



Mountsett Crematorium Joint Committee

Date Monday 26 April 2021
Time 9.30 am
Venue Remote Meeting - This meeting is being held remotely via Microsoft Teams

Business

Part A

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

1. Apologies for absence
2. Substitutes
3. Minutes of the Meeting held on 28 January 2021 (Pages 3 - 8)
4. Declarations of Interest, if any.
5. Performance and Operational Report - Report of the Bereavement Services Manager (Pages 9 - 14)
6. Financial Monitoring Report - Provisional Outturn as at 31 March 2021 - Joint Report of the Corporate Director of Neighbourhoods and Climate Change and Interim Corporate Director of Resources and Treasurer to the Joint Committee (Pages 15 - 24)
7. Risk Register Update 2020/21 - 2 - Joint Report of the Corporate Director of Neighbourhoods and Climate Change and Interim Corporate Director of Resources and Treasurer to the Joint Committee (Pages 25 - 34)
8. Annual Internal Audit Report 2020/21 - Report of the Interim Chief Internal Auditor and Corporate Fraud Manager (Pages 35 - 54)
9. Such other business as in the opinion of the Chairman of the meeting is of sufficient urgency to warrant consideration.

Helen Lynch
Head of Legal and Democratic Services

County Hall
Durham
16 April 2021

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

Durham County Council:-

Councillors: O Temple (Chair), A Bainbridge, A Batey, J Carr,
J Charlton, C Hampson, O Milburn, S Robinson and B Stephens

Gateshead Council:

Councillors K Dodds, D Bradford (Vice-Chair), D Burnett, L Green,
S Green, J Lee and M Ord

Contact: Lucy Gladders

Tel: 03000 269 712

DURHAM COUNTY COUNCIL

At a Remote Meeting of **Mountsett Crematorium Joint Committee** held via Microsoft Teams on **Thursday 28 January 2021 at 9.30 am**

Present:

Councillor O Temple (Chair)

Durham County Council

Councillors A Bainbridge, A Batey, J Charlton, C Hampson and O Milburn

Gateshead Council:

Councillors K Dodds, D Bradford (Vice-Chair), D Burnett, L Green, S Green and M Ord

1 Substitute Members

There were no substitute Members.

2 Apologies for absence

There were no apologies for absence.

3 Minutes of the Meeting held on 7 October 2020

The minutes of the meeting held on 7 October 2020 were agreed as a correct record and signed by the Chairman.

4 Declarations of Interest, if any.

There were no declarations of interest.

5 Performance and Operational Report

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

The Bereavement Services Manager and Registrar reported that during the period 1 September 2020 to 31 December 2020, 485 cremations had been undertaken compared to 474 in the comparable period last year, an increase of 11. Further

details were reported in respect of Direct Cremations – Attended (no service) and Direct Cremations – Unattended (no service) and it was explained that during the period 1 April 2020 and 31 December 2020, 85 Direct Cremations – Unattended (no service) had been carried out and charged in line with the new charges introduced in April 2019.

With regards to the sale of memorial plaques, the number and value sold was 29/ £8,516 compared to 21 / £6516 in the same period last year, which was an increase of 8 / £2,000 year on year.

Moving on to discuss staffing, it was reported that staff continued to face additional pressures as direct result of COVID-19, however high levels of service had been maintained throughout and the Bereavement Services Manager and Registrar asked that his personal thanks to those staff be recorded. It was further reported that due a request from a member of staff to be considered for ER/VR, options would be presented for consideration by the Joint Committee to ensure that the service maintained a robust contingency for the future.

Moving on to regular updates, the Bereavement Services Manager and Registrar advised that an application for the 2021 Green Flag Award would be submitted as in previous years and any update on progress would be reported to a future meeting. In addition, with regard to the Recycling of Metals Scheme it was reported that collections in 2020 had resulted in an additional round of nominations being made available. As reported at the last meeting a cheque for £10,000 had been sent to Willowburn Hospice. The second organisation nominated was Age UK.

Moving on to operational matters the Bereavement Services Manager and Registrar provided details regarding the cleaning services agreement with Durham County Council. It was reported that as a direct result of COVID-19 the Service Level Agreement had not been reviewed in April 2020. However, the services provided continued to operate during this time and it was therefore now proposed that a revised SLA for the period April 2020 to March 2022, costing £7,722 per year be approved.

In relation to the replacement of cremators, the Joint Committee were informed that the temporary cremator continued to operate well and had been invaluable to the service during the pandemic. Recent emission testing of all three cremators (x2 ATI and x1 Temporary) had taken place and whilst the temporary cremator had passed, the two ATI cremators had not. Discussions were now ongoing with Environmental Health as to the next steps.

As discussed at previous meetings the order had now been placed for the two replacement cremators and it was expected that work would start on site on 1 March with an expected completion / handover expected by the end of September 2021.

In conclusion, the Bereavement Services Manager advised that The Federation of Burial and Cremation Authorities (FBCA) had implemented a new mandatory inspection scheme to ensure standards of quality were maintained by crematoria. Mountsett Crematorium was subject to an inspection on 29 October 2020. The inspector found that the crematorium met the 3 key areas of compliance, found an excellent level of service and provision and did not make any recommendations for improvement / action. A score of 321 out of 325 (99%) was awarded.

Councillor Temple added that as Chair of the Joint Committee he wished to say a big thank you to all the staff at the crematorium and having met some of the staff at a small teams meet up, he was extremely impressed by the staff's ongoing commitment and resilience to challenges faced.

With regards to the Green Flag application, he acknowledged that the team had won the award for 9 consecutive years and therefore queried whether the team given the current pressures felt that this is something that added additional strain to already stretched resources. The Bereavement Services Manager and Registrar advised that the maintenance of the open areas was part of the daily routine and no added pressure would be felt from applying for the award in 2021.

