



Mountsett Crematorium Joint Committee

Date Monday 25 April 2022

Time 9.30 am

Venue Chapel - Mountsett Crematorium, Dipton

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, if any
2. Substitute Members
3. Minutes of the Meeting held on 31 January 2022 (Pages 3 - 8)
4. Declarations of Interest, if any.
5. Performance and Operational Report - Report of the Bereavement Services Manager & Registrar (Pages 9 - 14)
6. Financial Monitoring Report - Provisional Outturn as at 31 March 2022 - Joint Report of the Corporate Director of Neighbourhoods and Climate Change and Corporate Director of Resources and Treasurer to the Joint Committee (Pages 15 - 24)
7. Risk Register Update 2021/22 Review 2 - Joint Report of the Corporate Director, Neighbourhoods and Climate Change and Corporate Director of Resources and Treasurer to the Joint Committee (Pages 25 - 34)
8. Annual Internal Audit Report 2021/22 - Report of the Chief Internal Auditor and Corporate Fraud Manager (Pages 35 - 52)
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
13 April 2022

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

Durham County Council:-

Councillors: V Andrews, B Bainbridge, A Batey, J Charlton, C Hampson,
A Hanson, P Heaviside, K Rooney and M Walton

Gateshead Council:

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

Contact: Lucy Gladders

Tel: 03000 269 712

DURHAM COUNTY COUNCIL

At a Meeting of **Mountsett Crematorium Joint Committee** held in Council Chamber, County Hall, Durham on **Monday 31 January 2022 at 9.30 am**

Present:

Councillor

Durham County Council

Councillors V Andrews, B Bainbridge, A Batey, J Charlton, C Hampson, A Hanson, P Heaviside, K Rooney and M Walton

Gateshead Council:

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

1 Apologies for absence, if any

Apologies for absence were received from Councillor K Dodds (Gateshead Council).

2 Substitute Members

There were no substitutes

3 Minutes of the Meeting held on 28 September 2021

The minutes of the meeting held on 28 September 2021 were confirmed as a correct record and signed by the Chair.

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 a quarterly update relating to performance and other operational matters (for copy see file of Minutes).

The Finance Manager Neighbourhoods and Climate Change provided a summary of the report including information on the number of cremations undertaken during the period, noting that there had been a decrease of 7 on the comparable period the

previous year. Information was also provided regarding the sale of memorial Plaques, noting a decrease of 4 plaques were sold during the comparable period the previous year.

An update was also provided in respect of staffing and a note of personal thanks from the Bereavement Services Manager and Registrar for the crematorium's staff for their continued efforts during this difficult time.

Further details were reported in respect of the Green Flag application and the recycling of metals scheme.

Moving on to discuss the Cleaning SLA, the Finance Manager explained that the joint committee were asked to consider and approve a revised SLA for the period April 2022 to March 2024, costing £8,164 per year (a 3.6% increase on the recharges levied in 2021/22), which included all labour and materials required to carry out the cleaning activities.

In conclusion the Finance Manager provided an update on the cremator replacement programme noting that the 2 new cremators were up and running, with emission testing of cremator number 2 being undertaken earlier in the month.

Councillor Burnett asked whether consideration could be given to dividing future cheques between more than one organisation as the total value was significant and could provide valuable contribution to more than one charity. She felt that £15,000 could be divided between three charities.

The Chair noted that this has been discussed at the previous meeting and the Neighbourhood Protection Manager had agreed to look into this further. For the Joint Committee's reference Appendix 3 to the report listed the current charities which had been nominated. Any further additions to this would be welcomed.

Councillor Bainbridge asked whether there was any scrap value in the cremators which were to be removed. The Finance Manager advised that the contract for the replacement cremators included a disposal fee.

Resolved: That the Mountsett Crematorium Joint Committee

- (a) Note the current performance of the crematorium.
- (b) Note the continued success with regards to the Green Flag Award.
- (c) Note the updated position with regards to the recycling of metals scheme.
- (d) Consider and approve the SLA with regards to the cleaning of the crematorium.
- (e) Note the update with regards to cremator replacement.

