect requirements of PSIAS, in particular to define the terms "board" and senior management for the purpose of the internal audit activity	Avril Wallage	31/3/14	
14.	Skills Knowledge & Experience	1200	Q18	Carry out a formal skills assessment of audit staff and	Audit Managers	31/3/14	

## IMPROVEMENT PROGRAMME 2013/14

Ref	Area of Improvement	Driver Improvement	for	Action Required	Responsible Officer	Target Date	Progress to Date
				develop a programme of continuous professional development for all staff to supplement existing corporate staff appraisal scheme and inform service training plan  Ensure records maintained to record training and personal development are complete			
15.		1200	Q20	Work closer with senior management to understand the business better – especially new initiatives and developments	Audit Management	On –going	
16.		1200		Improve team briefings and internal communications to ensure any business intelligence is shared more effectively	Avril Wallage	30/09/13	
17.	Quality Assurance	1300		Review and further develop existing quality assurance processes and formalise into a quality assurance programme to clearly evidence on going compliance with agreed policies and procedures and PSIAS and through internal assessment	Avril Wallage	30/09/13	
18.		1320		Include reporting on the outcomes of the quality assurance programme and any improvement plans in Annual Audit Report	Avril Wallage	30/06/2014	
19.		1312		Approach and timing of external assessment to be developed and	Avril Wallage	30/06/14	

## IMPROVEMENT PROGRAMME 2013/14

Ref	Area of Improvement	Driver for Improvement	Action Required	Responsible Officer	Target Date	Progress to Date
			agreed with the CFO			
20.	Audit Planning	2010	Review strategic planning process and resultant annual plans to ensure link between audit work and supporting the achievements of the Council is clear.	Avril Wallage	2013/14	2013/14 Plan shows some indicative links
21.		2010	Review all documentation where definition of Internal Audit is quoted and ensure PSIAS used and promote awareness	Avril Wallage	30/09/13	Linked to current development of Audit Manual
22.		1220/2010	Q11 Audit Assignment planning and preparation process should confirm links to corporate priorities and objectives to help determine priorities for audit scope and put resultant audit findings into a corporate context	Avril Wallage	01//07/13	.
23.		2200	Q14 Ensure the scope of all audit work including Advice & Consultancy type reviews are approved by relevant heads of service or their nominated key contact prior to fieldwork commencing to evidence that they support the scope.  Quality check compliance as part of sign off process to audit scope/TOR's  Quality check compliance as part of a formal quality review process of a sample of audits	All Audit Staff  Audit Managers  Avril Wallage	Immediate  On going	This is standard practice for assurance type reviews where CRA Risk Based Approach methodology is applied but has not always been the case for advice & consultancy reviews

## IMPROVEMENT PROGRAMME 2013/14

Ref	Area of Improvement	Driver for Improvement	Action Required	Responsible Officer	Target Date	Progress to Date	
			undertaken during the year				
24.		2010	Q17	Determine priorities for audits within Annual Audit Plan	Avril Wallage	30/6/13	
25.		2010		Revise format of post audit evaluation process to improve future audit planning	Avril Wallage	30/6/13	
26.		2010	Q36	Continue to build effective relationships with all services through improved delivery on agreed planned work and keeping abreast of new initiatives to consider how IA could assist as part of overall assurance framework	Audit Management	On- going	Work already in progress to develop joint assurance protocol on major projects
27.		2010	Q38	<p>Improve focus on VFM risks in audit work and improve how consideration of this is communicated through audit reporting</p> <p>Quality check compliance as part of sign off process to audit scope/TOR's and reports</p> <p>Quality check compliance as part of a formal quality review process of a sample of audits undertaken during the year</p>	<p>All Auditors</p> <p>Audit Managers</p> <p>Avril Wallage</p>	<p>On –going</p> <p>On-going</p> <p>31/5/2014</p>	Helping to support VFM is already a standard audit objective
28.	Communications and relationships	2420		Improve timeliness of feedback on audit findings by improving the performance management of	Audit Managers	31/07/2013	

## IMPROVEMENT PROGRAMME 2013/14

Ref	Area of Improvement	Driver Improvement	for	Action Required	Responsible Officer	Target Date	Progress to Date
				planned and actual fieldwork completion dates and issue of draft reports and final reports			
29.		2420		Improve challenge to significance of audit findings and priority rankings through audit clearance processes	Principal Auditors/Audit Managers		
30.			Q39	Improve awareness of the CRA methodology to help embed operational risk management and follow up on its implementation as a self-assessment tool by including a formal recommendation to this effect in audit report action plans.	All Audit Staff	1/7/2013	
31.	Policies and Procedures	2040		Improve the co-ordination and review mechanisms of existing policies and procedures by capturing in Audit Manual	Avril Wallage	30/09/13	In progress but requires updating to reflect PSIAS
32.		2240		Review processes for approving work programmes and testing strategies as part of the planning and preparation stage of audit assignments	Avril Wallage	30/09/13	
33.		2330		Determine retention policy and archiving arrangements in line with council retention guidelines	Avril Wallage	30/09/13	
34.	Audit Opinions	2450		Improve communication of reliance placed on other providers of assurance in arriving at audit opinions ( assignments and overall audit opinion )	Avril Wallage	30/09/2013	

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## Mountsett Crematorium Joint Committee

30 January 2014

### Provision of Internal Audit & Risk Management Services 2014-2017




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## Report of the Manager of Internal Audit & Risk

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### Purpose of the Report

1. The purpose of this report is to present the Joint Committee with proposals for the continued delivery of Internal Audit and Risk Management Services by Durham County Council, via an extension to the existing service level agreement (SLA) to cover the period April 2014 to June 2017.

### Background

2. The current service level agreement for the provision of Internal Audit and Risk Management Services, approved by the Joint Committee in September 2010 expires 31 March 2014.