Councillor Bradford reiterated the Chair's comments and sincerely thanked staff for all of their hard work in ensuring that the crematoriums standards did not slip throughout what had been an extremely challenging time.

In relation to the cleaning SLA, Councillor Milburn commented that the cleanliness at the crematorium was always excellent and the level of service offered under the agreement was excellent value.

Resolved: That the Joint Committee

- (a) Note the current performance of the crematorium;
- (b) Note the current situation with regards to the staffing of the crematorium;
- (c) Note the continued success with regards to the Green Flag Award;
- (d) Note the updated position with regards to the recycling of metals scheme;
- (e) That the Cleaning SLA be approved;
- (f) Note the compliance scheme report from the F.B.C.A. following their inspection of the crematorium;
- (g) Note the update with regards to the cremator replacement

6 Financial Monitoring Report - Position at 31/12/20, with Projected Outturn at 31/03/21

The Joint Committee considered a joint report of the Corporate Director of Neighbourhoods and Climate Change and Interim Corporate Director Resources

which provided details of the provisional outturn position for 2020/21 and the projected level of reserves and balances at 31 March 2021 (for copy see file of Minutes).

The Finance Manager Neighbourhoods and Climate Change provided a summary of the significant variances highlighted within the report noting that the projected revenue outturn was a surplus (before transfers to reserves and distribution of surpluses to partner authorities) of £215,514 against a budgeted surplus of £441,680, £226,167 less than the budgeted position. The principle reason for this being the procurement of a temporary cremator in year which was not budgeted.

With regards to the earmarked reserves, it was reported that in line with the Reserve Policy, a transfer to the General Reserve of £11,813 was required. This resulted in a net transfer from the Cremator Replacement Reserve of £161,300. The Finance Manager Neighbourhoods and Climate Change therefore reported that the retained reserves of the MCJC at 31 March 2021 were forecast to be £435,066 along with a General Reserve of £298,328, giving a forecast total reserves and balances position of £733,394 at the year end.

Resolved: That the content of the report be noted.

7 2021/22 Revenue Budget

The Joint Committee considered a joint report of the Corporate director of Neighbourhoods and Climate Change and Interim Corporate Director of Resources and Treasurer to the Joint Committee which set out proposals with regards to the 2021/11 revenue budgets for the Mountsett Crematorium (for copy see file of Minutes).

The Finance Manager Neighbourhoods and Climate Change explained that the 2021/22 budget had been developed with the Bereavement Services Manager and Registrar, taking into account the changes to Fees and Charges and the revised SLA as agreed in earlier reports, the 2021/22 forecast outturn position and known budget pressures in the coming year.

Resolved:

That the Joint Committee note and approve the budget proposals contained within the report and that the forecast level of reserves and balances at 31 March 2022 be noted.

8 Provision of Support Services 2021/22

The Joint Committee considered a joint report of the Corporate Director of Neighbourhoods and Climate Change and Interim Corporate Director of Resources and Treasurer to the Joint Committee which outlined the proposed Service Level

Agreement (SLA) for Support Service provision by Durham County Council to the Mountsett Crematorium Joint Committee for the period April 2021 to March 2022 (for copy see file of Minutes).

Resolved:

That the Service Level Agreement for the year 2021/22 be approved.

9 Fees and Charges 2021/22

The Joint Committee considered a joint report of the Corporate Director Neighbourhoods and Climate Change and Interim Corporate Director of Resources and Treasurer to the Joint Committee which set out details of the proposed fees and charges for the Mountsett Crematorium for 2021/22 (for copy of report see file of Minutes).

The Finance Manager Neighbourhoods and Climate Change explained that the report sought to increase the fees and charges as shown at Appendix 2 of the report by £20 (2.8%) per cremation from £720 to £740. Further small changes to fees were detailed within paragraphs 13 and 14 of the report, however, advised that the majority of fees would remain at the same levels as 2020/21.

Resolved:

- (i) That the content of the report be noted and that the proposed fees and charges be approved and effective from 1 April 2021, to include a £20 increase per cremation from £720 to £740.
- (ii) That the proposed fees and charges are incorporated into the 2021/22 budget.

10 Exclusion of the Public

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 paragraphs 3 and 5 of Part 1 of Schedule 12A of the Act.

11 Minutes of the meeting held on 7 October 2020

The minutes of the meeting held on 8 October were confirmed as a correct record and signed by the Chairman.

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Mountsett Crematorium Joint Committee

26 April 2021



Performance and Operational Report

Report of Graham Harrison, Bereavement Services Manager

Electoral division(s) affected:

Countywide

Purpose of the Report

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

Executive summary

2. This report provides Members of the Mountsett Crematorium Joint Committee with a quarterly update of performance and operational matters at the crematorium.

Recommendation(s)

3. It is recommended that Members of the Mountsett Joint Committee:
 - a. Note the current performance of the crematorium.
 - b. Note the introduction of credit card payment facilities at the crematorium.
 - c. Note the cancellation of the Joint Conference of the Federation of Burial & Cremation Authorities and the Cremation Society of Great Britain.
 - d. Note the update with regards to the cremator replacement project.

Background

4. This report provides Members of the Mountsett Crematorium Joint Committee with an update of performance and operational matters at the crematorium since the last meeting of the Joint Committee.

