



Central Durham Crematorium Joint Committee

Date **Wednesday 26 April 2017**
Time **2.00 pm**
Venue **Conference Room 4b, County Hall, Durham**

Business

Part A

1. Apologies for Absence
2. Minutes of the meeting held 21 January 2017 (Pages 3 - 8)
3. Declarations of Interest, if any
4. Quarterly Performance and Operational Report: (Pages 9 - 16)
Report of the Bereavement Services Manager.
5. Financial Monitoring Report - Provisional Outturn as at 31 March 2017:
(Pages 17 - 24)
Joint Report of the Corporate Director of Regeneration and Local
Services and the Treasurer to the Joint Committee / Corporate Director,
Resources.
6. Risk Register Update 2016/17: (Pages 25 - 34)
Joint Report of the Corporate Director of Regeneration and Local
Services and the Treasurer to the Joint Committee / Corporate Director,
Resources.
7. Annual Internal Audit Report 2016/17: (Pages 35 - 46)
Report of the Chief Internal Auditor and Corporate Fraud Manager.
8. Such other business as, in the opinion of the Chair of the meeting, is of
sufficient urgency to warrant consideration.

Laura Renaudon
Clerk to the Joint Committee

County Hall
Durham
18 April 2017

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

Durham County Council: D Bell, A Bonner, J Chaplow, P Conway,
K Corrigan, N Foster, B Kellett, B Moir,
M Plews (Chairman), M Simmons, D Stoker
and K Thompson

Spennymoor Town Council: JV Graham (Vice-Chairman), GD O'Hehir
and D Taylor

DURHAM COUNTY COUNCIL

CENTRAL DURHAM CREMATORIUM JOINT COMMITTEE

At a Meeting of **Central Durham Crematorium Joint Committee** held in **Committee Room 1A, County Hall, Durham** on **Wednesday 25 January 2017** at **2.00 pm**

Present:

Councillor M Plews (Chairman)

Durham County Council:

Councillors D Bell, A Bonner, J Chaplow, P Conway, K Corrigan, N Foster, B Kellett, D Stoker and K Thompson

Spennymoor Town Council:

Town Councillors JV Graham (Vice-Chairman) and D Taylor

1 Apologies for Absence

Apologies for absence were received from B Moir, GD O'Hehir and M Simmons.

2 Minutes

The Minutes of the Meeting held on 28 September 2016 were confirmed as a correct record and were signed and initialled by the Chairman.

3 Declarations of Interest

There were no Declarations of Interest submitted.

4 Treasurer to the Joint Committee

The Clerk to the Joint Committee, Laura Renaudon explained that the vacant position of Corporate Director of Resources at Durham County Council had now been filled with John Hewitt having been appointed. Accordingly, Members were asked to note that, as previously the Treasurer to the Joint Committee had been the Corporate Director of Resources, John Hewitt would therefore take on the Treasurer role.

Resolved:

That the appointment of the Corporate Director of Resources, Durham County Council and consequently Treasurer to the Joint Committee be noted.

5 Quarterly Performance and Operational Report

The Bereavement Services Manager, Graham Harrison asked Members to note the performance figures from 1 September 2016 to 31 December 2016 and the comparison to the same period for 2015, highlighting that there was a net increase of 4 cremations year on year. It was noted there was a total of 728 for the three month period with the September to December profile breakdown showing 247 from Durham, 42 from Spennymoor and 339 from outside of the area.

Members were asked to note that the number of memorials sold had decreased in comparison to the same period the previous year, and sales had generated £1,092 less than the comparable period last year.

Councillors were informed that a local Funeral Director had approached the Crematorium as regards a design he had drawn up for a memorial safe product, made from stainless steel and granite in which ashes could be interred. Members were asked for their views on whether to deviate from the current tender or remain with the current supplier.

The Joint Committee noted the recent appointment of a Technical Assistant, a former apprentice, and that she had indicated that she would be willing to enrol on the Institute of Cemetery and Crematorium Management (ICCM) Diploma Course. Members noted that the associated costs had been factored into the 2017/18 budget.

The Bereavement Services Manager explained that the use of the Crematorium chapel had started to increase with regards to Funeral Directors wanting to use the chapel to hold services only before moving to another location for burial. It was explained that this had an impact upon the number of cremations that could be accommodated on certain days and that the charge for a chapel only service was £100, compared to £650 for a cremation. It was proposed that a two-tier pricing structure was put in place, with the most requested slots between 10.00am and 2.30pm having the fee increased to £600 and the fee outside of those times to increase to £200, in recognition of the lost income associated with holding those services.

The Bereavement Services Manager noted the Crematorium had received the Green Flag Award in 2016, awarded five years in a row and a submission would be made for the 2017 award accordingly.

Councillors were updated in respected of the recycling of metals scheme and noted the presentation by the Chairman and Vice-Chairman to Diabetes UK of a cheque in the sum of £4,336.

The Joint Committee noted that for the sixth year running it had been agreed for St. Cuthbert's Hospice to be allowed to place a Christmas tree at the Crematorium in 2016 to allow people to write a personal message and place it on the tree with a bauble, leaving a charity donation.

It was noted that St. Cuthbert's Hospice had raised £164.92 and had also asked permission to have a similar tree placed at the Crematorium in 2017, with no other organisations having approached the Crematorium in this regard.

The Chairman thanked the Bereavement Services Manager and added that Durham had been shortlisted for Most Improved Performer in the Cemetery and Crematorium category at the Association of Public Service Excellence (APSE) Awards 2016. The Bereavement Services Manager noted that while Durham had not won the award, the shortlisting was good praise for the hard work of the Bereavement Services staff.

