



Mountsett Crematorium Joint Committee

Date **Friday 24 April 2015**
Time **11.00 am**
Venue **Committee Room 1A, County Hall, Durham**

Business

Part A

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

1. Apologies for Absence
2. Minutes of the Meeting held on 30 January 2015. (Pages 1 - 8)
3. Declarations of Interest, if any.
4. Quarterly Performance and Operational Report: (Pages 9 - 12)
Report of the Corporate Director Neighbourhood Services –
Bereavement Services Manager, Neighbourhood Services.
5. Financial Monitoring Report 2014/15 - Provisional Outturn:
(Pages 13 - 18)
Joint Report of the Treasurer to the Joint Committee / Corporate
Director: resources and the Corporate Director of Neighbourhood
Services.
6. Risk Register 2014-15: (Pages 19 - 28)
Joint Report of the Treasurer to the Joint Committee / Corporate
Director: Resources and the Corporate Director of Neighbourhood
Services.
7. Internal Audit Charter: (Pages 29 - 52)
Report of the Chief Internal Auditor and Corporate Fraud Manager.
8. Annual Internal Audit Report 2014/15: (Pages 53 - 66)
Report of the Chief Internal Auditor and Corporate Fraud Manager.
9. 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
16 April 2015

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, O Temple (Chairman) and B Stephens

Gateshead Council:

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

Contact: Lucy Gladders

Tel: 03000 269712

DURHAM COUNTY COUNCIL

At a Meeting of **Mountsett Crematorium Joint Committee** held in Saltwell Room, Civic Suite, Gateshead Council on **Friday 30 January 2015 at 11.00 am**

Present:

Councillor O Temple (Chairman)

Members of the Committee:

Durham County Council

Councillors A Batey, C Hampson and I Jewell

Gateshead Council:

Councillors K Dodds (Vice-Chairman), M Ord, L Green and J Lee

1 Apologies for Absence.

Apologies for absence were received from Councillors M Charlton, P Ronan (Gateshead Council) and Councillors K Dearden, O Milburn, T Nearney and B Stephens (Durham County Council).

2 Minutes of the Meeting held on 3 October 2014.

The minutes of the meeting held on 3 October 2014 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 Quarterly Performance and Operational Report:

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 advised that during the period 1 September 2014 to 31 December 2014, 437 cremations had been undertaken, compared to 364 in the comparable period last year. A increase of 73. With regard to the 2014/15 income budget it was noted that given the increased cremation numbers in the first 9 months of this year, the projected outturn indicated an increase of 132 (1,282) cremations compared to budget and therefore an overachievement of income of £83,160.

With regard to the sale of memorials it was noted that there had been year on year increase on the sale of memorial plaques of 5, £2,756. It was further reported that as

discussed at the previous meeting the option of installing a memorial tower had been included in the 2015/16 budget.

Moving on to operational matters it was reported that a trainee Crematorium Attendant had now been appointed and was settling in to the post well. Further details were reported with regard to the requirement for a replacement cleaner for an additional 4 hours per week at a cost of £2,078.

The Joint Committee was informed that, in line with previous years, a application would be submitted to retain the Green Flag status and the Recycling of Metals Scheme had generated a sum of £3,333 for St. Cuthbert's Hospice.

Following on from suggestions made at the previous meeting regarding car parking the Bereavement Services Manager advised that a study had been undertaken on the use of the car park and it had been found that on average the facility reaches over its capacity 4 times per month. It was therefore proposed some works would be undertaken to widen some of the road and create an additional 12 car parking spaces along the exit road from the crematorium car park to ease congestion. This work was scheduled to be completed by the end of March 2015. In addition an area of land next to the existing car park had been identified as a suitable area for further extension, however in order to proceed a design scheme would need to be produced. Initial estimates suggested that an additional 27 car parking bays could be provided in this space and a sum of £7,000 had been quoted in order to progress designs and undertake relevant surveys.

Moving on to the replacement of cremators and installation of mercury abatement plant, the Bereavement Services Manager advised that in order to provide updated options for the Joint Committee to move this project forward by the time the Cremators require replacing in 2020 an updated feasibility study would be required, at an estimated cost of £15,000.

It was reported that given the financial pressures faced within local government it was felt prudent that any feasibility study should consider a full range of options. These options were contained within paragraph 20 of the report for members' consideration.

Councillor Temple at this point asked whether it was necessary to undertake the feasibility study at this point in time; however did thanks officers for putting all four options forward to the joint committee at this stage. In response the Bereavement Services Manager advised that the existing cremators had been in situ for 20 years and as the crematorium was continually facing increased numbers, more repairs and maintenance was being required in order to keep them fully operational. He therefore felt that considering the amount of time it would take for a feasibility study to be carried out, and the time it would take to complete any works, all options should be considered as soon as possible.

Councillor Jewell asked what the risk was of the existing cremators being unrepairable and what contingency was in place if the crematorium was faced with a complete breakdown. In response the Bereavement Services Manager advised that maintenance of the existing cremators had been factored into the budget until 2028, however if major repairs were required discussions would have to take place with finance at that time.

The Head of Finance (Financial Services) commented that it was likely that any feasibility study would be undertaken during 15/16, with consideration of options and procurement and installation taking place most likely during 2016/17.

Councillor Batey commented that given her experience of the time taken to undertake a feasibility study it would be best to start the process as early as possible. She further raised a query regarding option 2 and asked how this would work logistically without affecting business continuity. In response the Bereavement Services Manager advised that the crematorium currently had 3 cremators however only two were operational, therefore it was proposed that the unused cremator would be removed to allow for a temporary reconfiguration of the remaining two cremators whilst the new cremators were installed.

Councillor Dodds asked for further detail regarding new technology for non-cremating equipment and asked whether this was currently licensed within the UK. The Bereavement Services Manager advised that the technology was not currently patented in the UK, however it was expected that this would be an option in the near future. Councillor Dodds commented that this form of cremation could be more cost effective and would therefore be interested to receive further information on the technology in due course.

Councillor Jewell commented that he found option 4 interesting and asked how this would be put in to practice. In response the Bereavement Services Manager advised that discussions would have to take place with partners who had scope to assist with cremations. Councillor Batey queried whether this option would involve an increased cost to families. The Head of Finance (Financial Services) advised that the additional costs of transport would be offset by savings on cremator costs. The option did however come with emotive issues for families.