### Proposal for extension

3. It is proposed to extend the existing SLA for a further 3 financial years covering the period 2014/15 to 2016/17. In practice as the annual reporting of work carried out and the annual audit opinion is not concluded until after the financial year end the proposed agreement will continue up to June 2017. The proposed SLA, covering both internal audit and risk management services is attached at Appendix 2.
4. The proposed annual plan of work to be carried out under this agreement, reflecting the same level of service as currently supplied, is set out in Schedule 2 of the SLA. The annual fee, also shown in Schedule 2 is £5,775 for 2014/15 (an increase of £275 from 2013/14) and £5,500 for 2015/16 and £2016/17. This is based on a daily rate of £275.
5. Information provided through the CIPFA Internal Audit Benchmarking Club identified that in 2012/13, the average cost per audit day of unitary authorities was £317.
6. The SLA will be supplemented by a detailed Internal Audit Charter which sets out the terms of reference and audit strategy for how the internal audit service is to be delivered.
7. The Charter has been updated to reflect the requirements of Public Sector Internal Audit Standards that came into effect 1 April 2013, and CIPFA's accompanying Local Government Application Note, which are now the proper practices that underpin the requirements of the Accounts and Audit Regulations (England) 2011, which require relevant public bodies to undertake an adequate and effective internal audit of its

accounting records and its system of internal control. The updated Charter is attached at Appendix 3.

8. The organisations to which CIPFA's Application Note applies are identified in the PSIAS as local authorities, the offices of the police and crime commissioners, constabularies, fire authorities, national park authorities, joint committees and joint boards in the UK.
9. All principal local authorities and other relevant bodies subject to the Accounts and Audit Regulations (England) 2011 must make provision for internal audit in accordance with the Public Sector Internal Audit Standards as well as CIPFA's Local Government Application Note.
10. Within the PSIAS, the terms 'board' and 'senior management' must be interpreted in the context of the governance arrangements within each individual organisation, as these arrangements vary in structure and terminology between sectors and from one organisation to the next within the same sector.
11. It is expected that the audit committee, where one exists, will fulfil the role of the board in the majority of instances, but it is still the responsibility of each individual organisation and their Chief Audit Executive (Head of Internal Audit) to consider every occurrence of the term 'board' and 'senior management' within the PSIAS and decide which committee or other such group best fits the role in that situation, bearing in mind the need to preserve the independence and objectivity of the internal audit function.
12. A mapping exercise has therefore been carried out to determine who the most appropriate body is to fulfil these roles in relation to the provision of internal audit services to the Joint Committee.
13. The PSIAS and the Local Government Application Note require that decisions relating to who is to fulfil the role of the board and senior management for the purpose of internal audit activities be documented in the Internal Audit Charter. The proposed Internal Audit Charter therefore reflects the outcomes of the mapping exercise (Appendix C of Charter).
14. In considering the proposed extension of the SLA, the Committee is reminded that each year the County Council's Audit Committee carries out a review of the effectiveness of the Internal Audit Service, in accordance with the requirements of the Accounts and Audit Regulations 2011. As a smaller body under these regulations, there is no requirement for the Joint Committee to carry out such a review. However in accordance with previous practice, the outcomes of the last review carried out by the Audit Committee in June 2013 have been considered by the Treasurer to the Joint Committee. A report summarising his findings has been presented for consideration of the Joint Committee as a separate agenda for this meeting.

## **Recommendations and Reasons**

15. The Joint Committee is asked to

- Approve the proposed extension of the Internal Audit & Risk Services SLA with Durham County Council covering the next 3 financial years as attached at Appendix 2.
- Approve the proposed annual audit plan and fee as set out in Schedule 2 of the SLA.
- Approve the Internal Audit Charter attached at Appendix 3
- When considering the above, to have regard to the report prepared by the Joint Committee's Treasurer relating to the effectiveness of Durham County Council's Internal Audit Service.

## **Background Documents**

Existing SLA covering the period April 2010 to March 2014

PSIAS and LGAN

Annual Review of Effectiveness – Report of Corporate Director Resource to DCC Audit Committee 27 June

Benchmarking Report considered by Durham County Council Resources Management Team, September 2013

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**Contact(s): Avril Wallage, Manager of Internal Audit & Risk 03000 269645**

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## **Appendix 1: Implications**

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### **Finance**

The annual audit fee is set out in the report.

### **Staffing**

None

**Risk** – Not a key decision

### **Equality and Diversity**

None

### **Accommodation**

None

### **Crime and Disorder**

None

### **Human Rights**

None

### **Consultation**

Paul Darby, Head of Financial Services Durham County Council was consulted on the contents of this report.

### **Procurement**

Purchase of Audit Services as set out in the report

### **Disability Issues**

None

### **Legal Implications**

Compliance with the Account and Audit Regulations 2011

## APPENDIX 2



### **Service Level Agreement**

for the provision of Internal Audit and Risk Services to

**MOUNTSETT CREMATORIUM  
JOINT COMMITTEE**

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

**THIS AGREEMENT** is made XX January **two thousand and fourteen**  
**BETWEEN DURHAM COUNTY COUNCIL** ( the Council ) **and MOUNTSETT**  
**CREMATORIUM JOINT COMMITTEE** (“ the Partnership” )

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

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

### **2. DURATION**

2.1. This agreement will be effective from 1 April 2014 and will cover the 3 financial years 2014/15 to 2016/17 with work carried out in 2016/17 being concluded and reported by 30 June 2017.

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

#### **3.1. Services**

3.1.1. The scope of the Internal Audit and Risk Services available to the Mountsett Crematorium Joint Committee is summarised in Schedule 1.

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

- The Accounts and Audit Regulations 2011
- The UK Public Sector Internal Audit Standards
- The Internal Audit Charter which sets out the 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 support in accordance with best professional practice and the terms and conditions of this agreement..

3.1.4. 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 2014/15 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 internal audit plan, any elements of risk management and / or corporate governance work and a contingency provision for unplanned work. An indicative annual budget and number of days allocated to each of these areas as at the date of this agreement is set out in Schedule 2.
- 4.1.3. The parties agree that, without affecting the annual audit fee provision and the principles set out in Schedule 2, at the Joint Committee's request;
- the percentage split between the service elements to be provided can be varied up to 10% provided always that the maximum number of days specified in Schedule 2 is not exceeded.
  - Any surplus (unused) contingency days in any financial year may be used during the same financial year on any element of work as agreed between the two parties.
  - Any surplus (unused) allocated days in any financial year not required for the delivery of the service up to a maximum of 10% (rounded up to the nearest day ) of the total number of

days may be treated as a credit and carried forward into the next financial year.