Councillor N Foster noted the documentation circulated with the designs of the memorial safe product and asked what differences there was in comparison to the existing memorials. The Bereavement Services Manager noted the current unit have stone front covers that can be removed allowing ashes to be interred, and noted the costs and length of lease. It was added that the proposed product would have the marble insert silicone sealed to the stainless steel and this would present an issue should there need to be gain access to ashes. It was added there would be also works associated with any additional plinth, as set out within the design documentation. Members all agreed that the Crematorium should remain with the existing memorials.

Resolved:

- (i) That the current performance of the Crematorium be noted.
- (ii) That the Crematorium continue to use the existing memorial supplier and not to change over to the new memorial safe product.
- (iii) That the enrolment of a member of staff on the ICCM Diploma course be agreed.
- (iv) That the application for the Green Flag Award 2017 be noted.
- (v) That the updated position with regards to the recycling of metals scheme be noted.
- (vi) That the provision of a Christmas tree in 2017 by St. Cuthbert's Hospice be agreed.

6 Financial Monitoring Report - Position at 31/12/16, with Projected Revenue and Capital Outturn at 31/03/17

The Principal Accountant, Ed Thompson referred Members to Financial Monitoring Report, as set out in the usual format, for the period to 31 December 2016 and with projected outturn to 31 March 2017 (for copy see file of minutes).

The Joint Committee noted that revenue expenditure was broadly in line with the budget, and it was noted that surplus of £831,677 was projected and the significant variances were set out within the report, noting the saving in terms of the revised business rates and the increased level of income. It was added that the Capital Programme was projected to underspend, due mainly to the relining of one cremator being carried forward into 2017/18.

The Principal Accountant explained that the projected total reserve of approximately £1,361,122 at the year-end, gave a strong financial position.

Resolved:

That the April to December 2016 Revenue Spend Financial Monitoring Report and associated Provision Outturn position at 31 March 2017, including the projected year end position with regards to the reserves and balances of the Joint Committee be noted.

7 Provision of Support Services 2017-2018

The Principal Accountant referred Members to the report setting out the proposed Service Level Agreement (SLA) for Support Service provision by Durham County Council to the Central Durham Crematorium Joint Committee for 2017/18 (for copy see file of minutes).

Councillors were reminded that the SLA had been in place for a few years, following previous External Audit recommendations, and set out the support services provided to the Joint Committee by Durham County Council including:

- Management Services
- Financial Services
- Administration Services
- Payroll Services
- Human Resources Services

It was noted that the breakdown of services provided and costs were set out within the report, and that the SLA was reviewed and updated annually, with the slight increase in cost of 3% to take into account inflationary pressures.

Resolved:

That the Service Level Agreement for the provision of Support Services to the Joint Committee for the year 2017/18 be approved.

8 Fees and Charges 2017/18

The Principal Accountant referred Members to Fees and Charges 2017/18 report (for copy see file of minutes).

Councillors were reminded that in 2016/17 the Joint Committee had agreed to an increase of £20 to the cremation fee (3.3%). Members recalled that in a previous year the Joint Committee had agreed to hold the fees at a standstill position, to take into account the improvement works that were being carried out at that time and also Mountsett Crematorium Joint Committee had agreed to hold their fees to maintain harmonised charges across County Durham.

It was explained that as Mountsett were in the process of carrying out improvement works it was proposed that the Joint Committee would reciprocate and hold charges at Durham. It was added that it was proposed that the fee for child cremations remained as a nil charge, and that the two-tier charges as regards chapel only use, as previously discussed, would be applied. For information, benchmarking data was attached at Appendix 3

Resolved:

- (i) That the proposed fees and charges as set out at Appendix 2 to the report be approved and be effective from 1 April 2017, seeking to maintain the cremation charges at existing levels.
- (ii) That the approved fees and charges be incorporated into the 2017/18 Budget.

9 2017/18 Revenue and Capital Budgets

The Joint Committee considered a report which set out for Members' consideration proposals with regards to the 2017/18 Revenue and Capital Budgets for the Central Durham Crematorium (for copy see file of minutes).

The Principal Accountant advised that the changes in comparison to the 2016/17 budget were set out within the report and noted that the updated positions in relation to the SLA and Fee and Charges as agreed at the previous items were incorporated. Members were reminded of works as had been set out within the Service Asset Management Plan (SAMP) and agreed by the Committee at its September meeting, now included within the budget, though a number of these represented one-off works including the relining of one of the cremators.

The Joint Committee was reminded that the distribution of surplus to the constituent Authorities remained the same in 2017/18 and the Committee may wish to revisit this for the 2018/19 budget. The Principal Accountant concluded by noting that the projected level of reserves as at 31 March 2018 was £1,533,237, giving a strong financial position for the Joint Committee going forward.

Resolved:

- (i) That the Joint Committee note and approve the revenue and capital budget proposals contained within the report.
- (ii) That the forecast level of reserves and balances at 31 March 2018 be noted.

10 Exclusion of the Public

Resolved:

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

11 External Audit Arrangements 2016/17 to 2018/19

The Joint Committee considered a Joint Report of the Corporate Director Regeneration and Local Services and Corporate Director, Resources and Treasurer to the Joint Committee which informed Members of the soft market testing exercise for the external audit arrangements for the Central Durham Crematorium Joint Committee for the three financial years 2016/17 to 2018/19 and for Members to appoint a preferred audit firm (for copy see file of minutes).

Resolved:

That Mazars LLP be appointed to undertake the External Audit arrangements for the 2016/17, 2017/18 and 2018/19 financial years.