Councillor Temple asked members whether members felt that all options should be left in or whether any should be removed prior to the feasibility study being undertaken.

Following discussion it was agreed that Option 4 should be removed as it was not felt a suitable outcome for Mountsett Crematorium.

Resolved:

- (i) That the current performance of the crematorium and monitoring against the budget be noted.
- (ii) That the appointment of a trainee crematorium attendant be noted.
- (iii) That the additional costs of employing a cleaner over 5 days per week be agreed.
- (iv) That the Green Flag application be noted.
- (v) That the distribution of recycling income to the respective charity be noted.
- (vi) That it be agreed to proceed with design works for extending the car parking provision within the Crematorium.
- (vii) That it be agreed that a feasibility study on the replacement of Cremators and installation of Mercury Abatement Plant with the removal of Option 4 from the proposals.

5 Financial Monitoring Report - Spend to 31/12/14 and Projected Outturn to 31/03/15:

The Committee considered a joint report of the Corporate Director Neighbourhood Services and Corporate Director Resources and Treasurer to the Joint Committee which set out details of income and expenditure in the period 1 April 2014 to 31 December 2014, together with the updated projected outturn position for 2014/15, highlighting areas of over / underspend against the revenue budgets at a service expenditure analysis level.

The report further details the funds and reserves of the Joint Committee at 1 April 2014 and forecasted outturn position at 31 March 2015, taking into account the updated projected financial outturn.

The Head of Finance (Financial Services) advised that he was happy to be able to report a strong and stable financial position. Councillor Temple in referring to paragraph 6.3 asked what Masterplan sales referred to. In response the Bereavement Services Manager advised that this referred to the sale of memorial plaques.

Resolved:

That the April to December 2014 revenue spend financial monitoring report and associated provisional outturn position and the forecast Crematorium earmarked reserve balances at 31 March 2015 be noted.

6 Annual Review of the System of Internal Audit:

The Joint Committee considered a joint report of the Corporate Director Neighbourhood Services and Corporate Director Resources and Treasurer to the Joint Committee which advised of a review of effectiveness of the Durham County Council's Internal Audit Service, which was carried out by the County Council's Audit Committee in June 2014 (for copy see file of minutes).

The Head of Finance (Financial Services) advised that Appendix 2 of the report set out the findings of the review and Appendix 3 further detailed the action plan based upon those areas which had been identified for improvement. Members were also reminded that the Annual Governance Statement and Statement of Accounts would rely upon those findings of the Internal Audit.

Resolved:

- (i) That the information demonstrating the efficiency and effectiveness of the Durham County Council Internal Audit Service be noted.
- (ii) That the actions to further improve the service during 2014/15 be noted.

7 Local Audit and Accountability Act 2014 - Changes to Audit Requirements for Joint Committees:

The Joint Committee considered a joint report of the Corporate Director Neighbourhood Services and Corporate Director Resources and Treasurer to the Joint Committee which

provided detail on the changes to the Statutory Audit requirements for the Joint Committees effective from 1 April 2015 (for copy see file of minutes).

The Head of Finance (Financial Services) advised that from 1 April 2015, Joint Committees would no longer be required to have their accounts separately prepared and audited. Members noted that accordingly it was proposed that for the financial year 2014/15 that the production of a full Statement of Accounts be discontinued.

The Joint Committee noted that it was proposed that the use of External Auditors be continued, to provide assurance, and Officers were awaiting guidance from the National Audit Office in respect of the process for appointing External Auditors under the new provisions. Which was expected in the next few weeks.

Councillor Dodds asked whether the joint committee could face criticism for spending money on an audit when it was no longer a statutory requirement. In response the Head of Finance (Financial Services) advised that there were benefits from having a separate assurance and showing that transparency in accounting. Councillor Jewell commented that in his opinion he thought that criticism could come from both sides and felt more comfortable showing that additional transparency.

Councillor Green asked whether the external auditor looked at all aspects of the Joint Committee's business and it was confirmed that this was the case.

Resolved:

- (i) That the changes to Audit Requirements that come into effect from 1 April 2015 be noted.
- (ii) That the discontinuation of the full Statement of Accounts element for the 2014/15 financial year be agreed.
- (iii) That the continued separate audit arrangements following the 2014/15 audit, in order to ensure a continued effective financial and governance framework be agreed, based upon the continued preparation of the Small Bodies Annual Return and reporting of the Balance Sheet information within a supporting outturn report in June each year.
- (iv) That the publication of Audit Appointment guidance in forthcoming weeks be noted and that the appointment of an independent External Auditor in line with that guidance be agreed.

8 Provision of Support Services 2015/16:

The Joint Committee considered a joint report of the Corporate Director Neighbourhood Services and Corporate Director Resources and Treasurer to the Joint Committee which presented 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 2015 to March 2016 (for copy see file of minutes).

The Head of Finance (Financial Services) advised that in line with the previous report the hours in relation to audit work had been reduced to reflect the changes to audit requirements for joint committees.

Resolved:

That the Service level Agreement as attached at Appendix 2 for the year 2015/16 be approved.

9 Fees and Charges 2015/16:

The Joint Committee considered a joint 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 2015/16 (for copy see file of minutes).

The Head of Finance (Financial Services) advised that the Central Durham Crematorium had recently reviewed and agreed their fees and charges for 2015/16 advising that during 2015/16 CDCJC were undertaking a major capital scheme and had therefore agreed to impose no increases in charges for 2015/16 due to disruption to business whilst it would remain open. It was therefore proposed that in line with Durham County Council's harmonisation policy that Mountsett Crematorium Joint Committee agree the same level of charges for the period.

Members were referred to Appendix 3 of the report which detailed benchmarking data for the north east region and it was noted that the charges still remained extremely competitive and it was proposed that average increases would continue from 2016/17.

Councillor Temple asked the Gateshead members of the Committee whether they had any specific issues relating to the proposals. Councillor Dodds commented that although there were some differences to those shown in the comparative table he had no great concerns regarding the proposals to implement no increases during 2015/16.