Performance Update - Number of Cremations

5. The table below provides details of the number of cremations for the period 1 January 2021 to 31 March 2021 inclusive, with comparative data in the same periods last year:

	2019/20	2020/21	Change
January	135	145	+ 10
February	128	165	+ 37
March	103	177	+ 74
TOTAL	366	487	121

6. There were 487 cremations undertaken during the period, compared to 366 in the comparable period last year, an increase of 121 cremations for this period. The profile of where families came from can be seen below:

Gateshead	136
Durham	241
Outside Area	110
Total	487

7. The total number of cremations in 2020/21 was 1,758 compared with 1,399 in 2019/20, an increase of 359, which is due to the Covid 19 pandemic.
8. The 2020/21 budget was set at a prudent assumption of 1,300 cremations during the year. The actual number of cremations undertaken was therefore 458 more than the budget position. This is reflected in an over achievement of cremation fee income of £281,130 in year, which is included in the financial monitoring report.
9. The table below shows the comparative figures for the previous ten financial years:

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

Year	Cremations
2015/16	1,300
2016/17	1,439
2017/18	1,396
2018/19	1,330
2019/20	1,399
2020/21	1,758

Memorials

10. The table below outlines the number and value of the memorials sold in the period January to March 2021 compared to the same period the previous year.

	Jan – March 2019/20		Jan – March 2020/21	
	Number	£	Number	£
Large Plaques	4	1,608	4	1,608
Small Plaques	9	2,349	13	3,393
Memorial leaves	0	0	7	700
Total	13	3,957	24	5,701

11. The number and value of memorials sold of 24 / £5,701 compares to 13 / £3,957 in the same period last year, which is an increase of 11 memorials sold and £1,744 year on year.
12. The table below identifies the total number and value of memorials sold during 2020/21 compared to 2019/20:

	2019/20 Total		2020/21 Total	
	Number	£	Number	£
Large Plaques	13	5,226	17	6,834
Small Plaques	44	11,484	59	15,399
Memorial leaves	0	0	9	900
Total	57	16,710	85	23,133

Operational Matters

Staffing

13. Members were updated at the last meeting with regards to the current Covid 19 situation that staff are faced with on a daily basis and they continue to demonstrate the high level of service that we can to the bereaved.

14. The staff continue to cope with the demands and are an asset to the Crematorium and I continue to thank them for their assistance during this difficult time.

Credit Card Payments

15. The crematorium does not currently offer a credit card payment option to members of the public wanting to pay for some of our services and we are regularly asked if the payment option is available.
16. Discussions have therefore been held with the Income and Support team regarding the crematorium offering this service and a chip and pin machine has been ordered for a monthly rental of £16 per month plus nominal processing fees. The cost can be absorbed within existing office budgets and this will provide an enhanced service to families.

Cremation & Burial Conference & Exhibition 2021

17. The Joint Conference of the Federation of Burial and Cremation Authorities and the Cremation Society of Great Britain was due to be held at the Hilton Ageas Bowl, Southampton from 21 to 23 June 2021, however due to the pandemic has once again been cancelled.

Mountsett Cremator Replacement

18. Members will recall that updates have been given at previous meetings regarding the installation of the 2 new cremators with mercury abatement equipment to replace the existing cremators.
19. We still continue to run the temporary cremator which has been invaluable during Covid 19.
20. Members were also advised of a possible delay to the start of the project due to the travel restrictions currently imposed, however we continue to work with the cremator manufacturer regarding this issue.
21. I can inform Members that a revised start date has been confirmed and the revised timetable is set out below:

Description	Dates
Start on site	22 May
Site set up and removal of existing cremator no. 2 and its abatement kit etc.	22 - 25 May
Delivery and installation of cremator no. 2 and abatement equipment	1 June - 24 July
Commissioning and training	24 July - 21 August

Description	Dates
Removal of existing cremator no. 1 etc.	11 - 18 September
Installation of cremator no.1 and abatement equipment	18 September - 13 November
Commissioning	13 - 20 November
Handover	11 December

22. The Budget Strategy report in September 2020 detailed estimates of the cremator replacement and projected financing of the works. Further revisions to the designs have resulted in the following updated cost projections and funding:

Description	Original Budget (Sept 20) £	Revised Budget (April 21) £
Cremator Installation	1,206,400	1,220,200
Principal contractor costs and site works	76,756	80,056
Preliminaries	155,000	90,454
Statutory Fees and Emission Testing	21,250	250
Professional Fees	101,429	96,672
BCIS cost index and supplier bond	19,382	-
Optimism Bias (Contingencies)	93,650	74,382
Total Cost	1,673,867	1,562,014
Financed by:		
Contribution from Reserves	(380,466)	(380,466)
Loan Finance	(1,293,401)	(1,181,548)
Total Funding	(1,673,867)	(1,562,014)

23. Total projected costs have reduced from £1,673,867 to £1,562,014 resulting in the 10-year annuity loan from Durham County Council reducing to £1,181,548. The annual loan repayments of £150,641 reported to Members in September 2020 will subsequently reduce to £138,513 resulting in a £12,128 annual revenue saving in the medium term budget forecasts.

Contact: Graham Harrison,

Tel: 03000 265606

Appendix 1: Implications

Legal Implications

As outlined in the report.

Finance

As identified in the report.

Consultation

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

Equality and Diversity / Public Sector Equality Duty

There are no implications.

Climate Change

None.

Human Rights

There are no implications.

Crime and Disorder

There are no implications.

Staffing

As identified in the report.

Accommodation

There are no implications.

Risk

There is an ongoing risk with regards to the functioning of the new cremators.

Procurement

There are no implications.

**Mountsett Crematorium Joint
Committee**

26 April 2021

**Financial Monitoring Report –
Provisional Outturn as at 31 March 2021**



Joint Report of

**Alan Patrickson, Corporate Director of Neighbourhoods and
Climate Change**

**Paul Darby, Corporate Director of Resources (Interim) and
Treasurer to the Joint Committee**

Electoral division(s) affected:

Countywide.

Purpose of the Report

- 1 This report presents Members of Mountsett Crematorium Joint Committee (MCJC) with details of the provisional outturn position for 2020/21 and the projected level of reserves and balances at 31 March 2021.