**Central Durham Crematorium
Joint Committee**

26 April 2017

**Quarterly Performance and
Operational Report –
Position to 31 March 2017**



Report of Graham Harrison, Bereavement Services Manager

Purpose of the Report

1. To provide Members of the Central Durham Crematorium Joint Committee with the quarterly 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 to 31 March 2017 inclusive, with comparative data in the same period last year:

	2015/16	2016/17	Change
January	233 + 3*	238 + 0*	+ 5 - 3*
February	214 + 3*	218 + 1*	+ 4 - 2*
March	218 + 2*	220 + 3*	+ 2 +1*
TOTAL	665 + 8*	676 + 4*	+ 11 - 4*

* = Non-Viable Foetus (NVF) ** = Stillborns (STs) *** = Body parts

3. The full profile of where families came from can be seen in Appendix 2. In summary 246 came from Durham, 27 came from Spennymoor and 403 from other areas. There were 4 NVF cremations undertaken in the period compared to 8 in the comparable period last year, which is a decrease of 4 NVF and an increase of 11 Cremations year on year. Funeral Directors are experiencing similar trends with regards to a slight increase in the death rate despite the mild winter period.
4. The total number of cremations in 2016/17 was 2,324 compared with 2,247 in 2015/16, an increase of 77 cremations.
5. The 2016/17 budget was set at a prudent assumption of 2,200 cremations during the year. The actual number of cremations undertaken was therefore 124 more than the budget position. This is reflected in an over achievement of cremation fee income of £66,740 in year, which is included in the budgetary control report.

6. The table below shows the comparative figures for the previous seven financial years:

Year	Cremations
2010/11	2,282
2011/12	2,205
2012/13	2,379
2013/14	2,227
2014/15	2,287
2015/16	2,247
2016/17	2,324
7 Year Average	2,278

7. The 2017/18 budget assumes 2,200 cremations will be undertaken in the coming year.

Memorials

8. The table below shows the number and value of the memorials sold in the period January to March 2017 compared to the same period last year:

	[Jan-March] 2015/16		[Jan-March] 2016/17	
	Number	£	Number	£
Vase Blocks	3	1,949	3	1,420
Large Plaques	17	7,800	17	7,654
Small Plaques	3	700	1	1,307
Niche	1	1,316	0	0
Renewal	22	3,700	26	3,463
Seat	1	1,042	0	0
Total	47	16,507	47	13,844

9. In overall terms the number and value of memorials sold of 47 / £13,844, compared to 47 / £16,507 in the same period last year shows the same number of memorials as having been sold, but a decrease of £2,663 year on year in value terms.
9. The table below identifies the total number and value of of memorials sold during 2016/17 compared to 2015/16:

	2015/16 Total		2016/17 Total	
	Number	£	Number	£
Vase Blocks	20	10,169	24	13,391
Large Plaques	82	31,626	94	30,098
Small Plaques	10	2,324	19	5,014
Niche	4	5,197	9	5,583
Renewal	119	17,342	74	11,997
Seat	1	1,042	1	1,030
Total	236	67,700	221	67,113

Operational Matters

Staffing

10. The Trainee Crematorium Operative has been in post since June 2016 and has seamlessly stepped into the role whilst also successfully passing the cremating exam. Members may recall from the June 2016 meeting that we were unsuccessful in recruiting to the vacant Cremator Operative post and it is now considered an appropriate time to re-advertise the post, which will be available for the trainee crematorium operative to apply for.
11. On 26 May 2017 Mr Stephen Tinkler, Cremator Technician will have worked at the crematorium for 30 years. On 5 May 2017 the Bereavement Services Manager will have also worked in the bereavement services industry for 30 years.
12. Members are asked if they wish to mark this special occasion in some way, for example by way of a presentation of a certificate at the next meeting of the Joint Committee.

Drainage repairs

13. A number of problems have been encountered recently at the crematorium with drains collapsing due to multiple fractures and root mass build up.
14. The ongoing repairs have resulted in a revenue overspend of £9,148 in the current year, which is included in the financial monitoring report.
15. Investigations have revealed that the drains require high pressure cutting and patch liner repairs which have been estimated at £25,945. This is not included in the 2017/18 budget. Members are asked to approve these essential repairs, which can be funded from the Major Capital Works reserve in 2017/18.

Cremation & Burial Conference & Exhibition 2017

14. As in previous years, the necessary arrangements have been made for representation at the Joint Conference of the Federation of Burial and Cremation Authorities and the Cremation Society of Great Britain, which is to be held at the Stratford Manor Hotel, Stratford-upon-Avon from Monday 3 to Wednesday 5 July 2017.

Recycling of Metals Scheme

15. The Crematorium has received a further cheque relating to the recycling of metals scheme from the Institute of Cemetery and Crematorium Management to the sum of £5,000 for Stillbirth and Neonatal Death Charity (SANDS) and arrangements are to be made for the presentation to this cheque to the charity.

Recommendations:

16. It is recommended that Members of the Central Durham Joint Committee:-
- (i) Note the current performance of the crematorium.
 - (ii) Agree to re-advertise the Cremator Operative post.
 - (iii) Discuss the marking of the 30 year long service achievements.
 - (iv) Agree to utilise the Major Capital Works Reserve to fund the forecast additional costs of the essential drainage repairs outlined in the report.
 - (v) Note the attendance at the Burial and Cremation conference.
 - (vi) Note the distribution of recycling income to the respective charity.

Contact: Graham Harrison, Bereavement Services Manager
Tel: 03000 265 606 E-mail: graham.harrison@durham.gov.uk

Appendix 1: Implications

Finance

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

Staffing

As identified in the report.

Risk

There are no risk implications associated with this report.

Equality and Diversity / Public Sector Equality Duty

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

Accommodation

The development project will improve customer and staff accommodation.

Crime and Disorder

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

Human Rights

There are no Human Rights implications associated with this report.

Consultation

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

Procurement

There are no procurement issues associated with this report.

Disability Issues

There are no disability issues associated with this report.

Legal Implications

There are no legal implications associated with this report.