Resolved:

That the proposed fees and charges as detailed at Appendix 2 of the report be noted and approved with effect from 1 April 2015. In addition that the proposed fees and charges be incorporated into the 2015/16 budget.

10 2015/16 Revenue Budget:

The Joint Committee considered a joint report of the Corporate Director Neighbourhood Services and Corporate Director Resources and Treasurer to the Joint Committee which set out proposals with regards to the 2015/16 revenue budget for the Mountsett Crematorium (for copy see file of minutes).

The Head of Finance (Financial Services) advised that in light of the previous report being approved the proposed 2015/16 budget was set out in appendix 2 of the report. He further noted that the budgeted transfer to surplus had been increased to take in to account the additional surplus generated. It was further noted that the retained and earmarked reserves as at 31 March 2016 stood at £998k.

Resolved:

That the budget proposals for 2015/16 be approved and that the forecasted level of reserves and balances at 31 march 2016 be noted.

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Mountsett Crematorium Joint Committee

24 April 2015



Mountsett Crematorium Performance and Operational Report



Report of Graham Harrison, Bereavement Services Manager

Purpose of the Report

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

Performance Update - Number of Cremations

- 2 The table below provides details of the number of cremations for the period 1 January 2015 to 31 March 2015 inclusive, with comparative data in the same periods last year:

	2013/14	2014/15	Change
January	123	134	+ 11
February	95	125	+ 30
March	107	129	+ 22
TOTAL	325	388	+63

3. The profile of where families came from can be seen below. In summary 100 came from Gateshead, 214 from Durham and 74 from outside of the area.

Gateshead	100
Durham	214
Outside Area	74
Total	388

4. There were 388 cremations undertaken during 1 January 2015 to 31 March 2015, compared to 325 in the comparable period last year, an increase of 63 year on year. The total number of cremations in 2014/15 was 1,320 compared with 1,191 in 2013/14, an increase of 129 year on year.
5. The 2014/15 budget was set at a prudent assumption of 1,150 cremations during the year. The actual number of cremations undertaken was therefore 170 more than the budgeted position. This is reflected in an over achievement of cremation fee income of £104,525 in year, which is included in the budgetary control report.

The table below shows the comparative figures for the previous four financial years:

Year	Cremations
2010/11	1,188
2011/12	1,258
2012/13	1,404
2013/14	1,191
2014/15	1,320

Members will recall that performance earlier in the year indicated that cremations were below target, however, in quarter three and four the numbers increased. Members will recall that a brochure was produced during the year to promote the various services available at Mountsett Crematorium and increase its market share. The increase in cremation numbers during the last year demonstrates that the crematorium has maintained a good reputation with good service provision.

Memorials

5. The table below outlines the number and value of the memorials sold in the period January to March 2015 compared to the same period the previous year.

	(Jan - March) 2013/14		(Jan - March) 2014/15	
	Number	£	Number	£
Large Plaques	9	3,622	4	1,610

6. In overall terms the number and value of memorials sold of 4 / £1,610, compared to 9 / £3,622 in the same period last year shows a decrease of 5 / £2,012 year on year. However, the number and value of memorials sold in 2014/15 of 32 / £12,206 compared to 25 / £8,870 in 2013/14 represents an overall year on year increase of 7 / £3,336.

Operational Matters

Staffing

7. Members will recall at the meeting held on 3 October 2014, approval was given for a replacement trainee Crematorium Attendant position to be advertised and an appointment was subsequently made. The new member of staff has settled in well, recently completed his training in cremator operations and is awaiting a test date in order to qualify as an operator.

Recycling of Metals Scheme

8. The Crematorium received a cheque relating to the recycling of metals from the Institute of Cemetery and Crematorium Management to the sum of £4,487 for The Child Funeral Charity in March 2015.
9. The Child Funeral Charity (CFC) assists families financially in England and Wales who have to arrange a funeral for a baby or child aged 16 or under. Whilst many funeral directors, the clergy and most celebrants do not charge fees, there are other funeral related expenses that bereaved parents struggle to

find. Financial support is available from The Child Funeral Charity (CFC) to help with such funeral costs, together with practical advice and guidance.

10. Due to the location of the Charity, arrangements have been made for the cheque to be sent to The Child Funeral Charity (CFC) by the Bereavement Service Manager.

Mountsett Crematorium Car Park Extension

11. Road widening work has now been completed along the exit road from the crematorium car park to ease congestion. This has created an extra 12 car parking spaces and now allows for easier passing of stationary vehicles.
12. As agreed in the January meeting, design work will commence shortly to look at the creation of additional car parking facilities within the crematorium and once complete Members will be informed of the full construction costs at a future meeting.

Recommendations and Reasons

13. It is recommended that Members of the Mountsett Joint Committee:
 - Note the current performance of the crematorium and monitoring against budget.
 - Note the trainee crematorium attendant progress.
 - Note the distribution of recycling income to the respective charity.
 - Note the completion of the road widening works.
 - Note the progress with the design works for extending the car parking provision within the Crematorium.

Contact: Graham Harrison, 03000 265606

Appendix 1: Implications

Finance

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

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



Mountsett Crematorium Joint Committee

24 April 2015

Financial Monitoring Report – Provisional Outturn as at 31 March 2015



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

Purpose of the Report

1. The purpose of this report is to set out details of income and expenditure in the period 1 April 2014 to 31 March 2015, together with the provisional outturn position for 2014/15, highlighting areas of over / underspend against the revenue budgets at a service expenditure analysis level.
2. The report also details the funds and reserves of the Joint Committee at 1 April 2014 and the forecast outturn position at 31 March 2015, 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 outturn projections for the Mountsett Crematorium are included within this report.
5. Member should be aware that the 2014/15 closedown process has only recently commenced and whilst no major variances are anticipated between the provisional and final outturns, the final information incorporated into the Annual Return may differ from that included within this report. Where this is the case, a full explanation will be provided in the June report.
6. The figures contained within this report have been extracted from the General Ledger and have been scrutinised and supplemented with information and market intelligence supplied by the Bereavement Services Manager. The following table highlights the

provisional outturn financial performance of the Mountsett Crematorium as at 31 March 2015:

Subjective Analysis	Base Budget 2014/15 £	Year to Date Actual April – March £	Provisional Outturn 2014/15 £	Variance Over/ (Under) £
Employees	123,215	114,836	119,675	(3,540)
Premises	200,350	143,657	180,730	(19,620)
Transport	400	500	546	146
Supplies & Services	115,765	(2,217)	45,618	(70,147)
Agency & Contracted	8,000	6,165	6,289	(1,711)
Central Support Costs	26,075	25,800	26,075	0
Gross Expenditure	473,805	288,740	378,933	(94,872)
Income	(750,500)	(860,597)	(860,597)	(110,097)
Net Income	(276,695)	(571,857)	(481,664)	(204,969)
Transfer to Reserves				
- Repairs Reserve	15,000	0	15,000	0
- Cremator Reserve	96,805	0	301,774	204,969
- General Reserve	0	0	0	0
Distributable Surplus	(164,890)	0	(164,890)	0
65% Durham County Council	107,178	107,178	107,178	0
35% Gateshead Council	57,712	57,712	57,712	0
Mountsett Crematorium Earmarked Reserves	Balance @ 1 April 2014 £	Transfers To Reserve £	Transfers From Reserve £	Balance @ 31 March 2015 £
Repairs Reserve	59,558	15,000	0	74,558
Cremator Reserve	363,397	301,774	(10,200)	654,971
General Reserve	214,950	175,090	(164,890)	225,150
Total	637,905	491,864	(175,090)	954,679

Explanation of Significant Variances between Original Budget and Forecast Outturn

7. 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 £481,664 against a budgeted surplus of £276,695, (£204,969) more than the budgeted position. This reflects a £98,337 improvement on the previously reported forecasted surplus position and is a result of the increased number of cremations to budget and a large

underspend on the environmental surcharge from CAMEO, as discussed later in this report.

8. The following section outlines the reasons for any significant variances by subjective analysis areas. Members should note that some transactions are undertaken annually at the year end and in addition, in line with the accounting policies, sundry creditor and debtor provisions are required after the 31 March. This results in additional charges and income being reported between the actuals as at 31 March and the provisional outturn figures. The table overleaf includes (amongst others) the following provisions within the outturn:

- Gas, electric and water charges not received from utility companies
- Insurance recharge from Durham County Council
- Provisions for the environmental surcharge payment to CAMEO

8.1 **Employees**

The outturn shows an underspend of **(£3,540)**. The reasons for this underspend are highlighted below:

- A further member of staff was enrolled on the Institute of Cemetery and Crematorium Diploma Course in year which resulted in additional unbudgeted expenditure of **£1,785**.
- The recent appointment to the Modern Apprentice post has resulted in a saving of **(£5,537)**. (This is due to a change in age profile and subsequent Modern Apprentice payments applied).
- Additional National Insurance and Pension contributions of **£212**.

8.2 **Premises**

The outturn shows an under spend of **(£19,620)** in relation to premises costs. The reasons for this are identified below:

- Utility expenditure is expected to underspend by **(£2,013)**.
- Business Rates for 2014/15 are **£121** more than budget.
- The replacement seating works undertaken within the chapel area underspent by **(£1,507)**.
- Following an inspection of the Crematorium, redecoration works have been delayed and will now be carried out during 2015/16, resulting in a saving to budget of **(£7,500)**.
- The relining of the cremator hearth was not completed in 2014/15 saving **(£2,000)**

- A replacement grass cutting machine costing **£13,995**, agreed at the 4 October 2013 meeting to be purchased from reserves, has now been purchased.
- Improvements works to the pedestrian paved areas underspent by **(£1,510)**.
- Renewal of the South Perimeter fence has been delayed until 2015/16 resulting in a saving to budget of **(£6,300)**.
- Works to tarmac the roads have underspent by **(£10,027)**
- Improvement to the catafalque doors have not been carried out this year saving **(£2,000)**.
- The Cremator reline and repairs budget overspent by **£9,149**.
- General repairs and equipment repairs under spent by **(£10,028)**.

8.3 **Supplies and Services**

An under spend of **(£70,147)** is projected in relation to Supplies and Services. The reasons for this are highlighted below:

- The Wesley Annual Music and Broadband Service charge for the year was **£132** more than budget.
- Telephones, clothing and sundry items such as stores issues, subscriptions and general cleaning materials are expected to underspend by **(£144)**.
- Due to the projected increase in Masterplan sales the associated costs were overspent by **£486**.
- Due to the increase in cremations (highlighted later within the income section of the report) medical referee expenditure overspent by **£2,673**.
- Equipment purchase and rental underspent by **(£6,544)**.
- The budget provisions made for the environmental surcharges payable for tradable mercury abated cremations from the CAMEO scheme have proved to be overstated. This has resulted in an under spend of **(£66,750)** in year, £38,699 of which relates to overprovision 2013/14. If the abatement charges remain at this level, the budget in 2015/16 will be £31,000 overstated and an underspend will materialise next year also.

8.4 **Income**

An increase in income of **(£110,097)** from the 2014/15 budget is included within the reported forecast outturn. The main reasons are detailed below:

- The outturn has taken into consideration 170 more cremations compared to budget, totalling an increased income to budget of **(£104,525)**. The outturn includes 1,320 cremations against a budget estimate of 1,150 during the 2014/15 financial year.
- Book of Remembrance entries are slightly lower than budget by **£460**.
- Miscellaneous income from vending and Organ fees etc. was higher than budget by **(£1,505)**.
- Plaque sales were also higher than budget resulting in an increased income of **(£4,527)**.

8.5 ***Earmarked Reserves***

Contributions to the earmarked reserves are forecast as **(£204,969)** more than originally budgeted, primarily due to the increase in cremation income during the year and the over provision of CAMEO abatement payments in the current and previous years.

In line with the MCJC Reserve Policy to maintain a General Reserve of 30% of the income budget, a transfer to the General Reserve of **(£10,200)** is required as part of the Final Accounts process. This results in a net transfer to the Cremator Replacement Reserve of **£291,574** in year.

The retained reserves of the Mountsett Crematorium Joint Committee at 31 March 2015 are forecast to be **£729,529** along with a General Reserve of **£225,150** giving a forecast total reserves and balances position of **£954,679** at the year end.