Executive summary

- 2 This report sets out details of income and expenditure in the period 1 April 2020 to 31 March 2021, together with the provisional outturn position for 2020/21, highlighting areas of over / underspend against the revenue budgets at a service expenditure analysis level.
- 3 The report also details the funds and reserves of the Joint Committee at 1 April 2020 and forecast final position at 31 March 2021, taking into account the updated provisional financial outturn.
- 4 The projected revenue outturn is a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £388,679 against a budgeted surplus of £441,680, £53,001 less than than the budgeted position.
- 5 Contributions to the earmarked reserves are forecast as **£53,001** less than originally budgeted, mainly due to the temporary cremator

purchase, partly offset by increased income due to the additional cremations carried out throughout the year.

- 6 In line with the MCJC Reserve Policy to maintain a General Reserve of 30% of the income budget, a transfer to the General Reserve of £11,813 is required.
- 7 The retained reserves of the MCJC at 31 March 2021 are forecast to be £608,231 along with a General Reserve of £298,328, giving total reserves and balances position of £906,559 at the year end.

Recommendation(s)

- 8 It is recommended that Members note the April 2020 to March 2021 financial monitoring report and associated provisional revenue outturn position at 31 March 2021, including the projected year position with regards to the reserves and balances of the Joint Committee.

Background

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

Financial Performance

- 10 Budgetary control reports, incorporating outturn projections, are considered by Neighbourhoods and Climate Change 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 Mountsett Crematorium are included within this report.
- 11 Members should be aware that the 2020/21 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.
- 12 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 Mountsett Crematorium as at 31 March 2021.

Subjective Analysis	Base Budget 2020/21 £	Year to Date Actual April – March £	Provisional Outturn 2020/21 £	Variance Over/ (Under) £
Employees	172,452	216,675	217,961	45,509
Premises	262,340	506,068	512,004	249,664
Transport	900	3,896	3,956	3,056
Supplies & Services	78,845	109,387	109,648	30,803
Agency & Contracted	8,988	13,575	13,575	4,587
Central Support Costs	29,220	29,220	29,220	0
Gross Expenditure	552,745	878,822	886,364	333,619
Income	(994,425)	(1,275,043)	(1,275,043)	(280,618)
Net Income	(441,680)	(396,222)	(388,679)	53,001
Transfer to / (from) Reserves				
- Repairs Reserve	15,000	0	15,000	0
- Cremator Reserve	76,680	0	23,679	(53,001)
Distributable Surplus	(350,000)	0	(350,000)	0
65% Durham County Council	227,500	227,500	227,500	0
35% Gateshead Council	122,500	122,500	122,500	0

Mountsett Crematorium Earmarked Reserves	Balance @ 1 April 2020 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2021 £
Repairs Reserve	(69,370)	(15,000)	0	(84,370)
Cremator Reserve	(511,995)	(23,679)	11,813	(523,861)
General Reserve	(286,515)	(361,813)	350,000	(298,328)
Total	(867,880)	(400,492)	361,813	(906,559)

Explanation of Significant Variances between Original Budget and Forecast Outturn

- 13 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 £388,679 against a budgeted surplus of £441,680, £53,001 less than the budgeted position.
- 14 This compares with the previously forecast position, based on income and expenditure to 31 December 2020, as reported to the Joint Committee on 28 January 2020, of a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of

£215,514 against a budgeted surplus of £441,680, £226,167 less than the budgeted position. The provisional outturn surplus position is therefore £173,165 more than was previously forecast. A reconciliation of the projections at quarter 3 compared to the provisional outturn figures is as follows:

- Employee costs are £2,838 higher than projected at quarter 3 mainly due to additional overtime payments.
- Premises costs are (£126,920) lower than previously projected mainly due to the energy improvement works being delayed until 2021/22.
- Transport costs relating to mileage expenses are £1,285 more than previously projected.
- Supplies and Service costs are £13,615 more than previously projected mainly due to increased medical fees and music tribute charges.
- Income is (£63,983) higher than previously projected mainly due to an increased level of cremations in the last three months compared to the numbers forecast in January.

15 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

15.1 **Employees**

The outturn shows a forecast overspend of **£45,509**, in relation to employee costs. The reasons for this are identified below:

- Staffing costs overspent by **£45,509** due to staff redeployment, increased overtime and additional training costs.

15.2 **Premises**

The outturn shows a forecast overspend of **£249,664** in relation to premises costs. The reasons for this are identified below:

- One off SAMP budgets relating to plot extension work overspent by **£2,905**. This work was budgeted to take place in 2019/20 but was delayed due to weather conditions.
- One off SAMP budgets relating to the re-lining of 2 hearths and the purchase of memorial trees underspent by **(£4,977)**.
- One off SAMP budgets relating to new viewing screens and energy improvement works underspent by **(£125,587)** as work could not begin due to Covid 19. The works will now be carried out in 2021/22.
- Major works overspent by **£341,650** due to the temporary cremator purchase and installation in year.
- Cremator servicing and repairs overspent by **£33,584** with the cremators requiring remedial works to maintain their operation;
- General repairs and utilities are forecast to overspend by **£2,089**.

15.3 **Supplies and Services**

The outturn shows a forecast overspend of **£30,803** in relation to supplies and services costs. The reasons for this are identified below:

- Due to the projected increase in cremations (highlighted later within the income section of the report), medical referee expenditure is projected to overspend by **£12,028**.
- Purchasing of webcasts overspent by **£11,189** due to the free provision and high demand of these services until November 20.
- Professional advice on the replacement of the cremators is projected to overspend by **£4,000**.
- General office costs overspent by **£3,586**.

15.4 **Income**

An increase in income of **(£280,618)** from the 2020/21 budget is included within the updated outturn forecasts. The reasons for this are identified below:

- The outturn includes an increase of 458 cremations compared to the budget, totalling increased income to budget of **(£281,130)**. The outturn allows for a total of 1,758 cremations against a budgeted 1,300 during 2020/21.
- Book of Remembrance entries and sales of plaques were higher than budget resulting in additional of income of **(£8,953)**.