Appendix 2: Breakdown of Figures

	Jan	Feb	Mar	Total Jan-Mar
DURHAM	82	88	76	246
BARNARD CASTLE			1	1
BIRTLEY			1	1
BISHOP AUCKLAND	7	9	9	25
BLACKHALL	3		1	4
CHESTER LE STREET	21	13	13	47
CHILTON	1	2	2	5
CONSETT		1		1
CORNSAY	1			1
BOUNDON		1		1
CROOK	2	10	8	20
DARLINGTON	1	3		4
EASINGTON	7	8	11	26
ESH WINNING		1		1
FENCEHOUSES	2	1	2	5
FERRYHILL	5	2	2	9
FISHBURN	1	1	3	5
GATESHEAD	1		1	2
GREAT LUMLEY	4	2	1	7
HOWDEN	2			2
HARTLEPOOL	1	2	1	4
HASWELL	1	3	1	5
HETTON LE HOLE	2	1	4	7
HEXHAM			1	1
HORDEN	3	4	3	10
HOUGHTON	8	4	6	18
HUNWICK		1		1
LANCHESTER	1			1
LEEDS	1		1	2
LANCASHIRE	1		1	2
MANCHESTER	1			1
MURTON	7	2	7	16
NETTLESWORTH		1	1	2
NEW BRANCEPETH		1		1
NEWCASTLE	1			1
NEWTON AYCLIFFE	4	4	2	10
NORTHALLERTON	1			1
NORTHUMBERLAND	1			1
OUSTON			1	1
PETERLEE	13	5	6	24
SACRISTON	1	6	4	11

	Jan	Feb	Mar	Total Jan-Mar
SEAHAM	7	11	11	29
SEDFIELD	5	2		7
SHILDON	2	3	3	8
SHOTTON	2	3	3	8
SOUTH HETTON	1			1
SPENNYMOOR	11	7	9	27
STANHOPE	1			1
STANLEY	2		2	4
STATION TOWN	1			1
STOCKTON	2			2
SUNDERLAND	1		2	3
SUNNYBROW	1			1
THORNLEY	2	1	2	5
TOW LAW		2		2
TRIMDON	3	5	9	17
WASHINGTON	1	2		3
WEST CORNFORTH			4	4
WHEATLEY HILL	1	2	1	4
WILLINGTON	4	2	3	9
WINGATE	4		1	5
WYNARD		1		1
YORKSHIRE		1		1
Total	238	218	220	676

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**Central Durham Crematorium
Joint Committee**

26 April 2017

**Financial Monitoring Report –
Provisional Outturn as at 31
March 2017**



**Joint Report of Ian Thompson – Corporate Director: Regeneration and
Local Services; John Hewitt – Corporate Director: Resources and
Treasurer to the Joint Committee**

Purpose of the Report

1. This report sets out details of income and expenditure in the period 1 April 2016 to 31 March 2017, together with the provisional revenue and capital outturn position for 2016/17, highlighting areas of over / underspends against the approved budgets at a service expenditure analysis level.
2. The report also details the funds and reserves of the Joint Committee at 1 April 2016 and forecast final position at 31 March 2017, taking into account the updated provisional financial outturn.

Background

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

Financial Performance

4. Budgetary control reports, incorporating outturn projections, are considered by Regeneration and Local Services' Management Team on a monthly basis. The County Council's Corporate Management Team also considers regular budgetary control reports, with quarterly reports being considered by Cabinet / Overview and Scrutiny Committee. The outturn projections for the Central Durham Crematorium are included within this report.
5. Members should be aware that the 2016/17 closedown process has only recently commenced and whilst no major variances are anticipated between the provisional and final outturn, 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 supplied by the Bereavement Services Manager. The following table highlights the provisional revenue outturn financial performance of the Central Durham Crematorium as at 31 March 2017:

Subjective Analysis	Base Budget 2016/17 £	Year to Date Actual April – March £	Provisional Outturn 2016/17 £	Variance Over/ (Under) £
Employees	237,764	242,682	242,682	4,918
Premises	266,690	219,970	225,070	(41,620)
Transport	2,700	1,748	1,748	(952)
Supplies & Services	97,300	89,859	100,798	3,498
Agency & Contracted	10,100	6,914	9,948	(152)
Capital Charges	213,738	213,738	213,738	0
Central Support Costs	36,150	36,150	36,150	0
Gross Expenditure	864,442	811,061	830,134	(34,308)
Income	(1,550,750)	(1,621,062)	(1,643,629)	(92,879)
Net Income	(686,308)	(810,001)	(813,495)	(127,187)
Transfer to / (from) Reserves				
- Masterplan Memorial Garden	5,000	0	5,000	0
- Major Capital Works	248,058	0	375,245	127,187
- Cremator Reline Reserve	25,000	0	25,000	0
- Small Plant	2,000	0	2,000	0
Distributable Surplus	(406,250)	0	(406,250)	0
80% Durham County Council	325,000	162,500	325,000	0
20% Spennymoor Town Council	81,250	60,938	81,250	0

Central Durham Crematorium Earmarked Reserves	Balance @ 1 April 2016 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2017 £
General Reserve	(432,705)	(438,770)	406,250	(465,225)
Masterplan Memorial Garden	(46,250)	(5,000)	0	(51,250)
Major Capital Works	(857,846)	(375,245)	379,313	(853,778)
Cremator Reline Reserve	(110,000)	(25,000)	78,500	(56,500)
Small Plant	(8,000)	(2,000)	0	(10,000)
Total	(1,454,801)	(846,015)	864,063	(1,436,753)

Explanation of Significant Variances between Original Budget and Forecast Outturn