Recommendations and reasons

9. It is recommended that:-

- Members note the April 2014 to March 2015 revenue spend financial monitoring report and associated provisional outturn position as at 31 March 2015, including the forecast year end position with regards to the reserves and balances of the Joint Committee.

Contact(s): Paul Darby 03000 261930
Ed Thompson 03000 263481

Appendix 1: Implications

Finance

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

Staffing

There are no staffing implications associated with this report.

Risk

The figures contained within this report have been extracted from the General Ledger, and have been scrutinised and supplemented with information supplied by the Bereavement Services Manager. 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, 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 2015

Risk Register 2014/15



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

Purpose of the Report

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

Background

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

Risk Assessment – December 2014

3. The Risk Register considered and approved by the Joint Committee in 3rd October 2014 has been reviewed, reassessed and updated in accordance with the Durham County Council methodology/approach to Risk Management. This entails an assessment of both the gross and net risk from each area, the difference between the gross and net risk score being that the net risk result is after taking into account existing control measures.
4. In line with the previous report, two risk registers have been prepared, separately identifying Service and Operational risks.
5. Both sections of the Risk Register have been reviewed by the Risk Officer responsible for Neighbourhood Services and the Bereavement Services Manager. Net risk ratings have been agreed by consensus and actions to mitigate and/or tackle issues arising from the individual risks have been agreed for the forthcoming year.
6. The Service Risks (i.e. those that are key to the service achieving its strategic objectives and priorities for improvement, linked to service improvement plans and the budget setting cycle) have been plotted onto a risk matrix, based on Net Risk Scores. This is set out at Appendix 2. The risk matrix plots the risk to a grid based upon the assessment of likelihood and impact scores. The higher a risk is in the top right corner of the matrix the bigger a risk it is to the service.
7. An emerging issue has been identified this quarter. The crematorium has experienced a decrease in revenue over the period March 14 – September 14 which may be attributed to a fall in the national death rate. There could also be other causes to this

risk such as increased competition from other providers. This issue will be closely monitored and reported on at the next meeting if there have been any significant changes.

8. As with Service Risks, the Operational Risks (i.e. those that are key to the operational areas of the service which relate to individual tasks carried out on a routine basis) have also been plotted onto a risk matrix and these are set out at Appendix 3.
9. There have been no changes to the remaining Operational Net Risk Scores following the review and all risks are considered to be at a tolerable level.

Embedding Risk Management - Monitoring and Review

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

Conclusions

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

Recommendations

12. It is recommended that:-

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

Background Papers

- Risk Assessment – Report to Mountsett Crematorium Joint Committee – 3rd October 2014.
- Risk Assessment – Report to Mountsett Crematorium Joint Committee – 4th October 2013.
- Risk Assessment – Report to Mountsett Crematorium Joint Committee – 31st January 2013
- Risk Assessment – Report to Mountsett Crematorium Joint Committee – September 2012
- Risk Assessment – Report to Mountsett Crematorium Joint Committee – 27th January 2012
- Risk Assessment – Report to Mountsett Crematorium Joint Committee – 30th September 2011
- Risk Assessment – Report to Mountsett Crematorium Joint Committee – 4th February 2011
- Risk Assessment – Report to Mountsett Crematorium Joint Committee – 23 September 2010
- Risk Assessment – Report to Mountsett Crematorium Joint Committee – 29 January 2010
- Risk Assessment – Report to Mountsett Crematorium Joint Committee – 12 June 2009
- External Audit Report – Report to Mountsett Crematorium Joint Committee – 30 October 2009

Appendix 1: Implications

Finance

There are no financial implications associated with this report. Exposure to financial risk is integral to the gross and net risk assessments undertaken and included in the Risk Registers attached at Appendix 2 and 3.

Staffing

There are no staffing implications associated with this report.

Risk

There are no implications in this report

Equality and Diversity / Public Sector Equality Duty

There are no implications in this report

Accommodation

There are no implications in this report

Crime and Disorder

There are no implications in this report

Human Rights

None

Consultation

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

Procurement

None

Disability Issues

None

Legal Implications

None

Appendix 2: Service Risk Register

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

Risk. No.	Risk – By Risk Number	Net Risk Score	Ranking
1	Not implementing changes in legislation	6	6
2	Non compliance with the new fire order	6	6
3	Impact on staff morale due to uncertainty over Job Evaluation and Single Status (CLOSED DECEMBER 2015)	21	1
4	Sickness absence of key staff	20	2
5	Disclosure of confidential information through incorrect disposal/maintenance of information	5	9
6	Failure of Cremators	6	6
7	Power Failure	10	4
8	Loss of Income/Money	5	9
9	Breakdown of Partnership	7	5
10	Loss of knowledge and ability to cover existing workload through premature staff loss. (CLOSED SEPTEMBER 2014)		
11	Managing Excess Deaths	12	3

Risk. No.	Risk – Ranked by Net Risk Score	Net Risk Score	Ranking
10	Loss of knowledge and ability to cover existing workload through premature staff loss. (CLOSED SEPTEMBER 2014)		
3	Impact on staff morale due to uncertainty over Job Evaluation and Single Status (CLOSED DECEMBER 2014)	21	1
4	Sickness absence of key staff	20	2
11	Managing Excess Deaths	12	3
7	Power Failure	10	4
9	Breakdown of Partnership	7	5
1	Not implementing changes in legislation	6	6
2	Non compliance with the new fire order	6	6
6	Failure of Cremators	6	6
5	Disclosure of confidential information through incorrect disposal/maintenance of information	5	9
8	Loss of Income/Money	5	9

Appendix 3: Operational Risk Register

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

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

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



Mountsett Crematorium Joint Committee

24 April 2015



Internal Audit Charter

Report of the Chief Internal Auditor and Corporate Fraud Manager

Purpose of the Report

1. The purpose of this report is to seek agreement on the revised Internal Audit Charter to take immediate effect and to be applied to reviews undertaken as part of the Internal Audit plan for 2014/15.