- Miscellaneous sales overachieved the budget by **(£13,744)** due to the sale of the old mower and increased webcast income.
- Sale of urns underachieved the income target by **£13,000**. It was agreed at the January 2020 meeting to increase the cost of urns to £10 and to sell them with every cremation, however this has not yet commenced.
- Interest received is **£4,957** lower than budget as the bank accounts are not accruing any interest due to the current interest rate of 0.1%.
- Income from CAMEO is **£5,253** lower than budget as the new temporary cremator is not mercury abated.

16 Earmarked Reserves

Contributions to the earmarked reserves are **£53,001** less than originally budgeted, mainly due to the temporary cremator purchase, partly offset by increased income due to the additional cremations carried out throughout the year.

In line with the MCJC Reserve Policy to maintain a General Reserve of 30% of the income budget, a transfer to the General Reserve of **£11,813** is required.

The retained reserves of the MCJC at 31 March 2021 are forecast to be **£608,231** along with a General Reserve of **£298,328**, giving a forecast total reserves and balances position of **£906,559** at the year end.

Contact:	Philip Curran	Tel: 03000 261967
	Ed Thompson	Tel: 03000 263481

Appendix 1: Implications

Legal Implications

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

Finance

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

Consultation

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

Equality and Diversity / Public Sector Equality Duty

None.

Human Rights

None.

Crime and Disorder

None.

Staffing

None.

Accommodation

None.

Risk

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

Procurement

None.

Climate Change

None.

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**Mountsett Crematorium Joint
Committee**

26 April 2021

Risk Register Update 2020/21 - 2



Joint Report of

**Alan Patrickson, Corporate Director, Neighbourhoods and Climate
Change**

**Paul Darby, Corporate Director of Resources (Interim) and
Treasurer to the Joint Committee**

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To inform the Mountsett Crematorium Joint Committee of the outcome of the half-yearly risk review in March 2021.

Executive summary

- 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.
- 3 The latest review took account of valuable learning and experience gained during the COVID19 pandemic response.
- 4 Since the previous review, the net impact of one risk, managing excess deaths/cremations capacity, has been uprated from minor to moderate. One new risk, relating to breaches of coronavirus regulations, has been added. There is also an update on the suspension notice risk.
- 5 The net evaluation of each risk except suspension notice and managing excess deaths/cremations capacity, remains within the risk appetite.

Recommendation(s)

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

Background

- 7 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

- 8 The current service risk register is included in **Appendix 4**.
- 9 The latest risk review took account of valuable learning and experience gained during the COVID19 pandemic response.
- 10 In relation to risk no. 1 (suspension notice), the temporary cremator, installed in July 2020, is being used in the first instance to minimise the use of the two permanent cremators, which were originally programmed for replacement starting in March 2021. Due to COVID-related restrictions for international travel, the start date was put back to June 2021, meaning that the first installation will be complete in September 2021 and the second in December 2021. Officers from the Council are continuing to liaise with Pollution Control representatives. The net risk evaluation is a moderate impact – in the form of a suspension notice, reduced capacity and reputational damage – with a possible likelihood.
- 11 The description of the managing excess deaths risk (no. 2) has been changed to better reflect the nature of the risk, which is that demand for cremations may exceed capacity. Despite extremely challenging circumstances, controls have been effective and the risk has not materialised. Due to the potential level of service disruption, the net impact has been uprated from minor to moderate. There is still potential for a third wave of COVID-19 or a local outbreak, although the overall position has improved substantially due to low infection rates, fewer outbreaks, testing arrangements, and progress with the vaccination programme.
- 12 One new risk (no. 4), related to COVID19, has been added to the register, *"Non-compliance with coronavirus regulations by members of the public, leading to a local outbreak and capacity issues in deaths management services"*. Common types of breach relate to the permitted number of mourners, due to funerals being publicised through social media, and social distancing. Funeral directors issue instructions and guidance through clients. The net evaluation is moderate impact, unlikely occurrence. This will continue to be monitored during the pandemic.
- 13 A profile of service risks is included in **Appendix 5**.

Conclusion

- 14 The net evaluation of each risk except numbers one and two (suspension notice and cremations capacity) remains within the risk appetite (shaded area in appendix 5).

Contact:	Paul Darby	Tel: 03000 261930
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Appendix 1: Implications

Legal Implications

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

Finance

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

Consultation

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

Equality and Diversity / Public Sector Equality Duty

None

Human Rights

None

Crime and Disorder

None

Staffing

None

Accommodation

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 Mountsett Crematorium Joint Committee.

Procurement

None

Climate Change

None

Appendix 2: How Mountsett Crematorium risks are managed

Two risk registers have been developed for Mountsett 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 Mountsett 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 Mountsett Crematorium Joint Committee twice a year.

HEALTH & SAFETY RISK ASSESSMENT CRITERIA		Likelihood (a full definition of each rating is set out in the detailed methodology)			
		1 Very Unlikely	2 Unlikely	3 Likely	4 Very Likely
Impact	<u>4 Extreme</u> Death or multiple deaths; substantial damage.	Low Risk	Medium Risk	High Risk	High Risk
	<u>3 Severe</u> Loss of limb or multiple injuries; significant damage.	Low Risk	Medium Risk	High Risk	High Risk
	<u>2 Minor</u> Three day or greater injury or illness; insignificant damage.	Insignificant	Low Risk	Medium Risk	Medium Risk
	<u>1 Negligible</u> 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		Finan-cial	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	Moder-ate	£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	Insign-ificant	< £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 Mountsett 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	Risk of a suspension notice under Regulation 37, Environmental Permitting Regulations 2016, leading to a partial cessation of operations at Mountsett Crematorium.	Moderate	Possible	27	Tolerate	An update is included in the main body of this report at paragraph 8.
2	Demand for cremations exceeds capacity.	Moderate	Possible	21	Treat	Description amended to better reflect the nature of the risk. Net impact uprated from minor to moderate.
3	Serious breach of health and safety legislation	Moderate	Unlikely	16	Tolerate	
4	Non-compliance with coronavirus regulations by members of the public leading to a local outbreak and capacity issues in deaths management services.	Moderate	Unlikely	16	Tolerate	New risk, related to COVID19.
5	ICT and Power Failure	Minor	Unlikely	10	Tolerate	
6	Sickness absence of key staff	Moderate	Remote	7	Tolerate	
7	Breakdown of the partnership (with Gateshead Metropolitan Borough Council)	Moderate	Remote	7	Tolerate	
8	Disclosure of confidential information through incorrect disposal / maintenance of information (data breach)	Minor	Remote	5	Tolerate	
9	Loss of Income/Money	Minor	Remote	5	Tolerate	