7. As can be seen from the table above, the projected revenue outturn is indicating a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £813,495 against a budgeted surplus of £686,308, £127,187 more than the budgeted position.
8. This compares with the previously forecast position, based on income and expenditure to 31 December 2016, as reported to the Joint Committee on 25 January 2017, of a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £831,677 against a budgeted surplus of £686,308, £145,369 more than the budgeted position. A reconciliation of the projections at quarter 3 compared to the provisional outturn figures is as follows:
 - Employee costs are (£2,072) lower than projected at quarter 3 due mainly to reduced overtime working.
 - General Premises costs are (£3,874) lower than projected.
 - Transport costs relating to mileage expenses are (£952) lower than projected.
 - General Supplies and Service costs are (£2,210) lower than projected.
 - Agency and Contracted Services are £534 higher than projected due to increased cremation register costs.
 - Income is £26,756 lower than forecast due mainly to the year on year increase in cremations for the final quarter of the year being lower than projected.
9. The following section outlines the reasons for any significant budget variances by subjective analysis area. Members should note that some transactions are undertaken annually at the year end, in addition, in line with the accounting policies, sundry creditor and debtor provisions are required after the 31 March. This results in additional charges/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 yet received from utility companies
 - Medical Referee fees for the final quarter
 - CAMEO income

8.1 *Employees*

The outturn shows an over spend of **£4,918**, in relation to employee costs. The reasons for this are identified below:

- Unbudgeted employer pension contributions backdated to 2004 relating to a medical practitioner have resulted in an overspend of **£14,800**.
- Delays in filling the Trainee Crematorium Operative post will result in an underspend of **(£9,282)**.
- The training budget has underspent by **(£600)**.

8.2 Premises

The outturn shows a forecast underspend of **(£41,620)** in relation to premises costs. The reasons for this are identified below:

- A successful appeal against the rateable value of the Crematorium last year, after the budget had been agreed resulted in a revised Business Rate charge in 2016/17 of £60,783 compared to the budget of £89,000, a saving of **(£28,217)**.
- Utilities expenditure is forecast to under spend by **(£5,725)**.
- Cremator repairs and servicing budgets underspent by **(£6,173)**.
- Cremator hearth reline budget of **(£3,450)** was not utilised in the year and was completed within the main Cremator reline.
- Drainage repair budget overspent by **£9,148** due to the issues highlighted earlier in the Quarterly Performance and Operational report.
- Tree works and Hedge trimming budgets have not been required in 2016/17, resulting in an underspend of **(£3,000)**.
- Other miscellaneous premises budgets underspent by **(£4,203)**.

8.3 Supplies and Services

The outturn shows a forecast over spend of **£3,498** in relation to supplies and services costs. The reasons for this are identified below:

- General office costs including printing, stationery and office equipment are expected to overspend by **£3,498**.

8.4 Agency and Contracted

The outturn shows a forecast underspend of **(£152)** in relation to agency and contracted services costs which relates mainly to savings on Refuse Collection charges.

8.5 Income

An increase in income of **(£92,879)** from the 2016/17 budget is included within the updated outturn forecasts. The reasons for this are identified below:

- The sale of large plaques, vase blocks, columbaria units and seats etc. was greater than budget, generating additional income of **(£3,313)**;
- The outturn includes an additional 124 cremations compared to the budget, totalling an increased income to budget of **(£66,740)**. The outturn allows for a total of 2,324 cremations against a budgeted 2,200 during 2016/17.

- Miscellaneous sales and Book of Remembrance entries were higher than budget resulting in additional income of **(£9,355)**.
- The annual cremation abatement payment from CAMEO is forecast to be **(£13,471)** greater than the budgeted amount. The budget was based upon the tradeable mercury abated cremations (tmacs) rate of £10.00, however it is now forecast to be paid at a tmac rate of £15.00.

10. Capital Programme

The following table highlights the provisional capital outturn of the Central Durham Crematorium:

	Base Budget 2016/17 £	Provisional Outturn 2016/17 £	Variance Over/ (Under) £
Phase 3 & 4 Redevelopment Works			
Replacement of copper roofing and canopies	279,890	277,184	(2,706)
Tarmac roads and car park bays	38,850	0	(38,850)
Carry out Re-lining of cremators x 3	110,300	78,500	(31,800)
Replacement of coffin charger	40,000	0	(40,000)
Replacement of ride on grass cutter	15,000	14,639	(361)
Carry out creation of staff car parking area	82,000	54,970	(27,030)
Total	566,040	425,293	(140,747)

The cost of the Redevelopment Works is being financed from the Major Capital Works and Cremator Reline Earmarked Reserves. The outturn shows a forecast underspend of **(£140,747)** and the main reasons for this are identified below:

- The tarmacking of the roads and car park bays has been delayed due to the repairs required to the drains and will now be completed in 2017/18, resulting in an underspend of **(£38,850)** which will be carried forward into the 2017/18 capital budget.
- One of the cremators will now be relined in 2017/18, resulting in an underspend of **(£31,800)** which will be carried forward into the 2017/18 capital budget.
- The coffin charger was replaced on a like for like basis at no additional cost to the Committee, resulting in an underspend of **(£40,000)**.
- The creation of the staff car parking area was not completed by the end of March, resulting in an underspend of **(£27,030)** which will be carried forward into the 2017/18 capital budget.

10. Earmarked Reserves

Contributions to the earmarked reserves are forecast as **(£127,187)** more than originally budgeted, primarily due to additional unbudgeted income arising from the additional cremations forecast compared to budget in 2016/17 and the reduction in Business Rates.

In line with the CDCJC Reserve Policy to maintain a General Reserve of 30% of the income budget, a transfer to the General Reserve of **£32,520** is required. This results in a net transfer from the Major Capital Works Reserve of **(£4,068)**.

The retained reserves of the CDCJC at 31 March 2016 are forecast to be **£971,528** along with a General Reserve of **£465,225**, giving a forecast total reserves and balances position of **£1,436,753** at the year end.

Recommendations and Reasons

11. It is recommended that:

- Members note the April to March 2017 financial monitoring report and associated provisional revenue and capital outturn positions at 31 March 2017, including the projected year position with regards to the reserves and balances of the Joint Committee.

