



Central Durham Crematorium Joint Committee

Date **Wednesday 25 April 2018**
Time **2.00 pm**
Venue **Committee Room 1A, County Hall, Durham**

Business

Part A

1. Apologies for Absence
2. Minutes of the meeting held 31 January 2018 (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 2017/18 - Provisional Outturn as at 31/03/2018: (Pages 17 - 24)
Joint Report of the Corporate Director of Resources / Treasurer to the Joint Committee and the Corporate Director of Regeneration and Local Services.
6. Risk Register 2017/18 - Update: (Pages 25 - 32)
Joint Report of the Corporate Director of Resources / Treasurer to the Joint Committee and the Corporate Director of Regeneration and Local Services.
7. Annual Internal Audit Report 2017/18: (Pages 33 - 48)
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
17 April 2018

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

Durham County Council: D Bell, D Brown, J Chaplow (Vice-Chairman), K Corrigan, P Jopling, H Liddle, M McGaun, M McKeon, S Quinn, J Shuttleworth, J Stephenson and K Thompson

Spennymoor Town Council: G Darkes, I Machin and L Maddison (Chairman)

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 31 January 2018** at **2.00 pm**

Present:

Councillor L Maddison (Chairman)

Durham County Council:

Councillors D Bell, D Brown, J Chaplow (Vice-Chairman), K Corrigan, P Jopling, M McKeon, S Quinn and K Thompson

Spennymoor Town Council:

Town Councillors I Machin

1 Apologies for Absence

Apologies for absence were received from Councillors H Liddle, M McGaun, J Stephenson and G Darkes.

2 Minutes

The Minutes of the meeting held on 28 September 2017 were confirmed as a correct record and were signed and initialled by the Chairman.

In relation to items within the minutes, Councillor K Thompson asked as regards the list of subcontractors, "senior management" within the Internal Audit Charter appendices.

The Principal Accountant, Ed Thompson noted that list of sub-contractors could be circulated. The Principal Accountant noted that in relation to the risk register, the Bereavement Services Manager, Graham Harrison would meet with the Internal Auditor, and the Clerk to Spennymoor Town Council could attend those meetings. In terms of the internal Audit Charter, the Principal Accountant noted that a response had been received from the Chief Internal Auditor and Corporate Fraud Manager, Paul Bradley noting that Internal Audit were responsible and reported back to the Joint Committee for their information. He added that the specific Officers mentioned were the Treasurer to the Joint Committee and the Corporate Director responsible, and that should there be an issue this would be brought to the attention of the Committee.

The Bereavement Services Manager noted the next heritage weekend would be in October, with further information to follow in due course. Councillor K Thompson noted that Spennymoor Town Council held a number of events over the year and that it could be beneficial to have a Crematorium and or Bereavement Services presence and some of these events. The Bereavement Services Manager noted he could look into this matter.

3 Declarations of Interest

There were no Declarations of Interest submitted.

4 Quarterly Performance and Operational Report

The Bereavement Services Manager, Graham Harrison asked Members to note the performance figures from 1 September 2017 to 31 December 2017 and the comparison to the same period for 2016, highlighting that there was a net decrease of 25 cremations year on year. It was noted there was a total of 734 for the 3 month period with the September to December profile breakdown showing 209 from Durham, 29 from Spennymoor and 496 from outside of the area. It was added that while the overall number of cremations was lower for the period, it was forecast that the budgeted number of 2,200 for the whole financial year would be exceeded.

Members were asked to note that the number of memorials sold had increased in comparison to the same period the previous year, however, revenue was £1,266 less than the comparable period last year.

The Bereavement Services Manager explained that currently there was no wifi connectivity at the Crematorium and explained that there had been several requests from members of the public and funeral directors and clergy to have this facility. It was added that installing wifi would also bring the Crematorium in line with other Council buildings. Members noted the cost would be approximately £2,750 and were asked if they wished for wifi to be installed, to be accommodated from within existing budget provision.

The Joint Committee noted that cleaning at the Crematorium was provided by Durham County Council's facilities management team via a Service Level Agreement (SLA) and was due to expire on 31 March 2018. Members were referred to a revised SLA for April 2018 to March 2020, noting a 10.3% increase on the recharges levied in 2017/18. The Bereavement Services Manager noted that a high quality service had been provided and that the costs included all labour and materials required to carry out the cleaning activities.

Councillors were asked to recall that at the September meeting it had been noted that for the sixth year running the Crematorium, in a joint bid with the South Road Cemetery, had achieved the Green Flag Award. It was added that an application would be submitted for the 2018 Award and progress would be reported back to the Joint Committee.

In respect of the Recycling of Metals Scheme, Councillors noted a cheque in the sum of £5,000 had been received from the Institute of Cemetery and Crematorium Management for the North East of England Children's Cancer Research Fund. It was added that arrangements had been made for the Chairman to present the cheque and a photograph of the presentation was included in the report at Appendix 4.

The Bereavement Services Manager noted that for the seventh year running it had been agreed for St. Cuthbert's Hospice to provide a Christmas tree and baubles at the Crematorium, a facility to allow visitors to leave a personal message and place in on to the tree. It was noted that this had proved to be very popular again, with a substantial amount raised for the charity.