- Any days which as a result of sickness absence across the Audit Team are unused will not be subject to such carry over. Under such circumstances all efforts will be made to deliver the plan but where this is not possible all available resources will be focused on the highest risk areas to give a reasonable level of assurance. The cost of any such days lost will be deducted from the annual audit fee.
- Any additional days used in any financial year required for the delivery of the service up to a maximum of 10% (rounded up to the nearest day) of the total number of days may be treated as a debit and deducted from the following year's allocation subject to the Mountsett Crematorium Joint Committee being satisfied that such reduction will not have an adverse impact on the delivery of the following year's Audit Plan.

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

4.1.5. Notwithstanding clause 4.1.3 above, the Joint Committee may make in year changes to the Audit Plan so as to bring the delivery of the Audit Plan within budget and within the allocated number of days as set out in Schedule 2 .This includes either deleting low priority planned work from the Audit Plan or requesting an increase in the Audit Plan where the time required for any additional work exceeds the contingency provision set out in Schedule 2. In cases where an increase is requested the Council will endeavour to respond to the request dependent upon the availability of resources and at such additional cost as agreed between the parties.

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

## **4.2. Service Delivery**

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

- 4.2.1.1. Allowing Council staff access to the Joint Committee's business premises at reasonable times for the provision of the Services



- 4.2.1.2. The provision of suitable accommodation for the use of the Internal Audit Service on the Joint Committee's business premises, at its own cost, as may be necessary.
- 4.2.1.3. 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.
- 4.2.1.4. 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.
- 4.2.1.5. 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.
- 4.2.1.6. The management of risks and the effectiveness of the control environment to mitigate risks
- 4.2.1.7. Approving the Internal Audit Charter and the annual audit plan
- 4.2.1.8. Considering the Annual Internal Audit Report
- 4.2.1.9. Taking whatever action it considers necessary as a result of an audit
- 4.2.1.10. 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).
- 4.2.1.11. Notifying internal audit promptly of any material change in the risks facing the Joint Committee.
- 4.2.1.12. 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. Stephen Carter, (Audit Manager), is responsible for the management and delivery of the Internal Audit 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: [stephen.carter@durham.gov.uk](mailto:stephen.carter@durham.gov.uk)
- Telephone 03000 269665

5.2. The Audit Manager will report functionality of the audit service to Mountsett Crematorium Joint Committee who will undertake the role of the "Board" for the purpose of the PSIAS and Internal Audit Activity. For operational management purposes the Audit Manager will report to Paul Darby, the Head of Financial Services within Durham County Council who is authorised to act on behalf of the Corporate Director Resources, the Treasurer to the Joint Crematorium Committee.

5.3. The Audit Manager and the Head of Financial Services and /or 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. Teresa Morgan, Strategic Insurance and Risk Officer, is responsible for the provision of risk management support.

5.5. The Chief Internal Auditor and Corporate Fraud Manager at Durham County Council is ultimately responsible for the performance and effectiveness of Internal Audit and Risk Management 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 other officers should be referred to him. Contact details are:

Paul Bradley, Chief Internal Auditor and Corporate Fraud Manager,  
Internal Audit & Risk Services  
Resources Service Grouping  
County Hall, Durham  
e.mail:[paul.bradley@durham.gov.uk](mailto:paul.bradley@durham.gov.uk)  
Telephone 03000 269645

5.5 In response to audit findings, the Crematorium Superintendent is responsible for ensuring :

5.5.1 Responses to draft audit reports are received within timescales specified in the Internal Audit Charter.

5.5.2 Providing information to substantiate the implementation of audit recommendations when requested

## **6 FRAUD AND IRREGULARITY**

6.1 The Audit Manager will inform senior management, Corporate Director Neighbourhood Services, the Director of Resources and other appropriate client lead officers of any suspected irregularity reported to or discovered by any member of the Council's staff.

6.2 Client lead officers will notify the Audit Manager of all suspected fraudulent irregularities.

6.3 It will be the responsibility of the Audit Manager in consultation with senior management to determine the most appropriate way to investigate the allegations. Where it is agreed an internal audit investigation is to be carried out the day to day management of the investigations will be the responsibility of the Audit Manager.

6.4 A contingency provision (as set out in Schedule 2) will be included in the Audit Plan to allow for unplanned work 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**

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

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

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

8.1 Each party will:

8.1.1 Comply with the Data Protection Act 1998

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

8.1.3 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).

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

**9 TERMINATION**

9.1 Either party may terminate the agreement before the 1<sup>st</sup> April 2017 by giving the other not less than 12 months prior written notice.

**10 VARIATION**

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

**AS WITNESSED**

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

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

**Date**

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

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

**Date**

**SERVICES TO BE PROVIDED**

The following services are to be provided.

**INTERNAL AUDIT**

**Management and Assurance**

1. Provision of an independent and impartial audit service in accordance with the Public Sector Internal Audit Standards.
2. Preparation of and annual review of an Internal Audit Charter, setting out the terms of reference and audit strategy of how the service is to be delivered, for approval by the Mountsett Crematorium Joint Committee.
3. Preparation of risk based audit plans in accordance with the agreed Internal Audit Charter, for approval by the Mountsett Crematorium Joint Committee.
4. Carry out audit (s) as detailed in the scope and terms of reference for each annual audit.
5. Follow up, and report upon, progress made by the Crematorium Superintendent in implementing agreed audit recommendations.
6. Maintenance of a comprehensive electronic file for each annual audit in accordance with best professional practice.
7. Monitoring and reporting of progress made in the delivery of the agreed annual audit to Senior Management and the Mountsett Crematorium Joint Committee.

**Advice & Guidance**

8. Provision of help and advice to the Crematorium Superintendent and other officers and nominated members of the Mountsett 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.

