

APPENDIX 2



**THE COUNTY COUNCIL OF DURHAM**

**AND**

**MOUNTSETT CREMATORIUM JOINT COMMITTEE**

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**SERVICE LEVEL AGREEMENT FOR THE**

**PROVISION OF**

**INTERNAL AUDIT SERVICES**

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## 1. Memorandum of Agreement

This service level agreement (SLA) is in respect of the provision of Internal Audit Services to Mountsett Crematorium Joint Committee as detailed in the specification of work and associated schedules (the Services).

The Internal Audit Service undertakes to:

- a. deliver a quality service to Mountsett Crematorium Joint Committee in accordance with:
  - The Accounts and Audit Regulations 2015
  - The Public Sector Internal Audit Standards (PSIAS) which define the proper internal control practice for internal audit.
  - The Internal Audit Charter which sets out the detailed terms of reference and audit strategy for how the service is to be delivered.
- b. ensure value for money, quality and efficiency in every area of our business
- c. deliver excellent, customer focused services
- d. provide professionally qualified, experienced staff
- e. comply with relevant statutory and regulatory requirements related to the delivery of this service.

## 2. Conditions of agreement

### Length of Agreement

Term of agreement: Three years.

The provision of the services will commence from 01 April 2023 to 31 March 2026.

### Method of Payment

Mountsett Crematorium Joint Committee shall make an annual payment to the Council for the Service within the requirements set out in Schedule B - Price Schedule and Planned Allocated Days.

### Variations

The terms of this SLA may only be varied in writing between the Council and Mountsett Crematorium Joint Committee.

### Force Majeure

Neither party shall be in breach of the Contract nor liable for delay in performing, or failure to perform, any of its obligations under the Service Level Agreement in such delay or failure result from events, circumstances or causes beyond its reasonable control.

## **Confidentiality**

Subject to compliance with all laws and any subsequent regulatory requirements the Council and Mountsett Crematorium Joint Committee will provide all information within their control necessary to enable the other to discharge its obligations under this agreement.

Neither the Council nor Mountsett Crematorium Joint Committee shall, without the written consent of the other, make use of for its own purpose or disclose or allow to be disclosed to any person (except as may be required by law or by an authorised body in evaluating the work undertaken e.g. External Audit), this agreement or any material contained in it.

## **Data Protection**

Both the Council and Mountsett Crematorium Joint Committee acknowledge the requirement to comply with data protection legislation by handling data in accordance with the principles and rights set out in the General Data Protection Regulation (Regulation (EU) 2016/679) and the Data Protection Act 2018.

In the event of a breach of data protection provisions, the Council and Mountsett Crematorium Joint Committee confirm that they will notify the other party of the nature and extent of the breach immediately.

The Council and Mountsett Crematorium Joint Committee confirm that pursuant to this agreement a data processing / sharing agreement will be entered into if personal data is to be processed by one of them on behalf of the other.

## **Statutory requirements**

Both the Council and Mountsett Crematorium Joint Committee shall comply with all statutory requirements relating to the provision of this service.

## **Indemnity and insurance**

The Council shall be liable for any direct loss, claim or proceedings arising under any statute or at common law in respect of any damage to property or persons; any injury to persons including injury resulting in death; and any claim from a service user, or other person acting on behalf of the service user as a result of the provision of the service, except where this is due to any act or neglect on the part of a third party, the Joint Committee or of any person for whom the Joint Committee is responsible. Subject to the foregoing the Council's liability under this Agreement shall be limited to £1 million for each occurrence or series of occurrences arising out of one event.

## **Assignment and Subcontracting**

The Council shall not transfer or assign this agreement and shall not subcontract the provision of the service without the prior written permission of the Joint Committee, such permission not to be unreasonably withheld

## **Dispute Resolution**

If any dispute arises, the Council and the Joint Committee shall first attempt to settle it by referring the dispute to a senior officer of each other who will use reasonable endeavours to resolve the dispute.

The Council and the Joint Committee accept and acknowledge that they have shared responsibility to ensure they make every effort to avoid matters of dispute through regular and constructive dialogue and a common-sense approach to the terms of this SLA and they agree to make every effort to resolve any dispute in connection with this SLA through constructive dialogue.