Councillor K Thompson noted that as regards wifi provision he felt that the Crematorium should not fall behind and for the relative small cost it should be installed. He asked as regards the 10.3% increase in relation to the cleaning SLA noting it seemed a large increase. The Principal Accountant stated that the recent pay award had increased the staffing budget by around 7.5-8% for low paid staff and that the 10.3% increase covered two years from the commencement of the current SLA.

The Chairman noted the information relating to the Green Flag Award and that this was very good promotion for the Crematorium, with costs being covered within existing budgets. The Chairman added that the charities that received cheques from the recycling of metals scheme had been very grateful for the support and noted that she felt the Christmas tree placed by St. Cuthbert's Hospice could be promoted more. The Chairman concluded by noting that looking at the breakdown of cremations by area that 15% came from outside of the area and that this was encouraging.

Resolved:

- (i) That the current performance of the Crematorium be noted.
- (ii) That wifi connectivity be installed at the Crematorium.
- (iii) That the Service Level Agreement with regards to cleaning be approved.
- (iv) That the application for the Green Flag Award for 2018 be noted.
- (v) That the distribution of recycling income received to the respective charity be noted.
- (vi) That the provision of a Christmas tree by St. Cuthbert's Hospice in 2018 be approved and publicised.

5 Financial Monitoring Report 2017/18: Position at 31/12/17 with Projected Outturn to 31/03/18

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 set out details of income and expenditure in the period 1 April 2017 to 31 December 2017, together with the forecast outturn position for 2017/18, highlighting areas of over / underspend against the revenue budgets at a service expenditure analysis level.

The report further detailed the funds and reserves of the Joint Committee at 1 April 2017 and forecast outturn position at 31 March 2018, taking into account the provisional financial outturn (for copy see file of Minutes).

The Principal Accountant explained that the updated projected outturn showed a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £678,072 against a budgeted surplus of £610,165, (£67,906) more than the budgeted position. Details of the significant variances were detailed in the report. It was further reported that an increase in income of (£57,850) from the 2017/18 budgeted position was included within the updated outturn projections and was mainly as a result of additional cremations undertaken during the year.

The Principal Accountant went on to advise that, in relation to the capital budget, following a survey, cremator 3 was found not to require a relining and works to the car park had also resulted in an underspend. Members noted the retained reserves at 31 March 2018 were forecast to be £1,180,588, along with a General Reserve of £467,550, giving a forecast total reserves and balances position of £1,648,138 at the year end.

Town Councillor I Machin noted another crematorium was being built and asked as regards the lead in time for this facility being operational. The Principal Accountant noted a planning permission had been granted for a facility at Castle Eden, and the Bereavement Services Manager noted potentially around a year to be up and running.

Resolved:

That the April to December 2017 revenue spend financial monitoring report and associated provisional outturn position at 31 March 2018, including the projected year end position with regards to the reserves and balances of the Joint Committee be noted.

6 Provision of Support Services 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 outlined the propose Service Level Agreement (SLA) for Support Service provision by Durham County Council to the Central Durham Crematorium Joint Committee for the period April 2018 to March 2019 (for copy see file of Minutes).

The Chairman noted the report, at Appendix 1, set out that under “risk” that many tasks needed to be completed within statutory timescales and in line with changing legislation.

Resolved:

That the Service Level Agreement attached at Appendix 2 (including relevant schedule) for the year 2018/19 be approved.

7 Fees and Charges 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 set out details of the proposed fees and charges for Durham Crematorium for 2018/19 (for copy see file of Minutes).

The Principal Accountant advised that taking into account inflationary and cost pressures, particularly the redevelopment works that have been undertaken and the fact that there was no increase made in 2017/18, it was proposed that there was a £30 (4.6%) increase to the current cremation fees and charges for 2018/19. All other fees and charges were proposed to remain at the same levels as 2017/18.

Members were reminded that following Local Government Review in 2009 the fees and charges at the Central Durham Crematorium were harmonised with the charges at Mountsett Crematorium and that the cremation fees and charges were not increased in 2017/18 in recognition of the major works that were being undertaken at Mountsett Crematorium in the current year, reciprocating the position while cremator replacement works had taken place at Durham Crematorium.

A full schedule of the proposed fees and charges for Durham Crematorium was shown in Appendix 2 of the report, alongside benchmarking comparison data shown in Appendix 3.

Councillor K Thompson noted the report set out 2,200 cremations as a prudent figure and asked if this took into account the potential loss of cremations from the east of the county to a new facility. The Chairman noted she suspected the new facility at Castle Eden would have more of an effect in terms of the Hartlepool area. The Principal Accountant noted that there would be a lot of factors and that this would be looked at before the 2019/20 budget.

Councillor M McKeon noted that she felt it was very good that Durham continued its position in terms of no fee for child cremations.