**Contingency**

10. A contingency provision will be included in annual plans to allow for a certain level of unplanned reactive and pro-active work 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

## **RISK MANAGEMENT**

11. 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 will include:

- Providing advice and guidance on matters of risk management and facilitating risk management training where appropriate
- Supporting risk identification and assessments
- Supporting the quarterly review of strategic and operational risk registers
- Providing a quarterly update report to the Joint Committee on of risk registers

**BUDGET SCHEDULE AND ALLOCATED DAYS**

	2014/15	2015/16	2016/17
<b>INTERNAL AUDIT ANNUAL FEE</b>	<b>£5,225</b>	<b>£4,950</b>	<b>£4950</b>
<b>Management and Assurance</b>			
Preparation of Annual Audit Review (including review, update and agreement of Control Risk Assessment (CRA) scope and terms of reference)	1	1	1
Production of Annual Report and opinion and annual review of Internal Audit Charter and periodic review of SLA	3	2	2
Attendance at ad hoc meetings, Committee pre meetings and Committee meetings	1	1	1
Regular liaison with relevant staff and follow up of recommendations	1	1	1
<b>Fieldwork</b>			
Detailed audit testing of financial and non-financial key systems of internal controls, including: Budget setting and monitoring, financial reporting, income, debt collection, creditor payments, petty cash expenditure, taxation (VAT/PAYE,NI), bank reconciliation, asset and investment management, stock control, specific strategic and operational service risks and key elements of corporate governance, as agreed in the TOR for each annual audit review.	11	11	11
<b>Advice and Assistance/Contingency</b>	2	2	2
<b>Total</b>	19	18	18
	<b>2014/15</b>	<b>2015/16</b>	<b>2016/173</b>
<b>RISK MANAGEMENT FEE</b>	<b>£550</b>	<b>£550</b>	<b>£550</b>
Risk Management Support	2	2	2
<b>OVERALL DAYS</b>	<b>21</b>	<b>20</b>	<b>20</b>
<b>OVERALL FEE</b>	<b>£5,775</b>	<b>£5,500</b>	<b>£5,500</b>

## **BASIS OF CHARGE**

1. Charges in respect of the period 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2017 will be recharged to the Joint Committee on an annual basis.
2. The cost of providing the internal audit service for the period 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015 will be based on planned audit days of 19 audit days at a charge of £275 per day and an annual audit fee of £5225, and 18 days in 2015/16 and 2016/17. The charge for risk management is £550 per annum based on 2 days support each year at the same daily rate. **The combined fee under this agreement for 2014/15 is £5775 and £5,550 for the 2 subsequent years.**
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. A recharge for fees payable will be annually in arrears based on the actual audit and risk management provision and any variances agreed under clauses 4.1.3 and 4.1.5.





# INTERNAL AUDIT CHARTER

January  
2014

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## Introduction

1. The purpose of this Charter is to establish the terms of reference for the delivery of Internal Audit to the Mountsett Crematorium Joint Committee by Durham County Council Internal Audit & Risk Services. It sets out the purpose, authority and responsibility of Internal Audit.

## Statutory Basis

2. Internal Audit is a statutory service in the context of the Accounts and Audit Regulations(England) 2011, which state that:

“A relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices”.

3. The Public Sector Internal Audit Standards (PSIAS) and CIPFA’s Local Government Application Note (LGAN), which came into effect April 2013, constitute proper practices to satisfy the requirements for larger relevant local government bodies as set out in the Accounts and Audit Regulations 2011.
4. Section 151 of the Local Government Act 1972 states that every local authority should make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs (The Chief Financial Officer (CFO)). CIPFA has defined proper administration in that it should include, ‘compliance with the statutory requirements for accounts and internal audit’.
5. The CIPFA Statement on the Role of the Chief Financial Officer states that the CFO must:
  - Ensure an effective internal audit function is resourced and maintained
  - Ensure that the authority has but in place effective arrangements for internal audit of the control environment
  - Support internal audit arrangements and
  - Ensure the audit committee receives the necessary advice and information so that both functions can operate effectively
6. This Internal Audit Charter recognises the mandatory nature of the PSIAS including the definition of Internal Auditing, the Code of Ethics and the Standards themselves.
7. As required by the PSIAS, this Charter defines the group or body determined to fulfil the roles and responsibilities of the ‘board ‘and ‘senior management’ for the purpose of internal audit activity, as referred to in the individual standards. These definitions are set out in Appendix C.

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## Definition

8. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

## Code of Ethics

9. Internal Auditors in the UK public sector organisations must conform to the Code of Ethics, (the Code), as set out in the PSIAS. The Code applies to both individuals and entities that provide internal auditing services.
10. The Code consists of 4 principles that are relevant to the profession and practice of internal auditing and set out the rules of conduct that describe behaviour norms expected of internal auditors to guide their ethical conduct. The 4 principles are integrity, objectivity, confidentiality and competency.
11. Internal auditors must also have regard to the Committee on Standards in Public Life, "Seven Principles of Public Life".

## Strategic Aims

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

## Objectives of Internal Audit

14. Our primary objective is the provision of reasonable, not absolute, evidenced based assurance on the effectiveness of the **whole** of the Council's risk management, control and governance environment to the Corporate Management Team and the Audit Committee.
15. The provision of our annual assurance opinion will be in compliance with professional guidelines and in accordance with the Accounts and Audit Regulations 2011. Our annual opinion will be included in the Council's Annual Governance Statement which forms part of the Council's published annual Statement of Accounts.

16. 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 Council's corporate governance framework
- The extent of compliance with relevant legislation
- The extent to which the organisation's assets and interests are accounted for and safeguarded from loss of all kinds including fraud, waste, extravagance, inefficient administration and poor value for money
- The quality and integrity of financial and other management information utilised within the organisation

17. When presenting the annual audit opinion the Head of Internal Audit will:

- Disclose any qualification to that opinion, together with the reasons for that qualification
- Present a copy of the finalised audit report reflecting work carried out in accordance with the agreed Service Level Agreement (SLA) and the detailed terms of reference agreed with the Crematorium Superintendent
- Draw attention to any issues considered particularly relevant to the preparation of the Annual Governance Statement
- Present a statement on conformance with the PSIAS and the results of a Quality Assurance and Improvement Programme (QAIP) required by the PSIAS.