Contact:	Paul Darby, Head of Financial and HR Services	
Tel:	03000 261 930	E-mail: paul.darby@durham.gov.uk
Contact:	Ed Thompson, Principal Accountant	
Tel:	03000 263 481	E-mail: ed.thompson@durham.gov.uk

Appendix 1: Implications

Finance

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

Staffing

There are no staffing implications associated with this report.

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 the 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 Spennymoor Town 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 CDCJC.

Procurement

None

Disability Discrimination Act

None

Legal Implications

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

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**Central Durham Crematorium
Joint Committee**

25 January 2017

Risk Register Update 2016/17



Joint Report of Ian Thompson – Corporate Director: Regeneration and Local Services; John Hewitt – Corporate Director: Resources and Treasurer to the Joint Committee

Purpose of the Report

1. The purpose of this report is to inform the Central Durham Crematorium Joint Committee of the outcome of the half-yearly review of the service and operational risk registers in March 2017.

Background

2. The service and operational risk registers are maintained in accordance with Durham County Council's methodology and approach to risk management, further details of which are included in Appendices 2, 3 and 6. The registers have been reviewed by the Bereavement Services Manager & Registrar (Countywide), supported by Durham County Council's Principal Risk and Governance Officer. Net risk evaluations 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.

Risk Assessment – April 2017

Summary

3. The Service Risk Register is included in **Appendix 4** and a profile of service risks is included in **Appendix 5**.
4. The Operational Risk Register is included in **Appendix 6** and a profile of operational risks is included in **Appendix 7**.
5. The net risk evaluation of all identified service risks are within the risk appetite (the shaded area in Appendix 5), so they are considered to be at an acceptable level.

Changes

6. No new risks have been added to either risk register.
7. Three risks have been removed from the service risk register:-
 - *Adverse impact on Crematorium business due to ongoing refurbishment of the external canopies at the main entrance.*

The refurbishment works have been completed, so this risk is no longer relevant.
 - *Non-compliance with the new fire order.*

All necessary actions in relation to the Fire Order have been implemented, so this risk is no longer relevant.
 - *Financial Losses due to reputation.*

This is no longer considered a valid risk.
8. The following risk, on the service risk register, has been re-evaluated:-
 - *Sickness absence of key staff.*

The net impact has been re-assessed from Insignificant to Moderate and the net likelihood has been re-assessed from Unlikely to Remote. These amendments reflect the range of the mitigating controls in place including procedures implemented under the Attendance Management Policy and the Mental Wellbeing in the Workplace Policy. Joint contingency arrangements with Mountsett Crematorium are also in place.
9. As the operational risk register relates to health and safety issues, each risk has been re-evaluated against Durham County Council's health and safety risk assessment criteria, as shown at the bottom of Appendix 6. These are considered more appropriate than the strategic risk assessment criteria, which were previously used.
10. One risk has been removed from the operational risk register:-
 - *Risk Assessments and Reviews not undertaken*

As risk management procedures are now well-established, it is considered that this is no longer a significant risk.

Recommendations

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

Contact:	Paul Darby, Head of Financial and HR Services
Tel:	03000 261 930
Contact:	Kevin Roberts, Principal Risk and Governance Officer
Tel:	03000 269 657

Appendix 1: Implications

Finance

There are no direct financial implications but effective risk management helps to avoid or minimise financial loss.

Staffing

None

Risk

This report supports the delivery of the objectives of the Durham County Council's Risk Management Strategy. Each risk has been evaluated using Durham County Council's risk management methodology. Maintaining and continually reviewing the risk register is a key component of the control and governance framework for the Central Durham Crematorium Joint Committee.

Equality and Diversity

None

Accommodation

None

Crime and Disorder

None

Human Rights

None

Consultation

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

Procurement

None

Disability Issues

None

Legal Implications

There are no direct implications but effective risk management helps to ensure compliance with legal and regulatory obligations.

Appendix 2: How Central Durham Crematorium risks are managed

Two risk registers have been developed for Durham Crematorium, containing service and operational risks respectively. They are maintained in accordance with Durham County Council's methodology and approach to risk management. This requires an evaluation of the gross risk based on an assessment of the impact and likelihood of the risk occurring. The net risk is evaluated on the same basis after taking into account mitigating control measures.

In order to ensure that risk management continues to be embedded and that the risk registers are kept up to date, regular reviews are carried out to ensure that any new and emerging risks are identified, existing risks are removed if no longer appropriate and existing risks are reviewed taking into account current issues. Reviews are undertaken by the Bereavement Services Manager & Registrar (Countywide), supported by Durham County Council's Principal Risk and Governance Officer, and a formal update is reported to the Central Durham Crematorium Joint Committee twice a year.

Risks are evaluated in a logical and straightforward process. Service risk assessments are based on the impact on finance, service delivery and stakeholders if the risk materialises, and also the likelihood that the risk will occur over a given period. Operational risk assessments are based on Durham County Council's health and safety risk assessment criteria, which include the likelihood of occurrence.

Durham County Council is jointly responsible for responding to civil emergencies (such as severe weather events, network power losses and flu epidemics) through the County Durham and Darlington Local Resilience Forum. An explanation of the arrangements for managing the risk of such events and a copy of the latest Community Risk Register can be found on the web page of the County Durham and Darlington [Local Resilience Forum](#).

Appendix 3A: Strategic Risk Assessment Criteria – Impact Factors

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

Appendix 3B: Strategic Risk Assessment Criteria – Likelihood Factors

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

Appendix 4: Service Risk Register for Central Durham Crematorium

This is a list of service risks as at 26 April 2017, ranked in order of net risk evaluation, based on the strategic risk assessment criteria in Appendix 3. Where changes to the risk assessment have occurred during the last quarter, these are indicated in the last column.