Town Councillor I Machin asked whether it was possible to establish a “market share” against local facilities and nationally. The Bereavement Services Manager noted that this was possible against other Local Authority facilities, though not for private facilities. Town Councillor I Machin noted that new technology could mean cheaper prices, the Bereavement Services Manager noted cheaper did not mean a better quality. Councillor J Chaplow noted the quality service offered at Durham.

Councillor P Jopling noted the point raised as regards new technology and added that businesses needed to make their offer different from others and also understand what people were willing to pay for. The Chairman noted that the facility at Coundon had provision for bariatric cremations. Councillor J Chaplow noted an additional offer could be something like a coffee machine. The Bereavement Services Manager noted there was now a coffee machine in the waiting room. Councillor S Quinn noted there would always be competition, however, she felt the quality of the offer at Durham spoke for itself.

Resolved:

- (i) That Members of the Joint Committee note and approve the proposed fees and charges at Appendix 2 effective from 1 April 2018, which seeks to increase the cremation by £30 (4.6%) per crematorium from £650 to £680.
- (ii) The proposed fees and charges are incorporated into the 2018/19 budget.

8 2018/19 Revenue and Capital Budgets

The Joint Committee considered a joint report of the Corporate Director Regeneration and Local Services and Corporate Director Resources which set out proposals with regards to the 2018/19 revenue budgets for Durham Crematorium (for copy see file of Minutes).

Town Councillor I Machin asked as regards the potential cost of rebuilding the Crematorium, the Bereavement Services Manager noted in the region of £3million.

Resolved:

- (i) That the budget proposals contained within the report be noted.
- (ii) That the forecast level of reserves and balances at 31 March 2019 be noted.

**Central Durham Crematorium
Joint Committee**

26 April 2018



**Quarterly Performance and
Operational Report - Position to
31 March 2018**

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 2018 inclusive, with comparative data in the same period last year:

	2016/17	2017/18	Change
January	238 + 0*	256 + 1*	+18 + 1*
February	218 + 1*	211 + 2*	- 7 + 1*
March	220 + 3*	204 + 2*	- 16 - 1*
TOTAL	676 + 4*	671 + 5*	- 5 + 1*

* = 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 213 came from Durham, 35 came from Spennymoor and 423 from other areas. There were 5 NVF cremations undertaken in the period compared to 4 in the comparable period last year, which is a increase of 1 NVF and a slight decrease of 5 cremations year on year.
4. The total number of cremations in 2017/18 was 2,294 compared with 2,324 in 2016/17, a decrease of 30 cremations year on year.
5. The 2017/18 budget was set at a prudent assumption of 2,200 cremations during the year. The actual number of cremations undertaken was therefore 94 more than the budget position. This is reflected in an over achievement of cremation fee income of £50,579 in year, which is included in the budgetary control report.

6. The table below shows the comparative figures for the previous eight 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
2017/18	2,294
8 Year Average	2,280

Memorials

7. The table below outlines the number and value of the memorials sold in the period January to March 2018 compared to the same period last year.

	(Jan-March) 2016/17		(Jan-March) 2017/18	
	Number	£	Number	£
Vase Blocks	3	1,420	2	1,294
Large Plaques	17	7,654	14	5,958
Small Plaques	1	1,307	4	1,044
Niche	0	0	1	122
Renewal	26	3,463	20	3,101
Seat	0	0	0	0
Total	47	13,844	41	11,519

8. In overall terms the number and value of memorials sold of 41 / £11,519, compared to 47 / £13,844 in the same period last year shows a decrease of 6 memorials sold and £2,325 in terms of income compared to the same period last year.

Operational Matters

Staffing matters

9. A member of staff has applied to take up flexible working, which means that they will reduce their hours by one day a week. Another member of staff has also indicated that they wish to reduce their hours by one day a week.
10. It is therefore proposed that the Joint Committee consider covering the shortfall on these posts by creating either a 2 day a week part time position or an apprentice post. Both of these options could be funded from within existing budgets.

Cremation Costs

11. Members may recall when the 2018/19 fees and charges report was approved at the last meeting, an item was raised about the £9.00 charge for NVF cremations, compared to a child up to 16 years being free of charge. This charge has been in place for a number of years, when the cremations were organised by the hospital, but this has now been taken over by the funeral directors.
12. In total there have only been 12 NVF cremations in 2017/18 which equates to £108 income so it is proposed to amend this charge to a nil cost with immediate effect.

Cremation & Burial Conference & Exhibition 2018

13. As in previous years, the necessary arrangements will be 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 Hilton Newcastle, Gateshead from Monday 11 to Wednesday 13 June 2018.

Recycling of Metals Scheme

14. The Crematorium has received a cheque relating to the recycling of metals from the Institute of Cemetery and Crematorium Management to the sum of £5,000 for Marie Curie.
15. Arrangements are to be made for the cheque to be presented to Marie Curie by the Committee Chair, Vice Chair and the Bereavement Services Manager.
16. Additional funds from the recycling of metal scheme collection in 2017 has resulted in an extra round of nominations being requested to distribute these funds.
17. Members may recall at the last meeting that we were nearing the end of the current list of nominations and attached at Appendix 3 is the list of those previously nominated along with future nominations. Members are asked for any additional charities they wish to be included in the nomination list, however these need to be bereavement related.