6 Financial Monitoring Report - Position at 31/12/21, with Projected Outturn at 31/03/22

The Joint Committee considered a joint report of the Corporate Director of Neighbourhoods and Climate Change and Corporate Director of Resources and Treasurer to the Joint Committee which provided members with details of the provisional outturn position for 2021/22 and the projected level of reserves and balances at 31 March 2022 (for copy see file of Minutes).

Councillor Walton asked for further information regarding the overspend on purchasing of webcasts and the Finance Manager explained that the figure stated within the report was offset by the increased income.

Resolved:

That the Joint Committee note the April to December 2021 financial monitoring report and associated provisional outturn position at 31 March 2022, including the projected year position with regards to the reserves and balances of the Joint Committee.

7 Provision of Support Services 2022/23

The Joint Committee considered a joint report of the Corporate Director Neighbourhood Services and Climate Change and Corporate Director 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 2022 to March 2023 (for copy see file of Minutes).

The Finance Manager Neighbourhoods and Climate Change explained that the proposed SLA considered the proportion of time spent by key staff undertaking the requirements of the Joint Committee. The proposed charge for 2022/23 was therefore £23,750, a 3% increase on the recharges levied in 2021/22. The applicable fee took into consideration the impact of pay and price inflation.

Resolved:

That the Joint Committee consider and approve the Service Level Agreement attached at Appendix 2 (including relevant schedule) for the year 2022/23.

8 Fees and Charges 2022/23

The Joint Committee considered a joint report of the Corporate Director of Neighbourhoods and Climate Change and 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 2022/23 (for copy 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 £25 (3.4%) per cremation from £740 to £765. Further small changes to fees were detailed within paragraphs 12 and 13 of the report, however, advised that the majority of fees would remain at the same levels as 2021/22.

Councillor Charlton added that she struggled with the proposed increase noting funeral charges were already so high and with additional added costs such as webcasting this added to increased burden on families. Councillor Bainbridge echoed those comments.

The Chair pointed out that members should be mindful of the charges being imposed in other authority areas, noting that even with the proposed increase Mountsett was a cheaper option, the Crematorium was a business and needed to remain competitive in the market. In addition, fees and charges were harmonised with the Central Durham Crematorium Joint Committee.

Resolved:

That the Joint Committee note and approve the proposed fees and charges at Appendix 2 effective from 1 April 2022, which seeks to increase cremation charges by £25 (3.4%) per cremation from £740 to £765. And that that the proposed fees and charges are incorporated into the 2022/23 budget.

9 External Audit Arrangements 2022/23 to 2024/25

Joint Report of the Corporate Director of Neighbourhoods and Climate Change and Corporate Director of Resources and Treasurer to the Joint Committee which presented proposals for the continued delivery of the external audit by Mazars for the three financial years 2022/23 to 2024/25 (for copy see file of Minutes).

The Finance Manager Neighbourhoods and Climate Change explained that the quotation provided by Mazars for 2022/23 of £1,700 was £270 higher than the previous three years (which was a fixed price) and would be increased in line with CPI for the two years thereafter. However, the increase was in line with public sector audit cost inflation that is being experienced throughout the audit industry. Mazar had met all deadlines for competition of the audits and have always proven very accessible.

Resolved:

That the Joint Committee appoint Mazars to undertake the external audit arrangements for the 2022/23, 2023/24 and 2024/25 financial years.

10 2022/23 Revenue Budget - Joint Report of the Corporate Director of Neighbourhoods and Climate Change and Corporate Director of Resources and Treasurer to the Joint Committee

The Joint Committee considered a joint report of the Corporate Director of Neighbourhoods and Climate Change which set out for consideration, proposals with regards to the 2022/23 revenue budgets for Mountsett Crematorium (for copy see file of Minutes).

The Finance Manager Neighbourhoods and Climate Change advised that the budget had been developed with the Bereavement Services Manager, taking into account the proposed Fees and Charges set out in the previous report, the 2021/22 forecast outturn position and known expenditure pressures in the coming year.

Details of the proposed budget and main changes from the 2021/22 budget were detailed in the report at paragraphs 4 to 12. The report further provided details of the surplus redistribution and earmarked reserves.