Background

2. The purpose of an Internal Charter is to define the role, authority and responsibility of the Internal Audit Service.
3. The Charter was updated in January 2014 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.
4. The Charter included for the Committee to consider as Appendix 2 has been further amended to reflect revised working practices that were introduced for work to be undertaken as part of the 2014/15 Internal Audit Plan.
5. A summary of the key amendments is shown in the paragraphs and tables below.
6. An amendment to the overall ratings and definitions for assurance reviews undertaken. The changes removed the previous Full and No assurance categories that were rarely if ever used. Furthermore where a Limited assurance opinion is given, controls are overall considered to be ineffective and require improvement to maintain an acceptable level of control. These will be followed up within 6 months of the date of the Final Audit report issue.

Assurance Rating	Definition
Substantial	Whilst there is a sound system of control, any weaknesses identified may put some of the system objectives at minor risk.
Moderate	Whilst there is basically a sound system of control, there are some weaknesses, which may put some of the system objectives at major risk.
Limited	There are weaknesses in key areas in the system of control, which put the system objectives at significant risk.

7. An amendment to the priority ratings and definitions for recommendations raised. The changes replaced the previous Low and Advisory Priority recommendations with a new Best Practice category.

Priority	Definition
High	Action that is considered imperative to ensure that the service/system/process objectives are not exposed to significant risk from weaknesses in critical or key controls.
Medium	Action is required to ensure that the service/system/process objectives are not exposed to major risk from weaknesses in controls.
Best Practice	The issue merits attention and its implementation will enhance the control environment or promote value for money.

Recommendation

8. It is recommended that in considering the content of the report, the Joint Committee approve the revised Internal Audit Charter attached at Appendix 2.

Contact: Paul Bradley Chief Internal Auditor and Corporate Fraud Manager DCC
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Appendix 1: Implications

Finance

There are no direct financial implications arising for the Joint Committee as a result of this report, although we aim through our audit planning arrangements to review core systems in operation and ensure through our work that the Joint Committee has made safe and efficient arrangements for the proper administration of its financial affairs.

Staffing

None

Risk

There are no direct risk implications arising for the Joint Committee as a result of this report, although we aim through our planning arrangements to review the adequacy and effectiveness of the risk management arrangements in place.

Equality and Diversity / Public Sector Equality Duty

None

Accommodation

None

Crime and disorder

None

Human rights

None

Consultation

None

Procurement

None

Disability issues

None

Legal Implications

Compliance with CiPFA Guidance re Public Sector Internal Audit Standards

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INTERNAL AUDIT CHARTER

April 2015

CONTENTS

Page No.

Introduction	3
Statutory Basis	3
Definition	4
Strategic Aims	4
Objectives of Internal Audit	4
Outcomes of Internal Audit	5
Independence, Objectivity and Authority	6
Scope of Audit Work	6
Audit Planning	7
Audit Approach	8
Audit Reporting	9
Audit Resources, Skills and Service Quality	11
Approval and Review	12
Key Contact	13
Other Related Documents	13
Appendix A - Assessment of Audit Findings, Recommendations and Opinions	14
Appendix B – Definitions under PSIAS	16

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 resources 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.

Definition

8. Internal audit 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 to 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

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 Bereavement Services Manager 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 Bereavement Services Manager 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 ask the Bereavement Services Manager to provide a management response to the recommendations made and agree target implementation dates and responsible officers.

46. To assist the Bereavement Services Manager in his response we categorise the importance of our recommendations as High, Medium or Best Practice. Details of how we assess the importance of audit findings 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 our audit assurance opinion is derived from the overall level of assurance, positive as well as negative, 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. These will be followed up within six months of issue. 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 Bereavement Services Manager 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 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.
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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Other Related Documents

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

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

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

Overall Finding Rating

This grid is used to determine the overall finding rating.

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

Priority of our recommendations

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

High	Action that is considered imperative to ensure that the service/system/process objectives are not exposed to significant risk from weaknesses in critical or key controls
Medium	Action required to ensure that the service/system/process objectives are not exposed to major risk from weaknesses in controls
Best Practice	The issue merits attention and its implementation will enhance the control environment or promote 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:

Substantial Assurance	Whilst there is a sound system of control, any weaknesses identified may put some of the system objectives at minor risk.
Moderate Assurance	Whilst there is basically a sound system of control, there are some weaknesses, which may put some of the system objectives at major risk.
Limited Assurance	There are weaknesses in key areas in the system of control, which put the system objectives at significant risk.

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	Senior Management and the board 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 board at least annually the organisational independence if the Internal Audit activity.</p> <p>The CAE must report functionality to the board. 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"> • Approving the Internal Audit Charter • Approving the Risk Based Internal Audit Plan • Approving the internal audit budget and resource plan 		<p>The Joint Committee</p> <p>The Joint Committee</p>

DEFINITIONS UNDER PSIAS

APPENDIX B

		<ul style="list-style-type: none"> • Receiving communications from the CAE on the internal audit activity’s performance relative to its plan and other matters • Approving decisions regarding the appointment and removal of the Internal Audit Service Provider • 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 		
1130. C2	Impairment to Independence or Objectivity	Approval must be sought from the board 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 board:</p> <ul style="list-style-type: none"> • The form of external assessments • The qualifications and independence of the external assessor or assessment, including any potential conflict of interests <p>NB The Public Sector requirement of this standard states,</p> <p>“The CAE must agree the scope of</p>		The Joint Committee

DEFINITIONS UNDER PSIAS

APPENDIX 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”		
1320	Reporting the results of QAIP	The CAE must communicate the results of the quality assurance and improvement programme to senior management and the board .	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 board 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 senior management and the board 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 board .	Paul Darby Terry Collins	The Joint Committee
2060	Reporting to Senior Management and the Board	The CAE must report periodically to senior management and the board 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 senior management . If the CAE determines that the matter has not been resolved, the CAE must communicate the matter to the board .	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**

24 April 2015



Annual Internal Audit Report 2014/15

Report of the Chief Internal Auditor and Corporate Fraud Manager

Purpose of the Report

1. The purpose of this report is to present the Annual Internal Audit Report for 2014/15. (Copy attached at Appendix 2).

Background

2. This report fulfils the requirements of Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application note for the Chief Internal Auditor and Corporate Fraud Manager to deliver an annual audit opinion and a report that can be used by the Committee to inform its Annual Governance Statement.
3. The Annual Internal Audit Opinion makes conclusions on the overall adequacy and effectiveness of the Committees Framework of Governance, Risk Management and Control.
4. Based on the work undertaken, the Chief Internal Auditor and Corporate Fraud Manager is able to provide a **Substantial** overall assurance opinion on the adequacy and effectiveness of internal control operating across the Joint Committee in 2014/15. This opinion ranking provides assurance that there is a sound system of control in operation and there are no significant control weaknesses that warrant inclusion in the 2014/15 Annual Governance Statement.