Recommendations:

18. It is recommended that Members of the Central Durham Joint Committee:
 - (i) Note the current performance of the crematorium.
 - (ii) Discuss and agree the backfilling of the two posts.
 - (iii) Agree to the change in NVF cremation charge from £9 to Nil.
 - (iv) Note the attendance at the Joint Conference of the Federation of Burial & Cremation Authorities.
 - (v) Note the distribution of recycling income to the respective charity and agree the future charity nominations.

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.

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	74	79	60	213
Billingham			1	1
Birtley	5	1	2	8
Bishop Auckland	7	5	5	17
Bishop Middleham	1		1	2
Blackhall	1	2	2	5
Carlisle		3		3
Chester Le Street	29	16	16	61
Chilton	1	2	1	4
Consett	1		1	2
Cornsay			1	1
Crook	3	3	8	14
Darlington	1			1
Easington	7	3	5	15
Esh / Esh Winning	2	1	1	4
Ferryhill	6	8	7	21
Fishburn	4	3	1	8
Gateshead	1	1		2
Great Lumley		2	1	3
Hartlepool	1	1		2
Haswell	1			1
Hetton Le Hole	1	2	1	4
Horden	2	7	3	12
Houghton	3	1	8	12
Hunwick			1	1
Langley Park	1	1	5	7
Lanchester	3	1		4
Morpeth			2	2
Murton	8	4	7	19
Nettlesworth			1	1
New Brancepeth	2	1		3
Newcastle	2			2
Newton Aycliffe	5	3	4	12
Ouston	1		1	2
Peterlee	18	9	8	35
Sacriston	3	3	1	7
Seaham	16	5	14	35
Sedgefield	1	5	2	8
Sildon	2	1		3
Shotton	4	1		5
South Hetton	2	1	2	5

	Jan	Feb	Mar	Total Jan-Mar
Spennymoor	15	11	9	35
Stanhope	2			2
Stanley	1	1	2	4
Station Town		1		1
Stockton	1	2	1	4
Sunderland	2	1		3
Sunnybrow			1	1
Thornley	1			1
Tow Law		1	3	4
Trimdon	1	4	5	10
West Auckland			1	1
West Cornforth	2	4	3	9
Wheatley Hill		4	2	6
Willington	6	4	1	11
Wingate	6	2	2	10
Wolsingham		1	1	2
Total	256	211	204	671

Appendix 3: Charity Nominations

The little Angels Garden of remembrance
Antenatal Results and choices
St Cuthberts Hospice
If u care share Foundation
Diabetes uk
British Heart Foundation
Cancer Research North East
North of England Childrens Cancer Research
Cruse Bereavement Care
Chryelle Adams Breast Cancer Trust
Macmillan Cancer Support
Marie Curie Cancer Care
Make a Wish
Samaritans
Sands
Winston's Wish

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**Central Durham Crematorium
Joint Committee**

25 April 2018

**Financial Monitoring Report –
Provisional Outturn as at 31
March 2018**



**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 2017 to 31 March 2018, together with the provisional revenue and capital outturn position for 2017/18, 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 2017 and forecast final position at 31 March 2018, 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 2017/18 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 2018:

Subjective Analysis	Base Budget 2017/18 £	Year to Date Actual April – March £	Provisional Outturn 2017/18 £	Variance Over/ (Under) £
Employees	254,004	237,996	240,096	(13,907)
Premises	322,643	314,762	333,254	10,611
Transport	2,700	1,503	1,503	(1,197)
Supplies & Services	108,650	116,434	116,513	7,863
Agency & Contracted	8,800	7,954	8,277	(523)
Capital Charges	213,738	213,737	213,738	0
Central Support Costs	37,800	37,800	37,800	0
Gross Expenditure	948,335	930,188	951,181	2,846
Income	(1,558,500)	(1,605,632)	(1,613,724)	(55,224)
Net Income	(610,165)	(675,444)	(662,543)	(52,377)
Transfer to / (from) Reserves				
- Masterplan Memorial Garden	5,000	0	5,000	0
- Major Capital Works	180,915	0	197,888	16,972
- Cremator Reline Reserve	25,000	0	60,000	35,000
- Small Plant	(7,000)	0	(6,595)	405
Distributable Surplus	(406,250)	0	(406,250)	0
80% Durham County Council	325,000	325,000	325,000	0
20% Spennymoor Town Council	81,250	81,250	81,250	0

Central Durham Crematorium Earmarked Reserves	Balance @ 1 April 2017 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2018 £
General Reserve	(465,225)	(408,575)	406,250	(467,550)
Masterplan Memorial Garden	(51,250)	(5,000)	0	(56,250)
Major Capital Works	(851,667)	(197,888)	3,801	(1,045,754)
Cremator Reline Reserve	(56,500)	(60,000)	20,045	(96,455)
Small Plant	(10,000)	(2,000)	8,595	(3,405)
Total	(1,434,642)	(673,463)	438,691	(1,669,414)