Resolved:

That Members of the Joint Committee note and approve the budget proposals contained within the report (as set out at Appendix 2) and that members note the forecast level of reserves and balances at 31 March 2023 (also set out at Appendix 2).

11 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 1 and 3 of Part 1 of Schedule 12A of the Act.

12 Restructure Report

The Joint Committee considered a report of the Neighbourhood Protection Manager which provided details of proposals relating to changes within the Crematorium staffing structure (for copy see file of Minutes).

Resolved:

That the recommendations contained in the report be agreed.

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Mountsett Crematorium Joint Committee

25 April 2022



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 date of the Joint Conference of the Federation of Burial & Cremation Authorities and the Cremation Society of Great Britain and inform the Bereavement Services Manager of any representation from the Joint Committee.
 - c. Note the latest round of recycling of metals.
 - 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 2022 to 31 March 2022 inclusive, with comparative data in the same periods last year:

	2019/20 (Pre-Covid)	2020/21	2021/22	Change from 20/21
January	133	145	154	+9
February	128	165	136	-29
March	103	177	126	-51
TOTAL	364	487	416	-71

6. There were 416 cremations undertaken during the period, compared to 487 in the comparable period last year, a decrease of 71 cremations for this period. The profile of where families came from can be seen below:

Gateshead	98
Durham	234
Outside Area	84
Total	416

7. The total number of cremations in 2021/22 was 1,463 compared with 1,758 in 2020/21, a decrease of 295, which is due to the Covid pandemic peak in 2020/21.
8. The 2021/22 budget was set at a prudent assumption of 1,300 cremations during the year. The actual number of cremations undertaken was therefore 163 more than the budget position. This is reflected in an over achievement of cremation fee income of £96,080 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
2012/13	1,404
2013/14	1,191
2014/15	1,320
2015/16	1,300
2016/17	1,439

Year	Cremations
2017/18	1,396
2018/19	1,330
2019/20	1,405
2020/21	1,758
2021/22	1,463

Memorials

10. The table below outlines the number and value of the memorials sold in the period January to March 2022 compared to the same period the previous year.

	Jan – March 2020/21		Jan – March 2021/22	
	Number	£	Number	£
Large Plaques	4	1,608	2	804
Small Plaques	13	3,393	13	3,393
Memorial leaves	7	700	14	1,400
Total	24	5,701	29	5,597

11. In overall terms the number and value of memorials sold of 29 / £5,597 compares to 24 / £5,701 in the same period last year, which is an increase of 5 memorials sold but a small decrease of £104 income.
12. The table below identifies the total number and value of memorials sold during 2021/22 compared to 2020/21:

	2020/21 Total		2021/22 Total	
	Number	£	Number	£
Large Plaques	17	6,834	14	5,808
Small Plaques	59	15,399	66	17,871
Memorial leaves	9	900	32	3,200
Total	85	23,133	112	26,879

Operational Matters

Cremation & Burial Conference & Exhibition 2022

13. The Joint Conference of the Federation of Burial & Cremation Authorities and the Cremation Society of Great Britain is to be held at the Hilton Ageas Bowl, Southampton from Monday 20 to Wednesday 22 June 2022. Unfortunately the Bereavement Services Manager & Registrar is unable to attend, however if any Member wishes to attend, the necessary arrangements can be made for representation at the conference.

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

There are no implications.

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.

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**Mountsett Crematorium Joint
Committee**

25 April 2022

**Financial Monitoring Report –
Provisional Outturn as at 31 March 2022**



Joint Report of

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

**Paul Darby, Corporate Director of Resources 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 2021/22 and the projected level of reserves and balances at 31 March 2022.

Executive summary

- 2 This report sets out details of income and expenditure in the period 1 April 2021 to 31 March 2022, together with the provisional outturn position for 2021/22, 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 2021 and forecast final position at 31 March 2022, 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 £373,591 against a budgeted surplus of £24,662, £348,929 more than than the budgeted position.
- 5 Contributions to the earmarked reserves are forecast as £348,929 more than originally budgeted, mainly due to the in year underspend on the cremator replacement works and additional income due to increased

cremations carried out throughout the year, partly offset by the energy improvements, which were planned to be carried out in 2020/21.