## **Outcomes of Internal Audit**

18. The main outcome of Internal Audit is the provision of independent assurance to "those charged with governance", which within the Joint Committee, is the Committee itself, on the effectiveness or otherwise of the Joint Committee's 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 Council's vision and priorities.
- Improved corporate governance through helping to support compliance with relevant legislation, the Joint Committee's policies, plans and procedures.
- Improved accountability, safeguarding of assets and interests and use of public resources
- Improved quality and reliability of financial and other management information used to support informed decisions

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## **Independence, Objectivity and Authority**

19. To be effective Internal Audit must operate independently and in an unbiased manner and have unrestricted access to all information deemed necessary in the course of its work.
20. The Head of Internal Audit has direct and unrestricted access to any employee or elected member.
21. For day to day operational activities the Head of Internal Audit reports to the Joint Committee's Treasurer but maintains independence by reporting in her/his own name on functionality of the audit service direct to the Joint Committee.
22. Internal Audit, with strict accountability for confidentiality and safeguarding records and information, is authorised full, free and unrestricted access to all records, assets, elected members, personnel and premises, including those of partner organisations or external contractors conducting business on behalf of or in partnership with the Joint Committee, in order to obtain such information and explanations as it considers necessary to fulfil its responsibilities.
23. Internal Audit will remain free from interference by any element in the organisation including matters of audit selection, scope, procedures, frequency, timing or report content to permit maintenance of the necessary independent and objective standards.
24. Objectivity is maintained by 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 any of activities audited.
25. Internal auditors will not be allocated to assurance reviews in areas where they have had a responsibility for, or have undertaken any significant advice and consultancy work, within the previous 2 years.
26. As the Head of Internal Audit also has responsibility for corporate risk management strategy and policy and insurance services, arrangements will be made for any audit work to be carried out in these areas by an independent third party.

## **Scope of Audit Work**

27. Internal Audit's role applies to all functions and services for which the Joint Crematorium is responsible, including those delivered by its partners where appropriate.
28. In addition to the regular review of all key systems of internal control which forms the bulk of our assurance work, Internal Audit will:

- Respond to requests for support, advice and guidance on implementing and/or improving best practice control procedures for current and new systems.
- Promote the development and effective implementation of Control and Risk Self Assessments (CRSA) as outlined within the Audit Approach Section of this Charter.
- Provide support, advice and guidance on risk and controls to staff involved in the design and implementation of new systems and processes.
- Provide assistance on key projects, including attendance on project boards, and conduct specialist consultancy and value for money reviews. The scope of this work is agreed with management and is subject to having the necessary resources, skills and ensuring suitable assurance over our independence and objectivity. Any significant advice and consultancy work that may be considered to impact on the independence of the Internal Audit Service will be reported to the Audit Committee for approval.
- Be alert in all its work to risks and exposure that could allow fraud or corruption to occur and to any indications that a fraudulent or corrupt practice may have been occurring
- Review controls where a potential fraud has been detected/reported to provide assurance that the alleged fraudulent activity is unable to continue and to prevent a reoccurrence.
- In consultation with appropriate officers, determine the most appropriate course of action by which fraud and irregularities should be investigated.

29. It must be noted that whilst Internal Audit will promote fraud awareness, it does not have responsibility for the prevention and detection of fraud and corruption. Internal Audit cannot guarantee that fraud or corruption will be detected in its work. Managing the risk of fraud and corruption is the responsibility of service managers.

## **Audit Planning**

30. The level of internal audit resources required to deliver an annual audit opinion will be specified in a SLA to be agreed by the Joint Committee.

31. A risk based approach to annual audit planning and the agreement of detailed terms of reference will be applied to allow sufficient work to be undertaken each year to draw reasonable conclusion and assurance on the effectiveness of the whole of the Joint Committee's risk management, control and governance arrangements in a way which affords suitable priority to the Joint Committee's objectives and risks.

32. In consultation with management internal audit will

- Consider the Joint Committee's risk across two categories:

- a. **Strategic Risks** - these are the business risks that may arise both internally and externally from the Joint Committee which should be included in the Strategic Risk Register
- b. **Operational Risks** - these are the risks that arise directly from the core activities of delivering services which should be included in the Operational Risk Register

33. Risk registers will inform but not drive the internal planning process and internal audit will audit those risks where controls have been identified as the means of managing the risk. Priority will be given to those risks which have a high gross score and a low net score, where the effective management of the risk is heavily dependent on the identified controls, and there is little or no other source of assurance.
34. Some key risks where a high level of assurance is required to demonstrate the continuous effectiveness of internal controls, for example those associated with key financial systems, will be subject to annual review. The timing of annual reviews will be agreed in consultation with management wherever possible.
35. The level of audit resources required to deliver, at the very least, both a minimum level of independent assurance and adequate provision for advice and consultancy will be considered by the Head of Internal Audit and incorporated into draft SLA's to be approved by the Joint Committee. Minimum assurance levels will be informed by the maturity of the Joint Committee's risk management arrangements and the reliance that can be placed on other assurance sources. Any concerns the Head of Internal has over the quantity and quality of skills available to deliver the required level of assurance, or to add value through its advice and consultancy work, will be referred to the Section 151 Officer, (Chief Financial Officer), and the Joint Committee for consideration.
36. Draft SLA and annual audit plans will be considered by the senior management and approved and monitored by the Joint Committee.

## Audit Approach

37. Internal Audit will adopt a risk based approach to all our assurance work as outlined below:

### Strategic Risk

Reviews of strategic risks will provide assurance that:

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



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

### **Operational Risk**

38. Reviews of key service delivery activities and key systems will provide assurance on the effectiveness of
- Compliance with corporate governance arrangements
  - Risk identification, assessment and business continuity
  - The control environment to manage identified risks and to ensure that the Joint Committee's assets and interests are accounted for and safeguarded from loss of all kinds including fraud, waste, extravagance, inefficient administration and poor value for money, including
  - Information governance (quality and integrity of financial and other management information and how it is used and communicated)
39. Internal Audit 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.
40. Internal Audit will work with service managers to help embed effective risk management by supporting them to carry out a control and risk assessment (CRA) of risks for each annual audit review in advance of the audit.
41. Internal Audit will agree the objectives and risks associated with each key system or service delivery area to be reviewed with the Crematorium Superintendent prior to the start of each annual audit to ensure that the scope and objectives of each review are focused on providing assurance on the high or significant risks identified through the CRA. Terms of reference will be issued to the Crematorium Superintendent to formally agree the scope of each review, identified keys risks, potential impact and expected key controls.