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 £663,073 against a budgeted surplus of £610,165, £52,908 more than the budgeted position.
8. This compares with the previously forecast position, based on income and expenditure to 31 December 2017, as reported to the Joint Committee on 31 January 2018, of a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £678,072 against a budgeted surplus of £610,165, £67,906 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 (£2,003) lower than projected at quarter 3 due mainly to reduced overtime working.
 - General Premises costs are £15,034 higher than previously projected.
 - Transport costs relating to mileage expenses are (£94) lower than previously projected.
 - General Supplies and Service costs are £2,730 higher than previously projected.
 - Agency and Contracted Services are (£663) lower than previously projected.
 - Income is (£8) higher than previously 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 under spend of **(£13,907)**, in relation to employee costs. The reasons for this are identified below:

- The training budget has underspent by **(£1,085)** due to modules not being completed this year.
- Employer pension contributions are underspent by **(£6,591)** due to some staff not joining the pension scheme.
- Employer national insurance relating to medical practitioner fees is underspent by **(£2,206)**.

- Pension Increase costs are underspent by **(£1,639)** due to a former district employees death.
- Overtime costs are underspent by **(£2,386)** due to a reduction in overtime hours worked.

8.2 Premises

The outturn shows a forecast overspend of **£10,611** in relation to premises costs. The reasons for this are identified below:

- One off SAMP budgets relating to redecoration works, purchase of a lectern, replacement of shrub beds and purchase of a mowing machine underspent by **(£2,295)**.
- The one off replacement pathway budget underspent by **(£5,001)**. In January 2018 it was forecast that this budget line would underspend by (£11,774).
- The cremator hearth reline budget of **(£3,890)** was not utilised as the works were completed within the main Cremator reline.
- The replacement of office windows overspent by **£1,510** as the incorrect glass was initially installed and needed to be corrected.
- Utilities expenditure is forecast to under spend by **(£4,778)** due to lower consumption rates and prices than what was built into the budget estimates.
- Cremator repairs and servicing budgets overspent by **£4,679**. In January 2018 it was forecast that this budget line would underspend by (£8,375).
- Plant and equipment servicing and repairs underspent by **(5,173)**.
- Tree works and Hedge trimming budgets underspent by **(£2,350)**.
- Other miscellaneous premises budgets are forecast to underspend by **(£1,686)**.
- Drainage works are overspent by **£29,595**. Members approved unbudgeted spending of £25,945 for these emergency works at the June 2017 meeting, but some additional works were required following the removal of tree roots from the pipework, resulting in a final cost of £29,595.

8.3 Supplies and Services

The outturn shows a forecast over spend of **£7,863** in relation to supplies and services costs. The reasons for this are identified below:

- Due to the increase in cremations (highlighted later within the income section of the report), medical referee expenditure is overspent by **£1,551**.

- Printing and stationery budgets overspent by **£4,004**
- General office costs including telephones and office equipment overspent by **£3,226**.
- One off SAMP budgets relating to the purchase of a weed ripping machine and coffee machine underspent by **(£918)**.

8.4 Agency and Contracted

The outturn shows an underspend of **(£523)** in relation to agency and contracted services costs which relates mainly a reduction in audit fees from previous years.

8.5 Income

An increase in income of **(£55,224)** from the 2017/18 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 **(£9,933)**;
- The outturn includes an additional 94 cremations compared to the budget, totalling an increased income to budget of **(£50,579)**. The outturn allows for a total of 2,294 cremations against a budgeted 2,200 during 2017/18.
- Miscellaneous sales and Book of Remembrance entries were higher than budget resulting in additional income of **(£8,762)**.
- CAMEO income underachieved by **£14,050** due to a reduced Tradable Mercury Abated cremations (TMAC) charge of £9.95 compared to the estimate of £15. TMAC rates have reduced significantly since 2013 from £36.39 to the current rate of £15 in 2016.

10. Capital Programme

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

	Base Budget 2017/18 £	Revised Budget 2017/18 £	Year to Date Actual April - Mar £	Forecast Outturn 2017/18 £	Variance to Revised Budget Over/ (Under) £
Phase 3 Redevelopment Works					
Tarmac Roads and car park bays	0	38,850	0	0	(38,850)
Carry out relining of cremators x 1	31,800	31,800	20,045	20,045	(11,755)
Carry out creation of staff car parking area	0	27,030	1,476	1,476	(25,554)
Total	31,800	65,880	21,521	21,521	(76,159)

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 **(£76,159)** and the main reasons for this are identified below:

- The tarmacing of the roads and car park bays has been delayed due to bad weather over the last few months and work only being able to take place on a weekend. This will now be completed in 2018/19, resulting in an underspend of **(£38,850)** which will be carried forward into the 2018/19 capital budget.
- A full relining of cremator 3 is not yet required following a survey and it was instead repaired, resulting in an underspend of **(£11,755)**
- The staff car parking area development commenced in 2016/17 and the final account in the current year resulted in a significant underspend of **(£25,554)**.

10. *Earmarked Reserves*

Contributions to the earmarked reserves are forecast as **£62,656** more than originally budgeted, due mainly to the additional cremations carried out throughout the year.