Recommendation

5. Members note the content of the Annual Internal Audit Report and the overall 'Substantial' opinion provided on the adequacy and effectiveness of the Council's control environment for 2014/15.

**Contact: Paul Bradley Chief Internal Auditor and Corporate Fraud Manager DCC
Tel: 03000 269645**

Appendix 1: Implications

Finance

There are no direct financial implications arising for the Joint Committee as a result of this report, although we aim through our audit planning arrangements to review core systems in operation and ensure through our work that the Joint Committee has made safe and efficient arrangements for the proper administration of its financial affairs.

Staffing

None

Risk

There are no direct risk implications arising for the Joint Committee as a result of this report, although we aim through our planning arrangements to review the adequacy and effectiveness of the risk management arrangements in place.

Equality and Diversity / Public Sector Equality Duty

None

Accommodation

None

Crime and disorder

None

Human rights

None

Consultation

None

Procurement

None

Disability issues

None

Legal Implications

Compliance with Public Sector Internal Audit Standards



**MOUNTSETT CREMATORIUM
JOINT COMMITTEE**

**INTERNAL AUDIT
ANNUAL REPORT
2014/15**

LIST OF CONTENTS

	Paragraph
Introduction	1-3
Service Provided and Audit Methodology	4-8
Summary of Work Carried Out	9-15
Quality Assurance Framework	16-21
Audit Opinion Statement	22-25

Appendix:

Appendix 3 Internal Audit Report Mountsett Crematorium 2014/15

Introduction

1. This report summarises the work carried out by Durham County Council Internal Audit and Risk Service during 2014/15, as part of the three year Service Level Agreement covering the provision of Internal Audit Services up to 31 March 2017.
2. All Internal Audit work carried out in 2014/15 was in accordance with proper internal audit practices as described within the PSIAS that came into effect from 01 April 2013.
3. This report fulfils the requirements of Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application note for the Chief Internal Auditor and Corporate Fraud Manager to deliver an annual audit opinion and a report that can be used by the Committee to inform its Annual Governance Statement.

Service Provided and Audit Methodology

4. Internal Audit is an independent, objective assurance and consultancy activity designed to add value and improve an organisation's operations.
5. Our primary objective is to provide an independent and objective annual opinion on the Joint Committee's control environment which is comprised of the systems of governance, risk management and internal control.
6. The Internal Audit Charter establishes and defines the role, the terms of reference and the scope of audit work, including the audit strategy, organisational independence and the reporting lines of Internal Audit. The Charter was revised during 2013/14 to reflect PSIAS and was further updated for approval by the Joint Committee on 24 April 2015.
7. In accordance with the Internal Audit Charter, a risk based audit approach has been applied to work undertaken in 2014/15.
8. To determine the audit opinion the internal audit service has considered the following:
 - The adequacy of risk identification, assessment and mitigation
 - The adequacy and application of controls to mitigate identified risk
 - The adequacy and extent of compliance with the Council's corporate governance framework
 - The extent of compliance with relevant legislation
 - The extent to which the organisation's assets and interests are accounted for and safeguarded from loss of all kinds including fraud, waste, extravagance, inefficient administration and poor value for money
 - The quality and integrity of financial and other management information utilised within the organisation

Work carried out in 2014/15 to inform the annual audit opinion

9. The key areas of assurance of the control environment where assurance is required to inform our overall opinion are financial management, risk management and corporate governance.
10. Our assurance opinion for 2014/15 has been primarily determined through the annual review of processes and procedures in place on site at the Crematorium which evaluated the management of the following risks:
 - Non compliance with the Cremation Regulations 2008.
 - Non compliance with the Federation of British Cremation Authorities Code of Cremation Practice.
 - Ashes are disposed of incorrectly.
 - Equipment failure.
 - Health impact to the public.
 - Lack of experienced staff.
 - Insufficient capacity to meet demand in the event of an epidemic, pandemic or major disaster.
 - Injury to staff.
 - Income is not accounted for/misappropriated.
 - Unauthorised payments are made.
 - Stock / Assets are not accounted for / misappropriated.
 - Damage / theft of equipment.
 - Employees are incorrectly paid.
11. This audit was carried out during February 2015 in accordance with terms of reference agreed with the Crematorium's Bereavement Services Manager. The review concluded that the internal control systems in place provided a **Substantial** level of assurance that the above risks were being effectively managed. The full audit report is attached as Appendix 3.
12. Further assurance on the effectiveness of risk management arrangements can also be taken from the work carried out by the County's Corporate Risk Officers who have continued to monitor strategic and operational risk registers during the year, with their most recent review being reported for consideration by the Joint Committee on 24 April 2015.
13. Processes in place provide assurance that the Bereavement Services Manager and his staff have a very good understanding of risk and adequate measures have been put in place to either mitigate or tolerate identified risks and it is evident from audit work carried out that risk management processes are well embedded.

14. No specific work has been carried out this year in reviewing the effectiveness of the Joint Committee's key corporate governance arrangements by Internal Audit as this was not considered a high risk area. The majority of the Joint Committee's key corporate governance arrangements in place reflect those of Durham County Council which are subject to an annual effectiveness review to inform the County Council's Annual Governance Statement. This is subject to review and challenge by the County's Audit Committee.
15. It should, however, be noted that in evaluating the control framework in place relating to the risks identified at paragraph 10, the adequacy and effectiveness of relevant policies and procedures that contribute to the Joint Committee's corporate governance arrangements were considered in arriving at the Substantial Assurance Opinion.