## **Audit Reporting**

42. Each annual audit will be the subject of a formal report and will include an audit opinion.
43. Towards the end of an audit an exit meeting with the Bereavement Services Manager will be arranged to share and discuss initial audit findings.
44. The purpose of the exit meeting/informal draft stage is to give feedback and to eliminate any inaccuracies in audit findings so that these can be resolved before a formal draft report is issued.
45. Draft reports will be issued to the Bereavement Services Manager to provide a management response to the recommendations made and agree target implementation dates and responsible officers.

46. The importance of our findings/recommendations will be categorised as High, Medium, Low or advisory. Details of how the importance of audit findings is assessed leading to these recommendation rankings are given in Appendix A.
47. It is the responsibility of management to address audit findings and implement audit recommendations or other agreed appropriate action, or accept the risk resulting from not taking action.
48. An overall assurance opinion will be provided on each annual audit review to help inform the overall opinion required to support the Joint Committee's Annual Governance Statement.
49. The determination of the audit assurance opinion is derived from the overall level of assurance on the effectiveness of controls operating in each specific area reviewed and is informed by the risk identified through recommendation rankings. Where a Limited assurance opinion is given the control framework in place is considered to be ineffective and requires improvement to maintain an acceptable level of control. Further details of how assurance opinions are derived are given in Appendix A.
50. Management responses to recommendations made in the draft report will be incorporated into the audit report that will then be reissued as the final version. A copy of the final report will be shared with the Council's External Auditor on request.
51. The CRA will be updated with any further expected controls identified through the audit process and details of actual controls in place, and issued to Crematorium as part of the reporting process. If controls are considered to be inadequate, recommended action to improve controls will also be entered to provide management with the necessary information to update risk registers which can then be regularly reviewed.
52. 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 to the wider organisation.
53. Internal Audit will follow-up progress made by management in responding to the draft report and on the implementation of all high and medium priority recommendations agreed. Any concerns on the lack of appropriate management action will be reported to the Joint Committee.
54. In accordance with the PSIAS, to maintain organisational independence, Internal Audit will report on the functionality of the audit service to the Joint Committee by:
  - Presenting the proposed SLA and planned annual audit coverage for each year covered by the SLA:
  - Presenting an Annual Audit Report and audit opinion detailing all work undertaken to formulate the annual opinion on the entire control

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environment, including reliance placed on work of other assurance bodies.

The annual audit report will also demonstrate the extent of compliance with the PSIAS and the results of the Quality Assurance and Improvement Programme, including internal and any external assessments carried out, and will draw attention to any issues considered particularly relevant to the preparation of the Annual Governance Statement.

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

55. 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.
56. The service is required to operate in accordance with compliance with both the PSIAS and the LGAN. Policies and standard working practices have been put in place to ensure all audit staff understand and comply with the PSIAS/LGAN.
57. An important element of the PSIAS is the requirement to undertake regular quality assurance assessments and maintain a quality assurance and improvement programme (QAIP).
58. A quality assurance framework, detailing the policies, procedures and working practices under which the service operates has been defined and documented in an Audit Manual.
59. The Head of Internal Audit is responsible for providing periodically a self-assessment on the effectiveness of the internal audit service and compliance with agreed procedures to ensure professional standards are maintained. Any areas of non-compliance with the standards and or the LGAN will be reported as part of the Annual Audit Report to senior management and the Joint Committee.
60. In accordance with the PSIAS, an external assessment will be carried out at least every five years. The results of this external assessment will also be reported to senior management and the Joint Committee.
61. The service is provided by Durham County Council's in house internal audit team, supported in specialist areas as and when considered necessary by a third party partner. The staffing structure will, as far as possible, be comprised of a suitable mix of qualifications, experience and skills.
62. The Head of Internal Audit ensures internal audit resources are sufficient to meet its responsibilities and achieve its objectives. Resource requirements are reviewed annually. Any concerns that the Head of Internal Audit has regarding resources available to deliver the service in accordance with the SLA and PSIAS will be reported to the Chief Finance Officer and the Joint Committee.

63. Individual training needs are identified in accordance with the County Council's Performance Appraisal Scheme and supplemented by regular audit skills assessments and post audit reviews. 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 to all staff (CPD).
64. 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 through liaison with external audit.
65. The service will keep abreast of best audit practice by adhering to CIPFA's and the IIA's practice advisories and practice guides, where applicable, as well as networking with other internal audit service providers.
66. In accordance with the requirements of the Accounts and Audit Regulations 2011, an annual review of the effectiveness of the internal audit service is undertaken by the County Council's Audit Committee. This will be informed by a review of the service carried out by the Corporate Director Resources and from consideration of the Quality Assurance and Improvement Programme and any internal or external assessments required by the PSIAS. By reviewing the service the Audit Committee is able to gain assurance that the service maintains its independence and objectivity, that it is effective and conforms to the expected professional quality standards so that it can place reliance on its work and the annual audit opinion.
67. The outcome from the annual effectiveness review is reported to the County's Corporate Management Team and Audit Committee as part of the Annual Internal Audit Report. The outcome of the annual effectiveness review and the QAIP will also be reported to senior management and the Joint Committee in accordance with the PSIAS.

## **Approval and Review**

68. 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 senior management and approved by the Joint Committee. Any amendments will be reported to Joint Committee for approval.

## Key Contact

Head of Internal Audit

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Address

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Durham County Council  
County Hall  
Durham  
DH1 5UE

## Other Related Documents

Other related documents that should be read in conjunction with this Charter are the Council's:

Public Sector Internal Audit Standards

CIPFA's Local Government Application Note

Service Level Agreement for the Provision of Audit Services

**Findings**

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

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

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

**Overall Finding Rating**

This grid is used to determine the overall finding rating.