Appendix 5: Profile of Service Risks for Mountsett 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.

As the net evaluations of all risks, except numbers one and two, 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)	6 Sick Absence 7 Partnership	3 Health & Safety Breach 4 COVID non-compliance	1 Suspension Notice 2 Cremations Capacity		
Minor (score 4 – 6)	8 Confidentiality 9 Loss of Income	5 ICT & Power	2 Excess Deaths		
Insignificant (score 1 – 3)					
Likelihood	Remote (score 1)	Unlikely (score 2)	Possible (score 3)	Probable (score 4)	Highly Probable (score 5)

**Mountsett Crematorium Joint
Committee**



26 April 2021

Annual Internal Audit Report 2020/21



**Report of the Interim 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 2020/21. (Copy attached at Appendix 2).

Executive Summary

2. The Annual Internal Audit Report provides an Opinion which makes conclusions on the overall adequacy and effectiveness of the Committees Framework of Governance, Risk Management and Control.
3. The work undertaken by Internal Audit in 2020/21 was in accordance with proper internal audit practices as described within the Public Sector Internal Audit Standards (PSIAS).
4. The report fulfils the requirements of PSIAS 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.
5. Due to the COVID 19 pandemic restrictions, the number of transactions subject to review during the recent audit was reduced in comparison to sample sizes used previously in order to allow the work to be carried out remotely whilst still meeting the requirements of delivering a full audit review.
6. The report provides a **Substantial** overall assurance opinion on the adequacy and effectiveness of internal control operating across the Joint Committee in 2020/21.
7. This Substantial opinion identifies that there is a sound system of control. Any weaknesses identified expose some of the system objectives to minor risk.
8. This opinion is however qualified, in light of the ongoing coronavirus pandemic which has resulted in a significant level of strain being placed on normal procedures and control arrangements. The level of impact is also changing as the situation develops. It is therefore not possible to quantify the additional risk arising from the ongoing measures or the overall impact on the

framework of governance, risk management and control that have been put in place.

Recommendation

9. 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 2020/21.

Background

10. 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.
11. The Annual Internal Audit Opinion makes conclusions on the overall adequacy and effectiveness of the Committees Framework of Governance, Risk Management and Control.

Other useful documents

Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note

Contact: Stephen Carter Interim Chief Internal Auditor and Corporate Fraud Manager
DCC
Tel: 03000 269645

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

Climate Change

None

Legal Implications

Compliance with Public Sector Internal Audit Standards.



**MOUNTSETT CREMATORIUM
JOINT COMMITTEE**

**INTERNAL AUDIT
ANNUAL REPORT
2020/21**

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Appendix 3 Internal Audit Report Mountsett Crematorium 2020/21

Introduction

1. This report summarises the work carried out by Durham County Council Internal Audit and Risk Service during 2019/20, as part of the three year Service Level Agreement covering the provision of Internal Audit Services up to 31 March 2021.
2. All Internal Audit work carried out in 2020/21 was in accordance with proper internal audit practices as described within the Public Sector Internal Audit Standards (PSIAS).
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 07 October 2020.
7. In accordance with the Internal Audit Charter, a risk based audit approach has been applied to work undertaken in 2020/21.
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 2020/21 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 2020/21 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 review was carried out during January / February 2021 in accordance with terms of reference agreed with the Crematorium's Bereavement Services Manager. Due to the COVID 19 pandemic restrictions, the number of transactions subject to review was reduced in comparison to the sample sizes used during previous internal audit reviews to allow the work to be carried out remotely whilst still meeting the requirements of delivering a full audit review.
12. The audit 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.
13. 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 07 October 2020 and 26 April 2021.
14. 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.
15. 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.

16. 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)

17. 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".
18. The Council's Audit Committee at its meeting on 29 June 2020 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.
19. For 2019/20, 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 2019/20.
20. A self-assessment for 2020/21 has been undertaken against the PSIAS and whilst no issues have been identified at the time of writing this report, the final outcome of the review will be reported to the Council's Audit Committee at its meeting in June 2021.
21. In compliance with the services' quality assurance framework, the 2020/21 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.
22. 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.

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

Audit Opinion Statement

25. The Joint Committee has responsibility for maintaining a sound system of internal control that supports the achievement of its objectives.
26. 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.
27. 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 Mountsett 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
28. Based on the work undertaken, the Interim 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 2020/21. This opinion ranking provides assurance that "There is a sound system of control. Any weaknesses identified expose some of the system objectives to minor risk". Consequently, there are no significant issues that warrant inclusion in the 2020/21 Annual Governance Statement.
29. This opinion is however qualified, in light of the ongoing coronavirus pandemic and the continuing impact of this on the Council which has resulted in a significant level of strain being placed on normal procedures and control arrangements. The level of impact is also changing as the situation develops. It is therefore not possible to quantify the additional risk arising from the ongoing measures or the overall impact on the framework of governance, risk management and control that have been put in place