- 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 £10,358 is required.
- 7 The retained reserves of the MCJC at 31 March 2022 are forecast to be £622,591 along with a General Reserve of £308,686, giving total reserves and balances position of £931,277 at the year end.

Recommendation(s)

- 8 It is recommended that Members note the April 2021 to March 2022 financial monitoring report and associated provisional revenue outturn position at 31 March 2022, 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 quarterly 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 2021/22 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 2022.

Subjective Analysis	Base Budget 2021/22 £	Year to Date Actual April – March £	Provisional Outturn 2021/22 £	Variance Over/ (Under) £
Employees	186,184	185,830	188,480	2,296
Premises	543,913	286,207	298,512	(245,401)
Transport	900	4,385	2,804	1,904
Supplies & Services	79,545	80,982	91,718	12,173
Agency & Contracted	13,385	4,843	4,843	(8,542)
Capital Charges	150,641	0	151,227	586
Central Support Costs	29,720	29,720	29,720	0
Gross Expenditure	1,004,288	591,967	767,305	(236,983)
Income	(1,028,950)	(1,136,021)	(1,140,896)	(111,946)
Net Income	(24,662)	(544,054)	(373,591)	(348,929)
Transfer to / (from) Reserves				
- Repairs Reserve	15,000	0	15,000	0
- Cremator Reserve	(340,338)	0	8,591	348,929
- General Reserve	0	0	0	0
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 2021 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2022 £
Repairs Reserve	(84,370)	(15,000)	0	(99,370)
Cremator Reserve	(524,988)	(8,591)	10,358	(523,221)
General Reserve	(298,328)	(360,358)	350,000	(308,686)
Total	(907,686)	(383,949)	360,358	(931,277)

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 £373,591 against a budgeted surplus of £24,662, £348,929 more than the budgeted position.
- 14 This compares with the previously forecast position, based on income and expenditure to 31 December 2021, as reported to the Joint

Committee on 31 January 2022, of a deficit (before transfers to reserves and distribution of surpluses to the partner authorities) of (£20,801) against a budgeted surplus of £24,662, £45,463 less than the budgeted position. The provisional outturn surplus position is therefore £394,392 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 **£1,769** higher than projected at quarter 3 mainly due to additional overtime payments.
- Premises costs are **(£350,633)** lower than previously projected with the remaining costs to be billed in 2022/23.
- Transport costs relating to mileage expenses are **£161** more than previously projected.
- Supplies and Service costs are **£1,295** more than previously projected mainly due to increased medical fees.
- Capital charges are **£586** higher than previously projected due to the loan required for the cremator replacements being slightly higher than initially forecast.
- Income is **(£47,570)** 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 and in addition, in line with the accounting policies, sundry creditor and debtor provisions are required after the 31 March. This results in additional charges/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 and electric charges not yet received from utility companies
- Medical referee fees for the final quarter of the year
- Computer software licence fees not yet invoiced
- Income relating to the 2021/22 CAMEO scheme for mercury abatement credits
- Annual loan repayment to Durham County Council

15.1 **Employees**

The outturn shows a forecast overspend of **£2,296**, in relation to employee costs. The reasons for this are identified below:

- Staffing costs overspent by **£2,296** due to increased overtime.

15.2 Premises

The outturn shows a forecast underspend of **(£245,401)** in relation to premises costs. The reasons for this are identified below:

- One off SAMP budgets of £125,000 relating to energy improvements in 2020/21 were unspent due to project delays, with works commencing in 2021/22. The works are nearly complete and it is therefore forecast to overspend by **£111,824** in 2021/22.
- One off SAMP budgets relating to the replacement of the existing curtain track will underspend by **(£6,000)** as it is no longer required.
- One off SAMP budgets relating to redecoration works will underspend by **(£17,000)** due to covid posters having to be displayed on the walls at all times during the year. The works will now be undertaken in 2022/23.
- Cremator replacement costs are forecast to underspend by **(£346,267)** with the remaining costs to be billed in 2022/23.
- Utilities are forecast to overspend by **£11,435** due to rising energy costs.
- General office costs such as equipment are forecast to overspend by **£607**.