LIKELIHOOD			
Probable	M	H	H
Possible	L	M	H
Unlikely	L	L	L
	Minor	Major	Critical
	<b>IMPACT</b>		

**Priority of our recommendations**

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

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

**Overall Assurance Opinion**

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

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

## Public Sector Internal Audit Standards

### Definition of the terms ‘ Board’ and ‘Senior Management’ for the purpose of Internal Audit Activity

Standard		Reference to board or senior management	Proposed body/group to fulfil role	
Ref	Title		Senior Management	Board
1000	Purpose, authority and responsibility	<b>Senior Management</b> and the <b>board</b> must approve the Internal Audit Charter	Paul Darby Terry Collins	The Joint Committee
1110	Organisational Independence	<p>The Chief Audit Executive (CAE) must report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities. The CAE must confirm the <b>board</b> at least annually the organisational independence if the Internal Audit activity.</p> <p>The CAE must report functionality to the <b>board</b>. The CAE must also establish effective communication with, and have free and unfettered access to the Chief Executive and the Chair of the Audit Committee.</p> <p>Functionality includes:</p> <ul style="list-style-type: none"> <li>• Approving the Internal Audit Charter</li> <li>• Approving the Risk Based Internal Audit Plan</li> <li>• Approving the internal audit budget and resource plan</li> </ul>		<p>The Joint Committee</p> <p>The Joint Committee</p>



**DEFINITIONS UNDER PSIAS**

**APPENDIX B**

		<ul style="list-style-type: none"> <li>• Receiving communications from the CAE on the internal audit activity’s performance relative to its plan and other matters</li> <li>• Approving decisions regarding the appointment and removal of the Internal Audit Service Provider</li> <li>• Making appropriate enquiries of management and the CAE to determine whether there are inappropriate enquiries of management and CAE to determine whether there are inappropriate scope or resources limitations</li> </ul>		
1130. C2	Impairment to Independence or Objectivity	Approval must be sought from the <b>board</b> for any significant additional consulting services not already included in the audit plan, prior to accepting the engagement		The Joint Committee
1312	Quality Assurance and Improvement Programme (QAIP)	<p>External Assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team form outside the organisation. The CAE must discuss with the <b>board</b>:</p> <ul style="list-style-type: none"> <li>• The form of external assessments</li> <li>• The qualifications and independence of the external assessor or assessment, including any potential conflict of interests</li> </ul> <p>NB The Public Sector requirement of this standard states,</p> <p><b>“The CAE must agree the scope of</b></p>		The Joint Committee

**DEFINITIONS UNDER PSIAS**

**APPENDIX B**

		<b>external assessments with an appropriate sponsor e.g the Accounting/Accountable Officer or Chair of the audit committee as well as with the external assessor or assessment team”</b>		
1320	Reporting the results of QAIP	The CAE must communicate the results of the quality assurance and improvement programme to <b>senior management</b> and the <b>board</b> .	Paul Darby Terry Collins	The Joint Committee
1322	Disclosure of Non - Conformance	Instances of non-conformance with the definition of Internal Auditing , the Code of Ethics or the standards impacts the overall scope or operation of the Internal Audit Activity, must be reported to the <b>board</b> by the CAE. More significant deviations must be considered for inclusion in the annual governance statement		The Joint Committee
2020	Communications and Approval	The CAE must communicate the internal audit activity’s plans and resource requirements, including significant interim changes, to <b>senior management</b> and the <b>board</b> for review and approval.  Where the CAE believes that the level of agreed resources will impact adversely on the provision of the annual internal audit opinion, the consequences must be brought to the attention of the <b>board</b> .	Paul Darby Terry Collins	The Joint Committee
2060	Reporting to Senior Management and the Board	The CAE must report periodically to <b>senior management</b> and the <b>board</b> on the internal audit activity’s purpose, authority, responsibility and performance relative to its plan. Reporting must include significant risk exposures and control issues, including	Paul Darby Terry Collins	The Joint Committee

**DEFINITIONS UNDER PSIAS**

**APPENDIX B**

		fraud risks governance issues and other matters needed or requested by senior management and the board.		
2600	Communicating the Acceptance of Risk	When the CAE concludes that management has accepted a low level of risk that may be unacceptable to the organisation, the CAE must discuss the matter with <b>senior management</b> . If the CAE determines that the matter has not been resolved, the CAE must communicate the matter to the <b>board</b> .	Paul Darby Terry Collins	The Joint Committee

**NB. The role of Chief Audit Executive referred to in the Standards is that undertaken by the Chief Internal Auditor and Corporate Fraud Manager.**

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## Mountsett Crematorium Joint Committee

30 January 2014

2014/15 Revenue Budget



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

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#### Purpose of the Report

1. The purpose of this report is to set out for Members' consideration proposals with regards to the 2014/15 revenue budget for the Mountsett Crematorium.

#### Background Information

2. The 2014/15 budget has been developed with the Bereavement Services Manager, taking into account the proposed Fees and Charges set out in the previous report, the 2013/14 forecast outturn position and known expenditure pressures in the coming year.

#### Budget Proposals 2014/15

3. The proposed 2014/15 revenue budget is shown at Appendix 2, together with the forecast position with regards to the reserves of the Mountsett Crematorium. Members should note that the main changes from the 2013/14 budget are as follows:

#### Employees

4. The 2014/15 budget has increased by **£15,164** from 2013/14. The main reasons are as follows:
  - Reduction in Management costs as a result of the alternative arrangements regarding the Superintendent and Registrar post (**£21,447**)
  - Additional Cremator Operator post not included in the previous year's budget **£22,613**
  - Modern apprentice Post not included in the previous year's budget **£10,989**
  - Staff Increments **£3,009**

#### Premises

5. The base budget has reduced by (**£33,130**) from 2013/14. This is due to a number of factors, detailed below:-
  - The Repairs and maintenance budgets have reduced in consideration of the Service Asset Management Plan scheduled works. The net result of the removal of the 2013/14 works schedule and the inclusion of the 2014/15 requirements is a reduction in the base budget of (**£34,950**)

- Utility Budgets and the NNDR Budget have been increased to reflect the impact of inflation and the 2013/14 provisional outturn – This has resulted in an overall increase of **£1,820**.

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

6. The budget has increased by **£31,937** from 2013/14 due to the details below:-

- In line with the recent correspondence received from CAMEO, provision has been made within the Supplies and Services budget for increased Mercury Abatement charges. The notified charge of £50.52 has been set against the budgeted number of cremations for 2014/15. This has resulted in an overall increase of **£26,887** from the 2013/14 budget base.
- Other supplies and services budgets including conferences subscriptions and clothing have increased by **£5,050** in line with the 2013/14 outturn.

### ***Agency and Contracted***

7. The Agency and Contracted Services budget has reduced by a net (**£2,915**). The 2014/15 budget factors in the reduction in the Grounds Maintenance budget as a result of works now being undertaken by crematorium staff.