Ref	Risk	Net Impact	Net Likelihood	Net Risk Score	Conclusion	Changes/ Comments
1	Managing excess deaths	Minor (4)	Possible (3)	12	Tolerate	
2	ICT and Power Failure	Minor (5)	Unlikely (2)	10	Tolerate	
3	Loss of knowledge and ability to cover existing workload through premature staff loss	Minor (5)	Unlikely (2)	10	Tolerate	
4	Breakdown of the partnership (with Spennymoor Town Council)	Moderate (7)	Remote (1)	7	Tolerate	
5	Sickness absence of key staff	Moderate (7)	Remote (1)	7	Tolerate	Net risk evaluation changed from Insignificant / Unlikely to Moderate / Remote.
6	Not implementing changes in legislation	Minor (6)	Remote (1)	6	Tolerate	
7	Failure of Cremators / Specialist Equipment	Minor (6)	Remote (1)	6	Tolerate	
8	Damage to Public or Vehicles due to tree branches falling	Insignificant (3)	Unlikely (2)	6	Tolerate	
9	Disclosure of confidential information through incorrect disposal / maintenance of information	Minor (5)	Remote (1)	5	Tolerate	
10	Loss of Income/Money	Minor (5)	Remote (1)	5	Tolerate	
11	Lack of awareness of the Impact of Equalities, DDA, Access to Services and Age Legislation	Insignificant (3)	Remote (1)	3	Tolerate	
12	Adverse impact on Crematorium business due to ongoing refurbishment of the external canopies at the main entrance.	N/A	N/A	N/A	N/A	The refurbishment works have been completed - removed from the register. Previous evaluation Moderate/ Possible (21).
13	Non-compliance with the new fire order	N/A	N/A	N/A	N/A	This is no longer an issue - removed from the risk register. Previous evaluation Minor/ Remote (6).
14	Financial Losses due to reputation	N/A	N/A	N/A	N/A	This item is covered by risk 11 - removed from the register.

Appendix 5: Profile of Service Risks for Central Durham Crematorium

Service Risks as at 26 April 2017

This matrix profiles all service risks shown in appendix 4 based on the net risk evaluation. The shaded area represents the corporate risk appetite.

None of the net risk evaluations are above the risk appetite.

As the net risk evaluations of risks 1 to 11 are within the risk appetite, they are considered to be at an acceptable level.

Impact					
Critical (score 13 – 15)					
Major (score 10 – 12)					
Moderate (score 7 – 9)	4 Partnership 5 Sick Absence				
Minor (score 4 – 6)	6 Legislation 7 Cremators 9 Confidentiality 10 Income Loss	2 ICT & Power Failure 3 Staff Loss	1 Excess Deaths		
Insignificant (score 1 – 3)	11 Legislation (Equalities, DDA, Access & Age)	8 Tree Branches			
Likelihood	Remote (score 1)	Unlikely (score 2)	Possible (score 3)	Probable (score 4)	Highly Probable (score 5)

Appendix 6: Operational Risk Register for Central Durham Crematorium

This is a list of operational risks as at 26 April 2017, ranked in order of net risk rating, based on the risk assessment criteria at the bottom of the page (previously, they were assessed using the strategic risk assessment criteria in Appendix 3). Where changes to the risk assessment have occurred during the last quarter, these are indicated in the last column.

Risk Register

Ref	Risk	Net Impact	Net Likelihood	Net Risk Rating	Changes/ Comments
1	Cleaning, Maintenance and Gardening Duties	Severe (2)	Possible (2)	Medium (4)	Previously Minor (5), Remote (1) = 5
2	Slips, trips and falls	Severe (2)	Possible (2)	Medium (4)	Previously Insignificant (3), Remote (1) = 3
3	Exterior Pathways, Steps and Grounds	Major (3)	Remote (1)	Low (3)	Previously Minor (5), Remote (1) = 5
4	Use of hand tools and machinery for gardening on site, driveway and car park	Major (3)	Remote (1)	Low (3)	Previously Minor (5), Remote (1) = 5
5	Injury to staff and visitors	Severe (2)	Remote (1)	Low (2)	Previously Moderate (7), Remote (1) = 7
6	Violent or other Assault on officer whilst lone working	Severe (1)	Remote (1)	Low (2)	Previously Minor (5), Remote (1) = 5
7	Risk Assessments and Reviews not undertaken	N/A	N/A	N/A	This is no longer a significant risk - removed from the risk register. Previously Minor (5) x Unlikely (2) = 10

Risk Assessment Criteria

RISK RATING		Likelihood		
		Remote Unlikely to occur or may affect only one or two people	Possible Could occur sometime or effect a group of people	Probable Occurs repeatedly, to be expected or could affect large number of people
Impact	Major Death, Major injury, permanent disability or ill-health	Medium	High	High
	Severe Injury requiring medical/hospital treatment	Low	Medium	High
	Minor First aid treatment	Low	Low	Medium

Appendix 7: Profile of Operational Risks for Central Durham Crematorium

Operational Risks as at 26 April 2017

This matrix profiles all operational risks shown in appendix 6 based on the net risk evaluation.

RISK PROFILE		Likelihood		
		Remote	Possible	Probable
Impact	Major	3 Exterior Pathways, Steps and Grounds 4 Hand Tools and Machinery		
	Severe	5 Injury to staff and visitors 6 Violence / Assault	1 Cleaning, Maintenance and Gardening Duties 2 Slips, trips and falls	
	Minor			

Key:-

 High risk

 Medium risk

 Low risk

**Central Durham Crematorium
Joint Committee**

26 April 2017

**Annual Internal Audit Report
2016/17**



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 2016/17. (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 2016/17. 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 2016/17 Annual Governance Statement. There are no recommendations made with regards to suggested improvements to the systems and procedures in operation.

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 2016/17.