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 **£2,325** is required. This results in a net transfer from the Major Capital Works Reserve of **£194,087**.

The retained reserves of the CDCJC at 31 March 2017 are forecast to be **£1,201,864** along with a General Reserve of **£467,550**, giving a forecast total reserves and balances position of **£1,669,414** at the year end.

Recommendations and Reasons

11. It is recommended that:

- Members note the April to March 2018 financial monitoring report and associated provisional revenue and capital outturn positions at 31 March 2018, including the projected year position with regards to the reserves and balances of the Joint Committee.

Contact:	Paul Darby, Head of Finance and Transactional 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 April 2018

Risk Register Update 2017/18 - 2



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. To inform the Central Durham Crematorium Joint Committee of the outcome of the half-yearly risk review in March 2018.

Background

2. A service risk register and a health and safety risk register are maintained in accordance with Durham County Council's methodology and approach to risk management, further details of which are included in **Appendices 2 and 3**.

Risk Review

3. The review of the service risk register resulted in no change to the net evaluation of any risk, all of which remain within the risk appetite (shaded area in appendix 5).
4. To ensure compliance with the new General Data Protection Regulation, privacy notices are being completed and staff training is being provided through an e-learning module.
5. A fire-proof door has been installed in the ashes store room as recommended following routine testing of the Bereavement Services Business Continuity Plan.
6. The updated service risk register is included in **Appendix 4**. A profile of service risks is included in **Appendix 5**.

Recommendations

7. It is recommended that members of the Crematorium Joint Committee note the content of this report and the updated position.

Contact: Paul Darby, Head of Finance and Transactional Services
Tel: 03000 261 930
Contact: Kevin Roberts, Risk 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 health and safety risks respectively. They are maintained in accordance with Durham County Council's methodology and approach to risk management. Regular reviews are undertaken to ensure that risk management continues to be embedded and that the risk registers are kept up to date, taking current issues into account.

Service Risk Register

The service risk register is maintained by the Bereavement Services Manager & Registrar (Countywide), supported by Durham County Council's Principal Risk and Governance Officer. Risk assessments are based on the impact on finance, service delivery and stakeholders if the risk materialises, and on the likelihood that the risk will occur over a given period, as shown in appendices 3A and 3B. This requires an evaluation of the gross risk and the net risk, which takes into account mitigating control measures. Formal reviews are undertaken twice a year and reported to the Central Durham Crematorium Joint Committee.

Health and Safety Risk Register

The health and safety risk register is maintained by the Bereavement Services Manager & Registrar (Countywide), supported by Durham County Council's Occupational Health and Safety Team. Risk assessments are based on the potential severity of injury and the likelihood of occurrence, as shown in the table below. This requires an evaluation of the net risk, which takes into account mitigating control measures. In line with Durham County Council's procedures, an in-depth review is undertaken every three years. A light-touch review is also undertaken twice a year. A single, overarching health and safety risk is included in the service risk register, which is reported to the Central Durham Crematorium Joint Committee twice a year.

HEALTH & SAFETY RISK ASSESSMENT CRITERIA		Likelihood (full definitions are set out in the detailed methodology)			
		1 Very Unlikely	2 Unlikely	3 Likely	4 Very Likely
Impact	4 Extreme Death or multiple deaths; substantial damage.	Low Risk	Medium Risk	High Risk	High Risk
	3 Severe Loss of limb or multiple injuries; significant damage.	Low Risk	Medium Risk	High Risk	High Risk
	2 Minor Three day or greater injury or illness; insignificant damage.	Insignificant	Low Risk	Medium Risk	Medium Risk
	1 Negligible Less than a three-day injury or illness; superficial damage.	Insignificant	Insignificant	Low Risk	Low Risk

Civil Emergencies

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 or 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. 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 government 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 government 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 government 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, ranked in order of net risk evaluation, based on the strategic risk assessment criteria in appendices 3A and 3B. 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	Serious breach of health and safety legislation	Moderate (8)	Unlikely (2)	16	Tolerate	
2	Managing excess deaths	Minor (4)	Possible (3)	12	Tolerate	
3	ICT and Power Failure	Minor (5)	Unlikely (2)	10	Tolerate	
4	Loss of knowledge and ability to cover existing workload through premature staff loss	Minor (5)	Unlikely (2)	10	Tolerate	
5	Breakdown of the partnership (with Spennymoor Town Council)	Moderate (7)	Remote (1)	7	Tolerate	
6	Sickness absence of key staff	Moderate (7)	Remote (1)	7	Tolerate	
7	Not implementing changes in legislation	Minor (6)	Remote (1)	6	Tolerate	
8	Failure of Cremators / Specialist Equipment	Minor (6)	Remote (1)	6	Tolerate	
9	Damage to Public or Vehicles due to tree branches falling	Insignificant (3)	Unlikely (2)	6	Tolerate	
10	Disclosure of confidential information through incorrect disposal / maintenance of information	Minor (5)	Remote (1)	5	Tolerate	
11	Loss of Income/Money	Minor (5)	Remote (1)	5	Tolerate	
12	Potential breach of equality and diversity legislation	Insignificant (3)	Remote (1)	3	Tolerate	