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

8. The 2013/14 budget factors in the proposed SLA for the provision of Support Service. As members will be aware from the previous report, the proposals are to increase this charge by **£775**.

### ***Income***

9. The 2014/15 budget factors in the budgetary impact of applying the increases in fees and charges proposed in the fees and charges report considered earlier. As members will be aware, the proposals are to:-

- Increase the Adult Cremation fee to £560 next year – the gross fee (inclusive of medical referees and environmental surcharge) would therefore be £630 in 2014/15, an increase of 15% from 2013/14. This increases the charges to the average level across the region and is in line with the charges set by the Central Durham Crematorium.

10. In setting the budget, an element of prudence has been factored into the income budget proposal for next year:

- Whilst the projected outturn as at 31<sup>st</sup> December 2013 assumes a decreased number of cremations to budget (93), in consideration of the proposed increased cremation fee, the 2014/15 budgeted number of cremations have also been decreased by 100. The net effect of these considerations results in an increased cremation fee income of (**£37,000**).
- In consideration of the 2013/14 provisional outturn, the Plaque income budget has been reduced for 2014/15 by **£3,000**.

11. The net effect of these changes/ considerations to budget is an increased income budget of **£34,000**. It should be noted however, should cremation numbers be maintained in line with those realised in previous years, and memorial sales become more popular than 2013/14 levels, then a reasonable surplus would again be generated in 2014/15.

### **Earmarked Reserves**

12. Transfers to the Repairs Reserves next year are budgeted in line with the 2013/14 level at **£15,000**.
13. In line with the Reserves Policy, the surplus created after all of the above factors is budgeted to transfer to the Cremator Reserve. The Reserves Policy however, also requires a General Reserve of at least 30% of the Joint Committees income budget. This results in a required transfer from the Cremator Reserve to the General Reserve of £ 10,200. The net increase to the Cremator Reserve is therefore £86,605.
14. The estimated total earmarked reserves and balances of the Mountsett Crematorium Joint Committee at 31 March 2015, taking into account the 2013/14 Quarter 3 budgetary control report and the proposed transfers to / from earmarked as follows:
- General reserve of £225,150, an increase of £10,200 (4.75%) from 2013/14
  - Retained Reserves of £479,566 an increase of £86,605 (22%) from 2013/14

The estimated total reserves as shown in Appendix 2 at 31 March 2015 are **£704,716**.

15. Members should note that the 2014/15 budget proposal incorporates £88,200 of one off expenditure requirements which will provide further scope in the 2015/16 budget setting round.

### **Recommendations and Reasons**

15. It is recommended that:
- Members of the Joint Committee note and approve the budget proposals contained within the report (as set out at Appendix 2).
  - Members note the forecast level of reserves and balances at 31 March 2015 (also set out at Appendix 2).

### **Background Papers**

- 2013/2014 Budget and Financial Monitoring Reports
- 2014/2015 Budget Working Papers
- 2014/2015 Fees and Charges report.

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

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## **Appendix 1: Implications**

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### **Finance**

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

### **Staffing**

The employee budget provides for 7 members of staff.

### **Risk**

The budgets take into account the 2013/14 forecast outturn position and all known expenditure pressures and opportunities for efficiencies in the coming year. The budget also considers one off expenditure requirements for 2014/15. Knowledge of these requirements ensure that risk is minimised.

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

### **Equality and Diversity/Public Sector Equality/ Duty**

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

### **Accommodation**

There are no Accommodation implications associated with this report.

### **Crime and Disorder**

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

### **Human Rights**

None

### **Consultation**

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

### **Procurement**

None

### **Disability Discrimination Act**

None



## **Legal Implications**

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

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APPENDIX 2

<b>MOUNTSETT CREMATORIUM 2013/2014 BUDGET</b>				
<b>2012/2013 Actual Outturn (Memo Info)</b>	<b>2013/2014 Base Budget (Set QTR1)</b>	<b>2013/2014 Projected Outturn (QTR3)</b>		<b>2014/2015 Base Budget</b>
<b>£</b>	<b>£</b>	<b>£</b>		<b>£</b>
			<b>EXPENDITURE</b>	
131,454	108,051	116,822	Employees	123,215
196,490	233,480	197,825	Premises	200,350
289	400	400	Transport	400
70,074	83,828	130,040	Supplies and Services	115,765
10,611	10,915	7,020	Agency & Contracted	8,000
23,500	25,300	25,300	Support Service Costs	26,075
<b>432,418</b>	<b>461,974</b>	<b>477,407</b>	<b>Gross Expenditure</b>	<b>473,805</b>
<b>(738,127)</b>	<b>(716,500)</b>	<b>(663,606)</b>	<b>INCOME</b>	<b>(750,500)</b>
<b>(305,709)</b>	<b>(254,526)</b>	<b>(186,199)</b>	<b>Net Income</b>	<b>(276,695)</b>
			<b>Transfer to/from Reserves</b>	
15,116	15,000	15,000	- Repairs Reserve	15,000
125,703	74,636	(8,691)	- Cremator Reserve	96,805
0	0	15,000	<b>Capital Expenditure</b>	0
<b>(164,890)</b>	<b>(164,890)</b>	<b>(164,890)</b>	<b>Distributable Surplus</b>	<b>(164,890)</b>
57,712	57,712	57,712	35% Gateshead Council	57,712
107,178	107,178	107,178	65% Durham County	107,178

<b>Actual Balance @ 31/03/13</b>	<b>Budget Earmarked Reserves Balance @ 31/03/14</b>	<b>Revised (QTR3) Forecast Balance @ 31/03/14</b>	<b>Reserve</b>	<b>Transfer to Reserve</b>	<b>Transfer from Reserve</b>	<b>Budget Forecast Balance @ 31/03/15</b>
<b>£</b>	<b>£</b>	<b>£</b>		<b>£</b>	<b>£</b>	<b>£</b>
44,400	59,284	59,400	Repairs Reserve	15,000	0	74,400
327,252	620,170	303,561	Cremator Reserve	96,805	(10,200)	390,166
214,950	0	229,950	General Reserve	10,200	0	240,150
<b>586,602</b>	<b>679,454</b>	<b>592,911</b>	<b>TOTAL</b>	<b>122,005</b>	<b>(10,200)</b>	<b>704,716</b>

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