Contact: Paul Bradley, Chief Internal Auditor and Corporate Fraud Manager
Tel: 03000 269 645

Appendix 1: Implications

Finance

The broad programme of work undertaken by Internal Audit supports the Joint Committee in maintaining 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.



**CENTRAL DURHAM CREMATORIUM
JOINT COMMITTEE**

**INTERNAL AUDIT
ANNUAL REPORT
2016/17**

LIST OF CONTENTS

	Paragraph
Introduction	1-3
Service Provided and Audit Methodology	4-8
Summary of Work Carried Out	9-15
Quality Assurance Framework	16-22
Audit Opinion Statement	23-26

Appendix:

Appendix 3 Internal Audit Report Central Durham Crematorium 2016/17

Introduction

1. This report summarises the work carried out by Durham County Council Internal Audit and Risk Service during 2016/17, 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 2016/17 was in accordance with proper internal audit practices as described within the Public Sector Internal Audit Standards (PSIAS) that came into effect from 01 April 2013.
3. This report fulfils the requirements of 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 in its current form was last considered by the Joint Committee on 27 April 2016.
7. In accordance with the Internal Audit Charter, a risk based audit approach has been applied to work undertaken in 2016/17.
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 2016/17 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 2016/17 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 January 2017 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 latest reviews being reported for consideration by the Joint Committee on 27 April 2016 and 28 September 2016.
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 Council'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.

Quality Assurance Framework

Conformance with Public Sector Internal Audit Standards (PSIAS)

16. The Accounts and Audit Regulations 2015 require that 'a larger relevant body (the Council) must, at least once in each year, conduct a review of the effectiveness of its internal audit' and confirms that the findings of the review must "must be considered as part of the consideration of the system of internal control".
17. It is a further requirement of PSIAS that any large relevant body should be subject to an external assessment at least once every five years. As Durham County Council is classed as a large public body, the Internal Audit Service is subject to an external assessment. At its meeting on 28 September 2016 the Committee received a report from the Chief Internal Auditor and Corporate Fraud Manager which detailed the outcome of the external assessment. The assessment had been completed by Newcastle City Council during April and May 2016 and the outcome formally reported to the service in July 2016.
18. This external assessment concluded that Durham County Council's Internal Audit Service **conforms** to the requirements of the Public Sector Internal Audit Standards.
19. In compliance with the services' quality assurance framework, the 2016/17 annual Internal Audit review, the scope and terms of reference were developed using a risk based approach and 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.
20. 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.
21. 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.
22. A customer satisfaction survey is issued after every audit to provide feedback and help the service continually improve.

Audit Opinion Statement

23. The Joint Committee has responsibility for maintaining a sound system of internal control that supports the achievement of its objectives.
24. 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.
25. 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 Central Durham Crematorium undertaken during the year
 - Follow up action on audit recommendations
 - Any significant recommendations not accepted by management and the consequent risk
 - The effects of any significant changes in the Crematorium's systems
 - Matters arising from previous reports to the Joint Committee
 - Any limitations which may have been placed on the scope of internal audit's annual review
 - The extent to which resource constraints may impinge on internal audit's ability to meet the full audit needs of the Joint Committee
 - The outcomes of the audit quality assurance process
 - Consideration of a number of other sources of assurance available
26. 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 2016/17. 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 2016/17 Annual Governance Statement.



INTERNAL AUDIT REPORT

**Durham Crematorium
Ref No: 13580/2017**

Final Report

Assurance Opinion:	Substantial
Prepared by:	Jill Natrass, Senior Auditor
Reviewed by:	David Mitchell, Principal Auditor Paul Bradley, Chief Internal Auditor & Corporate Fraud Manager
Date issued:	16th February 2017
Distribution List	
For Action:	Graham Harrison, Bereavement Services Manager
For Information:	Ian Houl, Neighbourhood Protection Manager Paul Darby, Head of Financial & HR Services Oliver Sherratt, Head of Direct Services Debra Kitching, Policy & Performance Team Leader

CONFIDENTIAL

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Contents

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

EXECUTIVE SUMMARY

INTRODUCTION

1. As part of the 2016/17 Internal Audit Plan, an audit was carried out in January 2017 to evaluate the control framework in place on the management of the risks associated with Durham Crematorium.
2. The last audit in this area was completed in February 2016.

CONCLUSION

3. 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 made.

SUMMARY OF FINDINGS

4. The review was carried out using a risk based approach informed by the Control 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 2016 to December 2016.
5. The review confirmed that there are effective arrangements for the management of the risks associated with the Durham Crematorium.
6. Effective budgetary control and performance monitoring processes were in place.
7. Fees had been appropriately approved and charged in respect of cremations, memorial plaques, and entries into the book of remembrance.
8. Income collection and banking records were found to be complete and accurate and were independently reconciled to the bank account.
9. The register of cremations was found to be accurate and entries were traced to supporting documentation including the application form, medical forms, authorisation to cremate, and treatment of ashes.
10. Invoices issued to funeral directors were paid promptly with many on the day of the funeral and no outstanding debt was identified.
11. From January 2017 the BACAS system has been utilised to produce invoices. This has reduced the amount of hand written documentation required. As the time period lies outside of this audits scope these arrangements will be included in the 2017/18 audit.
12. Appropriate controls were in place for the management of petty cash including the independent verification of expenditure.

13. Purchase orders were authorised and invoices were checked prior to payment being made. Each purchase order in the sample had been raised in advance of the receipt of the invoice.
14. Salary payments to employees and pension contributions were found to be accurate.

BACKGROUND

15. This review has been carried out in accordance with the Terms of Reference.
16. 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.
17. 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.
18. In carrying out the audit, the time and assistance afforded by the staff of Durham Crematorium was greatly appreciated.

SCOPE AND AUDIT APPROACH

19. 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

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

<u>Opinion</u>	<u>Definition</u>
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.