Appendix 5: Profile of Service Risks for Central Durham Crematorium

Service Risks

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 12 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)	5 Partnership 6 Sick Absence	1 Health & Safety Breach			
Minor (score 4 – 6)	7 Legislation 8 Cremators 10 Confidentiality 11 Income Loss	3 ICT & Power Failure 4 Staff Loss	2 Excess Deaths		
Insignificant (score 1 – 3)	12 Equality & Diversity Breach	9 Tree Branches			
Likelihood	Remote (score 1)	Unlikely (score 2)	Possible (score 3)	Probable (score 4)	Highly Probable (score 5)

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**Central Durham Crematorium
Joint Committee**

25 April 2018

**Annual Internal Audit Report
2017/18**



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 2017/18. (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 2017/18. 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 2017/18 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 2017/18.

Contact: Paul Bradley Chief Internal Auditor and Corporate Fraud Manager, DCC
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
2017/18**

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Appendix:

Appendix 3 Internal Audit Report Central Durham Crematorium 2017/18

Introduction

1. This report summarises the work carried out by Durham County Council Internal Audit and Risk Service during 2017/18, as part of the three year Service Level Agreement covering the provision of Internal Audit Services up to 31 March 2020.
2. All Internal Audit work carried out in 2017/18 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 and revised from 01 April 2017.
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 28 September 2017.
7. In accordance with the Internal Audit Charter, a risk based audit approach has been applied to work undertaken in 2017/18.
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 2017/18 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 2017/18 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.
 - Lack of experienced staff.
 - Insufficient capacity to meet demand in the event of an epidemic, pandemic or major disaster.
 - 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.
 - Significant risks are not being managed and the objectives are not being achieved.
 - Ineffective budget monitoring processes are in place.
11. This audit was carried out during February 2018 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 26 April 2017 and 28 September 2017.
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 be considered as part of the consideration of the system of internal control".
17. The Council's Audit Committee at its meeting on 28 June 2017 received an evaluation, in the form of a self-assessment carried out by the Chief Internal Auditor and Corporate Fraud Manager, with regards to compliance with the key elements of the PSIAS that considered the following matters:
 - The structure and resourcing level, including qualifications and experience of the audit team;
 - The extent of conformance with the PSIAS in producing quality work;
 - Ensuring audit work was successfully delivered in the most appropriate areas on a prioritised (risk) basis;
 - The overall performance of the Internal Audit team.
18. For 2016/17, this demonstrated that the Section was conforming to the Code's requirements. This self-assessment was based on the PSIAS that were in place during 2016/17.
19. A self-assessment for 2017/18 is currently being undertaken against the new PSIAS which were brought into effect on 01 April 2017 and whilst no issues have been identified at the time of writing this report, the final outcome of the review will be reported to Council's Audit Committee at its meeting on 28 June 2018.
20. In compliance with the services' quality assurance framework, the 2017/18 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.
21. 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.
22. 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.

23. A customer satisfaction survey is issued after every audit to provide feedback and help the service continually improve.

Audit Opinion Statement

24. The Joint Committee has responsibility for maintaining a sound system of internal control that supports the achievement of its objectives.
25. 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.
26. 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
27. 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 2017/18. 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 2017/18 Annual Governance Statement.



INTERNAL AUDIT REPORT

Durham Crematorium

(Ref No: 13580/2018)

Final Report

Assurance Opinion:	Substantial
Prepared by:	Lisa Metcalfe, Senior Auditor Jill Natrass, Senior Auditor
Reviewed by:	David Mitchell, Principal Auditor Paul Bradley, Chief Internal Auditor and Corporate Fraud Manager
Date issued:	10 April 2018
Distribution List	
For Action:	Graham Harrison, Bereavement Services Manager
For Information:	Ian Hoults, Neighbourhood Protection Manager Paul Darby, Head of Financial and Transactional Services Oliver Sherratt, Head of Direct Services

CONFIDENTIAL

This report is confidential and has been prepared solely for use by officers named on the distribution list and, if requested, the County Council's External Auditor and its Audit Committee to meet legal and professional obligations. It would therefore not be appropriate for this report or extracts from it to be made available to third parties and it must not be used in response to FOI or data protection enquiries without the written consent of the Chief Internal Auditor. We accept no responsibility to any third party who may receive this report, in whole or in part, for any reliance that they may place on it.

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INTRODUCTION

1. As part of the 2017/18 Internal Audit Plan, an audit was carried out in February 2018 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 2017.
3. Since the previous audit, the Burial and Cremation Administration System (BACAS) is now being used for recording all aspects of the Cremation Service, including invoices and receipting of fees.

CONCLUSION

4. 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.