Internal Audit Report

Mountsett Crematorium

Ref No 13590/2021

Final Report

Assurance Opinion:	Substantial
Prepared by:	Jill Natrass, Senior Auditor
Reviewed by:	David Mitchell, Principal auditor Tracy Henderson, Interim Audit Manager
Date issued:	22 March 2021
Distribution List	
For Action:	Graham Harrison, Bereavement Services Manager
For Information:	Ian Hoult, Neighbourhood Protection Manager Paul Darby, Corporate Director of Resources (Interim) Ed Thompson, Principal Accountant Oliver Sherratt, Head of Environment Stephen Carter, Interim Chief Internal Auditor and Corporate Fraud Manager

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 2020/21 Internal Audit Plan, an audit was carried during January and February 2021 to evaluate the control framework in place on the management of the risks associated with Mountsett Crematorium.
2. The last audit in this area was completed in March 2020 when a substantial level of assurance was given.
3. Due to COVID 19 pandemic restrictions the hardcopy documentation required to carry out the audit review was collated by the Bereavement Services Manager and the Assistant Crematorium Manager and collected from the Crematorium by the auditor who carried out the review remotely, working from home, in accordance with the latest Government guidance. Where required, additional supporting information was obtained electronically by email, via audit's access to the Burial and Cremation Software System (BACAS) and meetings were held remotely via telephone.
4. The number of transactions subject to review during the recent audit was reduced in comparison to the sample sizes subject to review during previous internal audit reviews. The reason for this was to minimise the burden on the Bereavement Services Manager and Crematorium staff in collating and providing information to Internal Audit, to allow the audit review to be carried out remotely during the COVID-19 pandemic, at a time when the Crematorium Service was working under extreme pressure.
5. This audit testing approach was agreed with the service prior to the audit review commencing and met the requirements of delivering a full audit review, even though no testing was carried out on site.

Conclusion

6. 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

7. The review covering the period 1st January 2020 to December 2020 confirmed that there were effective arrangements for the management of the risks associated with Mountsett Crematorium.
8. Compliance testing in relation to the adherence to Crematorium regulations and the associated income was carried out for a sample of transactions selected which took place during the months of April, May, June, and November 2020

9. The Business Continuity Plan and the Pandemic procedures had been brought into use at the start of the COVID 19 Pandemic and have since been updated where necessary. Some staff employed within other areas of DCC Neighbourhood Services have been trained as standby Cremator Operators as a result of the pandemic
10. Effective budgetary control and performance monitoring processes were in place. Budgetary control meetings between the Bereavement Services Manager and the Senior Accountancy Assistant took place in April, August, November, and December 2020.
11. Fees had been appropriately approved by the Mountsett Crematorium Joint Committee (MCJC) on 28th January 2020 where it was agreed that fees would increase from the 1st April 2020. However, it was confirmed by the Bereavement Services Manager that DCC's Corporate Management Team (CMT) subsequently agreed that the fees applied from 1st April 2020 would remain at the 19/20 rates but at the time of the audit review taking place, supporting documentation to clarify this decision making could not be located by the service and therefore a best practice recommendation has been made within this report.
12. At the MCJC meeting which took place on 7th October 2020 it was then agreed for fees to be increased with effect from 1st November 2020 and supporting documentation was obtained.
13. Audit testing confirmed that all charges in respect of cremations, memorial plaques, and entries into the book of remembrance had been correctly applied in accordance with the charging decisions outlined above.
14. BACS Income received for the sample of transactions reviewed during the period 8th May 2020 and 5th November 2020 was traced to the income receipt record book completed by the crematorium staff and the finance spreadsheet
15. Cash and cheque income received directly at the crematorium was traced from the income record book that is completed by the crematorium staff, to the paying in book, Loomis collection receipt and the finance spreadsheet.
16. All income was found to be accurately recorded and it was confirmed that an independent reconciliation of all income to the bank account was carried out by the Senior Accountancy Assistant.
17. The supporting documentation for sample dates 8th May 2020 and 5th November 2020, including the application form, medical forms, authorisation to cremate, and treatment of ashes were supplied to the auditor to work on remotely. As the Cremation Register could not be taken away a telephone meeting was held with the Assistant Crematorium Manager to cross-reference the information on the supporting paperwork to the Register. This confirmed that the Cremation Register had been accurately updated.

18. Invoices for cremation costs for the sample of 20 transactions reviewed confirmed that invoices had been promptly raised on the date when each cremation had taken place and that all had received a corresponding payment.
19. Due to remote auditing being applied during this review, it was not possible for an independent physical check of petty cash monies to be carried out by Internal Audit. However, a review of petty cash purchases was carried out using the petty cash book and the purchases made were deemed to be appropriate.
20. There were two petty cash reimbursements made during the period 1st January 2020 to December 2020 totalling £320 and each of these had been appropriately requested by the Bereavement Services Manager and had been reconciled to the bank account by the Senior Accountancy Technician. Prior to remote working arrangements being in place, the Bereavement Services Manager visited County Hall and supplied physical copies of petty cash receipts to the Senior Accountancy Assistant, but this has not happened since the COVID-19 governments restrictions came into place. Therefore, a best practice recommendation has been made within this report.
21. It acknowledged that the value of petty cash expenditure is of low value and that the Senior Accountancy Assistant has a proactive role to play in the operation of petty cash and therefore it is considered that the current controls in place for the administration of petty cash are reasonable and proportionate under the current circumstances.
22. A report obtained from the SAGE accountancy system confirmed that for all relevant expenditure incurred during the audited year, that purchase orders had been appropriately raised and authorised by the relevant Crematorium staff.
23. A report from the SAGE accountancy system confirmed that for all relevant expenditure for the audited year an appropriately authorised purchase order had been raised by the crematorium staff.
24. Salary information for the period 1st January to 31st December 2020 was obtained from SharePoint and the payroll data held in Finance. From this, five employees in receipt of additional payments including payments for overtime, additional hours, step up payments and one employee in receipt of sick pay, were selected and reviewed against timesheets and the relevant information held in Resourcelink. All required supporting documentation was found and was appropriately authorised with information being accurately recorded on Resourcelink.
25. Due to the ongoing issues with the cremators, as reported in the Mountsett Crematorium Joint Committees (MCJC) and the previous audit report, a temporary cremator was procured to cope with demand and the procurement route for the replacement of the permanent cremators is currently in progress. This was found to be well documented and subject to the required review and approval.