Conformance with Public Sector Internal Audit Standards (PSIAS) and results of Quality Assurance and Improvement Programme

16. The Committee at its meeting on 30 January 2015 received the evaluation carried out by the Chief Internal Auditor and Corporate Fraud Manager with regards to compliance with PSIAS and the subsequent Improvement Plan that was also agreed by the County Council's Audit Committee in June 2014.
17. The Chief Internal Auditor and Corporate Fraud Manager can therefore confirm that the Internal Audit Service conforms with PSIAS and will continually monitor the results of the Quarterly Assurance and Improvement Plan. A formal review will again be presented to the County Council's Audit Committee in June 2015.
18. The scope and terms of reference for this year's annual audit review were developed using a risk based approach agreed with the Bereavement Services Manager. This approach ensured that audit resources were applied to agreed high risk areas where there was little or no other assurance.
19. In accordance with the Internal Audit Charter audit working papers and all audit reports have been reviewed by an audit manager to ensure that expected quality standards are maintained and that all audit findings and conclusions were supported by appropriate testing and evidence.
20. The accuracy of audit findings were confirmed by the Bereavement Services Manager who was given the opportunity to challenge audit findings and the draft report prior to it being finalised.
21. A customer satisfaction survey is issued after every audit to provide feedback and help the service continually improve,

Audit Opinion Statement

22. The Joint Committee has responsibility for maintaining a sound system of internal control that supports the achievement of its objectives.

23. The Chief Internal Auditor and Corporate Fraud Manager is required to provide an opinion on the adequacy and effectiveness of the Joint Committee's risk management, control and governance processes.
24. In giving this opinion it should be noted that assurance can never be absolute and therefore only reasonable assurance can be provided that there are no major weaknesses in these processes.
- In assessing the level of assurance to be given, we based our opinion on:
 - The audit review of the Mountsett Crematorium undertaken during the year
 - Follow up action on audit recommendations
 - Matters arising from the work carried out by Internal Audit on the redevelopment of the Crematorium
 - Any significant recommendations not accepted by management and the consequent risk
 - The effects of any significant changes in the Crematorium's systems
 - Matters arising from previous reports to the Joint Committee
 - Any limitations which may have been placed on the scope of internal audit's annual review
 - The extent to which resource constraints may impinge on internal audit's ability to meet the full audit needs of the Joint Committee
 - The outcomes of the audit quality assurance process
 - Consideration of a number of other sources of assurance available
25. Based on the work undertaken, the Chief Internal Auditor and Corporate Fraud Manager is able to provide a **Substantial** overall assurance opinion on the adequacy and effectiveness of internal control operating across the Joint Committee in 2014/15. This opinion ranking provides assurance that there is a sound system of control with no material weaknesses. Consequently, there are no significant issues that warrant inclusion in the 2014/15 Annual Governance Statement.



INTERNAL AUDIT REPORT

Mountsett Crematorium

(Ref No 13590/2015)

Final Report

Assurance Opinion:	Substantial Assurance
Prepared by:	Mandy Peers, Senior Auditor
Reviewed by:	David Mitchell, Principal Auditor Paul Bradley, Chief Internal Auditor & Corporate Fraud Manager
Date issued:	2 April 2015
Distribution List	
For Action:	Graham Harrison, Bereavement Services Manager
For Information:	Ian Hault, Neighbourhood Protection Manager Paul Darby, Head of Finance – Financial Services Terry Collins, Corporate Director for Neighbourhood Services Oliver Sherratt, Head of Direct Services Teresa Morgan, Strategic Insurance & Risk Officer Debra Kitching, Policy & Performance Team Leader

CONFIDENTIAL

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Contents

Section	Page
Introduction	1
Conclusion	1
Summary of Findings	1
Background	1
Scope and Audit Approach	2
Overall Assurance Opinion and Priority of Recommendations	2-3

EXECUTIVE SUMMARY

INTRODUCTION

1. As part of the 2014/15 Internal Audit Plan, an audit was carried out in February/March 2015 to evaluate the control framework in place on the management of the risks associated with Mountsett Crematorium.

CONCLUSION

2. The audit work carried out can provide a **Substantial** level of assurance that the control framework and procedures in place are effective in managing the associated risks. As a result of the audit, there were no high or medium priority findings.

SUMMARY OF FINDINGS

3. The review was carried out using a risk based approach informed by the Controls Risk Assessment (CRA) document and was undertaken by a review of supporting systems, documentation, discussion with key employees, and sample testing covering the period January 2014 to December 2014.
4. The review confirmed that there are effective arrangements in place for the management of the risks associated with the Mountsett Crematorium. From the sample testing undertaken only a minor number of issues were highlighted and discussed.
5. It was acknowledged that the financial management system SAGE currently operated at Durham Crematorium is due to be introduced at Mountsett from 1 April 2015.
6. There are five best practice recommendations which were identified during the audit;
 - Under the new banking arrangements, a review of the security of cash held and frequency of banking arrangements should be undertaken. This should include a review of the options of obtaining a safe, and/or increasing the frequency and direct pick up from the Crematorium of Loomis banking collections.
 - Any documentation currently held in excess of the retention periods (i.e. financial documentation 6 years plus the current financial year and cremation records 15 years) should be securely disposed of in line with the document retention policy.
 - Invoices in relation to cremation and medical reference fees should be coded to the correct account codes.
 - Procedures to be improved to ensure that purchase orders are not created retrospectively.
 - The Pandemic Plan should be subject to review and updated.

BACKGROUND

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

SCOPE AND AUDIT APPROACH

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

OVERALL ASSURANCE OPINION AND PRIORITY OF OUR RECOMMENDATIONS

- 12. Based upon the ratings of our findings and recommendations arising during the audit, we define the overall conclusion through the following assurance opinions.

Opinion	Definition
Substantial Assurance	Whilst there is a sound system of control, any weaknesses identified may put some of the system objectives at minor risk.
Moderate Assurance	Whilst there is basically a sound system of control, there are some weaknesses, which may put some of the system objectives at major risk.
Limited Assurance	There are weaknesses in key areas in the system of control, which put the system objectives at significant risk.

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

Priority	Definition
High	Action that is considered imperative to ensure that the service/system/process objectives are not exposed to significant risk from weaknesses in critical or key controls.
Medium	Action is required to ensure that the service/system/process objectives are not exposed to major risk from weaknesses in controls.
Best Practice	The issue merits attention and its implementation will enhance the control environment or promote value for money.

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