SUMMARY OF FINDINGS

5. 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 2017 to December 2017.
6. The review confirmed that there are effective arrangements for the management of the risks associated with the Durham Crematorium.
7. Effective budgetary control and performance monitoring processes were in place.
8. Fees had been appropriately approved and charged in respect of cremations, memorial plaques, and entries into the book of remembrance.
9. Income collection and banking records were found to be complete and accurate and were independently reconciled to the bank account.
10. 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.
11. Since the previous audit all invoices for cremation costs are now raised on BACAS and testing showed that invoices had been raised for the samples chosen and had corresponding payments.
12. An outstanding invoice report was obtained which identified some outstanding invoices. The Technical Assistant advised that these related to Funeral Directors who pay either fortnightly or monthly and as such there are no issues with payments.
13. Appropriate controls were in place for the management of petty cash including the independent verification of expenditure.

14. Purchase orders were authorised and invoices were checked prior to payment being made.
15. Salary payments to employees and pension contributions were found to be accurate.
16. Internal Audit has historically been the keyholders for the donation box and has been responsible for the emptying of it during the annual audit. The responsibility for the key and the emptying of the donation box has now been transferred to the Bereavement Services Manager who has introduced appropriate controls for the emptying, counting and banking of the monies.
17. As a result of the audit, there are three medium priority finding and a summary is set out below.
 - The donation box is causing some confusion for mourners when a private collection is also being taken. Monies have been placed in the Crematorium's collection box in error. The sign above the donation box indicates that the monies collected are for the Gardens of Remembrance and this is considered misleading as the monies are paid into the Crematorium's budget. From 2015 to 2017 the annual amounts collected were £190.63 (05/02/2015), £43.51 (10/02/2016), and £272.18 (21/01/2017), respectively. In November 2017 the donations box was reported to audit as being full and required banking. The value held at that time was £662.80.
 - DCC procurement rules are generally being followed. However, historically all entries into the Book of Remembrance have been completed by one supplier due to the specialism of the work required. However, no formal procurement has taken place.
 - Documents are retained for the required 15 years in paper form however this requires a large amount of storage space. There is currently no scanning completed. Should documents be scanned then, to be prudent, the hard copies would only need to be retained for a year prior to disposal.
18. One best practice recommendation was also identified as a result of the audit;
 - List of fees and charges in relation to renewal of plaques was not agreed by Committee. These should be included in the fees and charges approved list and made available on the website.
19. Our findings, together with recommendations made to improve the management of identified risks and the resultant management response, are provided in the action plan attached as Appendix A.

BACKGROUND

- 20. This review has been carried out in accordance with the Terms of Reference.
- 21. 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.
- 22. 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.
- 23. In carrying out the audit, the time and assistance afforded by the Crematorium employees and Eleanor Bennett was greatly appreciated.

SCOPE AND AUDIT APPROACH

- 24. 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

- 25. 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.

26. 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.

INTERNAL AUDIT REPORT – Durham Crematorium

Action Ref	Finding	Potential Impact	Priority	Recommendation	Management Comment	Responsibility Timescale
01	<p>The donation box is causing some confusion for mourners when a private collection is also being taken. Monies have been placed in the Crematorium's collection box in error. The sign above the donation box indicates that the monies collected are for the Gardens of Remembrance and this is considered misleading as the monies are paid into the Crematorium's budget.</p> <p>From 2015 to 2017 the annual amounts collected were £190.63 (05/02/2015), £43.51 (10/02/2016), and £272.18 (21/01/2017), respectively.</p> <p>In November 2017 the donations box was reported to audit as being full and required banking. The value held was £662.80.</p>	Reputational Damage	Medium	The Committee should consider the value of retaining the donation box in light of potential of confusion to mourners and the low level of income that the box generates.	<p>Additional signage placed next to the donation box advising Members of the public that this is not for family donations.</p> <p>An options report will be prepared for the Joint Committee to enable discussion about the matters at hand and seek agreement to how this can best be resolved.</p>	30/09/2018

INTERNAL AUDIT REPORT – Durham Crematorium

Action Ref	Finding	Potential Impact	Priority	Recommendation	Management Comment	Responsibility Timescale
02	DCC procurement rules are generally being followed. However, historically all entries into the Book of Remembrance have been completed by one supplier due to the specialism of the work required. However, no formal procurement has taken place.	Loss of income Reputational damage.	Medium	Due to the high levels of expenditure across both Crematoriums, a procurement exercise should be explored with the Procurement Team in order to ensure value for money whilst maintaining the quality of the Book of Remembrance.	Will explore with the Procurement Team in order to ensure value for money whilst maintaining the quality of the Book of Remembrance	Graham Harrison, Bereavement Services Manager 31/07/2018
03	Documents are retained for the required 15 years in paper form however this requires a large amount of storage space. There is currently no scanning completed. Should documents be scanned then, to be prudent, the hard copies would only need to be retained for a year prior to disposal.	Reputational damage. Federation intervention. Legal Action	Medium	The possibility of scanning all documentation, which would then be attached to BACAS, should be investigated.	Currently there are insufficient staff resources / scanning equipment available to scan the large number of documents produced. A business case will be prepared detailing the costs and benefits of a scanning proposal together with timescale for completion of task for the Joint Committee to consider.	Graham Harrison, Bereavement Services Manager 30/09/2018