26. As a result of the audit, there were one medium priority finding. A summary of these is set out below;

- A report was obtained from BACAS on 5th February 2021 which identified that there were six outstanding invoices over 30 days old for the value of £3,651, five of these related to one Funeral Director. It is acknowledged that the increase in the number of cremations has in turn increased the workload at the Crematorium and has impacted on the recovery of unpaid Funeral Director invoices.

Furthermore, the audit identified that Crematorium invoices which are produced from BACAS do not specify the payment terms and therefore it is possible that Funeral Directors may not be aware of the payment requirements.

In addition, from discussions it was identified that there are instances where BACS payments are received without the relevant Cremation number(s) being provided by Funeral Directors which results in Cremation staff having to identify the corresponding invoice(s).

27. One best practice recommendation has also been identified during the audit;

- Documentation to support the CMT decision making where it was agreed for Crematorium fees to remain at the 19/20 rates during the period 1st April 2020 to 31st October 2020 should be obtained and retain for future reference.

28. 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

29. This review has been carried out in accordance with the Terms of Reference.

30. 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.

31. 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.

32. In carrying out the audit, the time and assistance afforded by Graham Harrison, Michael Chipperfield and Eleanor Tufnell from Finance was greatly appreciated.

Scope and Audit Approach

33. 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.

Limitations

34. Due to the Covid-19 restrictions in place at the time of this audit a site visit was made by the auditor to collect original documentation to allow remote auditing to take place. The Cremation Registers were not collected or utilised as part of the source documentation which was reviewed during this audit review as the registers are required for daily use at the Crematorium.

Overall Assurance Opinion and Priority of Our Recommendations

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

Opinion	Definition
Substantial Assurance	There is a sound system of control. Any weaknesses identified expose some of the system objectives to minor risk.
Moderate Assurance	Whilst there is basically a sound system of control, there are some weaknesses, which expose objectives to risk.
Limited Assurance	There are weaknesses in key areas in the system of control, which expose objectives to unacceptable levels of risk.

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

Priority	Definition
High	Action required, that is considered imperative , to improve the control environment so that objectives are not exposed to unacceptable risks through lack of or weaknesses in critical or key controls.
Medium	Action required to improve the control environment so that objectives are not exposed to risks through weaknesses in controls.
Best Practice	The issue merits attention and its implementation will enhance the control environment.

Appendix A – Action Plan of Findings and Recommendations

Finding	Recommendation	Management Comment	Responsibility Timescale																					
<p>Action Ref: 01</p> <p>The total amount of invoices raised for Funeral Directors from 1st January to 31st December 2020 was approximately £662,632</p> <p>A report was obtained from BACAS on 5th February 2021 which identified that there were six outstanding invoices over 30 days old for the value of £3,651, five of these related to one Funeral Director.</p> <p>The outstanding invoices are detailed below by month raised:</p> <table border="1" data-bbox="53 837 607 1161"> <thead> <tr> <th><u>Month Raised</u></th> <th><u>No of invoices Outstanding</u></th> <th><u>£</u></th> </tr> </thead> <tbody> <tr> <td>August</td> <td>1</td> <td>700.</td> </tr> <tr> <td>September</td> <td>1</td> <td>700</td> </tr> <tr> <td>October</td> <td>2</td> <td>713.20</td> </tr> <tr> <td>November</td> <td>1</td> <td>720.00</td> </tr> <tr> <td>December</td> <td>1</td> <td>818.40</td> </tr> <tr> <td>Total</td> <td>6</td> <td>3651.80</td> </tr> </tbody> </table> <p>Although it is acknowledged that the current value of the outstanding debts represents a small percentage of the total income raised, previous audit reviews have not identified this as being an issue.</p>	<u>Month Raised</u>	<u>No of invoices Outstanding</u>	<u>£</u>	August	1	700.	September	1	700	October	2	713.20	November	1	720.00	December	1	818.40	Total	6	3651.80	<p>Priority: Medium</p> <p>To assist the Crematorium staff in the recovery of outstanding invoice payments from Funeral Directors, Crematorium invoices should provide details of the payment terms and conditions, as agreed by the service.</p> <p>All Funeral Directors should be required to provide details of the corresponding cremation number(s) each time they make BACS payments.</p>	<p>Details of payment terms have now been included on invoices.</p> <p>An updated letter to Funeral directors advising them of the fees and charges has been done and it ask that they provide details of the corresponding cremation number(s) each time they make BACS payments.</p>	<p>Implemented</p> <p>Bereavement Services Manager</p>
<u>Month Raised</u>	<u>No of invoices Outstanding</u>	<u>£</u>																						
August	1	700.																						
September	1	700																						
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Total	6	3651.80																						

Appendix A – Action Plan of Findings and Recommendations



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Finding	Recommendation	Management Comment	Responsibility Timescale
<p>It is also acknowledged that the increase in the number of cremations has in turn increased the workload at the Crematorium which has impacted on the recovery of unpaid Funeral Director invoices.</p> <p>Furthermore, the audit identified that Crematorium invoices which are produced from BACAS do not specify the payment terms and therefore it is possible that Funeral Directors may not be aware of the payment requirements.</p> <p>In addition, discussions held with the Bereavement Services Manager revealed that there are instances where BACS payments are received without the relevant Cremation number(s) being provided by Funeral Directors which results in Cremation staff having to identify the corresponding invoice(s).</p>			