## **Communication and Relationships**

Both parties will agree to regular communications and meetings as part of the Service Level Agreement.

The Joint Committee shall cooperate with the Council in relation to the provision of the Services including, but not limited to, the provision of relevant and accurate information and access to Joint Committee staff, premises and equipment necessary for the carrying out of the Services.

## **Monitoring and Liaison**

The Joint Committee shall nominate an Authorised Officer to act in its name for the purpose of the agreement and the Council shall similarly appoint a Contract Manager.

## **Termination**

This SLA may be terminated by either the Council or the Joint Committee giving written notice of at least 3 months to the other prior to the finish date of the agreement. Failure to provide such written notice within the required timescale will result in this SLA rolling over for a further period of one year.

## 3. Key Contacts

The main contacts relating to contract management of this Service Level Agreement are:

|   |   |
|---|---|
| <b>Durham County Council</b>  | <b>Mountsett Crematorium Joint Committee</b>  |
| <b>Name: Tracy Henderson</b>  | <b>Name: Graham Harrison</b>  |
| <b>Position: Chief Internal Auditor and Corporate Fraud Manager</b>                                     | <b>Position: Bereavement Services Manager</b>   |
| <b>Telephone: 03000 269668</b>  | <b>Telephone: 03000 265606</b>  |
| <b>Email address:</b><br><a href="mailto:stephen.carter@durham.gov.uk">stephen.carter@durham.gov.uk</a> | <b>Email address:</b><br><a href="mailto:graham.harrison@durham.gov.uk">graham.harrison@durham.gov.uk</a> |

### As Witnessed

#### Signed on behalf of the County Council of Durham by

Name

Position: Chief Internal Auditor and Corporate Fraud Manager

Date:

#### Signed on behalf of Mountsett Joint Committee Council by

Name Graham Harrison

Position: Bereavement Services Manager

Date:

## **4. SCHEDULE A - Specification of Work** (including Service Level Schedules and obligations that relate to the Internal Audit Service and Mountset Crematorium Joint Committee)

### **Obligations of the Internal Audit Service**

#### **1. Assurance**

Provision of an independent and impartial internal audit service in accordance with best professional practice, as defined by the Public Sector Internal Audit Standards (PSIAS) alongside the Chartered Institute of Public Finance and Accountancy (CIPFA) Local Government Application Note.

Annual review of an Internal Audit Charter, setting out the terms of reference and audit strategy of how the service is to be delivered, for approval by the Joint Committee.

Carry out audits as approved by the Joint Committee.

Follow up, and report upon, in accordance with the Internal Audit Charter, progress made by service managers implementing agreed audit recommendations.

Maintenance of comprehensive hard copy or electronic file for each audit in accordance with best professional practice.

#### **2. Advice and Consultancy**

Provision of ad hoc help and advice to officers and members on all audit and internal control matters.

Pro-active advice on the risk and control implications of new or changes to existing systems or department activities.

#### **3. Risk Management**

Provision of advice and support on developing strategic risk management as required up to a maximum number of days to be agreed annually. The scope of this work may include:

- Taking a leading role in the annual review of the risk management strategy
- Providing advice and guidance on matters of risk management and facilitating risk management training where appropriate
- Supporting risk identification and assessment workshops where appropriate
- Attending meetings as required

#### **4. Corporate Governance**

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

- Supporting the preparation of the annual statutory return
- Attending meetings as required

### **5. VFM Reviews**

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

### **6. Counter Fraud**

Provision of advice and support on counter fraud activities, if required. The scope of this work to be agreed annually and may include:

- Targeted reviews to prevent or detect fraud
- Development of the Anti-Fraud and and Corruption Policy and supporting policies and plans
- Counter fraud awareness training and publicity
- Support with the National Fraud Initiative (NFI)

### **7. Investigations**

Investigations into suspected fraudulent irregularities, if required, in accordance with the Anti-Fraud, and Corruption Policy and / or supporting policies and plans.

### **8. Grant Certification Work**

Independent certification of grant claims, as required, to fulfil grant conditions. The scope of this work to be agreed annually.

## **Obligations of Mountsett Crematorium Joint Committee**

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

The provision of suitable accommodation for the use of the Council's Internal Audit Service on the business premises, at its own cost, as may be necessary.

Allowing Council staff access to all relevant assets, records, documents, correspondence, electronic files, software and other systems as may be necessary for the provision of the Service.

Allowing and facilitating where necessary direct access by the Audit Manager to the Chair of the Joint Committee and service managers for the purpose of delivering the relevant services.

The management of risks and the effectiveness of the control environment to mitigate risks.

Approving the Internal Audit Charter.

Noting the Annual Internal Audit Report.

Noting the Annual Report on the System of Internal Audit.

Taking whatever action it considers necessary as a result of an audit.



## 5. SCHEDULE B - Price Schedule and Planned Allocated Days

In entering into this SLA, the Council and the Joint Committee agree that the information contained in this agreement relating to the rates and prices is confidential and will not be divulged to any third party without the agreement of both parties or as required by law.

|  | 2023/24       | 2024/25       | 2025/26       |
|--|---------------|---------------|---------------|
| <b>Annual Fee</b>  | <b>£6,390</b> | <b>£6,570</b> | <b>£6,768</b> |
| <b>AREA</b>  |               |               |               |
| <b>Management and Assurance</b>  |               |               |               |
| Preparation of Annual Audit Review (including review, update and agreement of Control Risk Assessment (CRA) scope and terms of reference)  | 1             | 1             | 1             |
| Production of Annual Report and opinion and annual review of Internal Audit Charter and periodic review of SLA   | 2             | 2             | 2             |
| Attendance at ad hoc meetings, Committee pre meetings and Committee meetings   | 1             | 1             | 1             |
| Regular liaison with relevant staff and follow up of recommendations   | 1             | 1             | 1             |
| <b>Fieldwork</b>   |               |               |               |
| Detailed audit testing of financial and non-financial key systems of internal controls, including:<br>Budget setting and monitoring, financial reporting, income, debt collection, creditor payments, petty cash expenditure, taxation (VAT/PAYE,NI), bank reconciliation, asset and investment management, stock control, specific strategic and operational service risks and key elements of corporate governance, as agreed in the TOR for each annual audit review. | 11            | 11            | 11            |
| <b>Advice and Assistance</b>   | 2             | 2             | 2             |
| <b>Total</b>   | 18            | 18            | 18            |

| <b>Optional Additional Services;</b> | 2023/24     | 2024/25     | 2025/26     |
|--------------------------------------|-------------|-------------|-------------|
| <b>Fee</b>                           | <b>£660</b> | <b>£680</b> | <b>£700</b> |
| Risk Management & Insurance Support  | 2           | 2           | 2           |

## **BASIS OF CHARGE**

The cost of delivering the annual audit plan for the three year period 01 April 2023 to 31 March 2026 is based on 18 days provision in each year. The fee in 2023/24 is £6,390 and has been based on the daily rate of £355. The fee for 2024/25 is £6,570 based on the daily rate of £365 and the fee for 2025/26 is £6,768 based on the daily rate of £376. Fees are exclusive of VAT.

The cost of delivering risk management and insurance support for the period 01 April 2023 to 31 March 2026 is based on 2 planned days in each of the three years at a daily rate of £330, £340 and £350 for the years 2023/24, 2024/25 and 2025/26 respectively. Fees are exclusive of VAT.

The audit fee set out above covers the cost of all planning, management, research, preparation, audit visits, follow-up, production of reports, and presentation of reports to managers and elected members, discussions and travelling time. The daily charge is inclusive of all travelling costs and other overheads.

Any requests for additional services, including VFM studies, special investigations and specific consultancy / project work that cannot be accommodated within unused days within the agreed Internal Audit plan will be considered against the availability of the necessary resources and skills. The cost of this work will be subject to the agreement of the Joint Committee at an appropriate daily charge, depending on the nature of the work required.

The Joint Committee shall make an annual payment to the Council for the Service within the requirements set out in this Schedule. Should the Joint Committee request that additional work be undertaken, an invoice will be raised on completion of that work to reflect the charge that has been agreed.