15.3 Supplies and Services

The outturn shows a forecast overspend of **£12,173** 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 **£4,626**.
- Purchasing of webcasts is forecast to overspend by **£9,319** due to the initial limited chapel capacity and continued high demand. These costs are offset by additional income received, highlighted later in the report.
- The conference and seminars budget will underspend by **(£1,000)** due to the cancellation of the annual conference.
- General office costs are forecast to underspend by **(£772)**.

15.4 **Income**

An increase in income of **(£111,946)** from the 2021/22 budget is included within the updated outturn forecasts. The reasons for this are identified below:

- The outturn includes an increase of 163 cremations compared to the budget, totalling increased income to budget of **(£96,080)**. The outturn allows for a total of 1,463 cremations against a budgeted 1,300 during 2021/22.
- Book of Remembrance entries and Webcast sales are expected to be higher than budget resulting in additional of income of **(£12,840)**.
- Interest received is forecast to be underachieved by **£720** as the bank accounts were not accruing any interest for much of the year due to the low bank interest rates.
- Income from the Crematoria Abatement of Mercury Emissions Organisation (CAMEO) is forecast to overachieve by **(£3,746)**.

16 **Earmarked Reserves**

Contributions to the earmarked reserves are **£348,929** more than originally budgeted, mainly due to the in year underspend on the cremator replacement works and additional income due to increased cremations carried out throughout the year, partly offset by the energy improvements, which were planned to be carried out in 2020/21.

In line with the MCJC Reserve Policy to maintain a General Reserve of 30% of the income budget, a transfer to the General Reserve of £10,358 is required.

The retained reserves of the MCJC at 31 March 2022 are forecast to be **£622,591** along with a General Reserve of **£308,686**, giving a forecast total reserves and balances position of **£931,277** 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**

25 April 2022

Risk Register Update 2021/22 Review 2



**Joint Report of Alan Patrickson, Corporate Director,
Neighbourhoods and Climate Change; and Paul Darby, Corporate
Director of Resources 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 2022.

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 Since the previous review, the net evaluation of one risk (suspension notice) has been downrated. This report also includes brief updates on three risks (demand for cremations, Covid non-compliance and sickness absence).
- 4 The net evaluation of each risk is now within the risk appetite.

Recommendation

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

Background

- 6 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

- 7 The current service risk register is included in **appendix 4**.
- 8 *Risk of a suspension notice under Regulation 37, Environmental Permitting Regulations 2016, leading to a partial cessation of operations at Mountsett Crematorium* (appendix 4, risk 1). Two new cremators went operational in October 2021 and January 2022. Cremator no. 2 has successfully passed emissions testing and cremator no. 1 will be tested in early April (the equipment must have been running for three months before testing can be undertaken). The net risk evaluation has been downrated from moderate impact/possible likelihood to moderate/unlikely.
- 9 *Demand for cremations exceeds capacity* (appendix 4, risk 2). The number of cremations has been close to normal throughout the review period, despite a very steep rise in Covid infection rates in January 2022.
- 10 *Non-compliance with ~~coronavirus regulations~~ advisory Covid safety measures by members of the public leading to a local outbreak and capacity issues in deaths management services* (appendix 4, risk 4). The description of this risk has been modified to reflect the Government's ending of mandatory Covid-19 public health measures in February 2022. Masks and sanitiser continue to be made available and mourners are encouraged to exercise caution.
- 11 *Sickness absence of key staff* (appendix 4, risk 6). There have been occasional capacity pressures due to staff absences, but operations were maintained by deploying relief staff.
- 12 A profile of service risks is included in **Appendix 5**.

Conclusion

- 13 The net evaluation of each risk is within the risk appetite (shaded area in appendix 5).

Contact:	Paul Darby	Tel: 03000 261930
	Kevin Roberts	Tel: 03000 269657

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

Climate Change

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

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	Unlikely	18	Tolerate	Two new cremators went operational in October 2021 and January 2022. Cremator no.2 has passed emissions testing and cremator no. 1 will be tested in early April (equipment must have been running for three months before testing can be undertaken). The net risk evaluation has been downrated from moderate impact, possible likelihood to moderate, unlikely.
2	Demand for cremations exceeds capacity.	Minor	Possible	18	Treat	The number of cremations has been close to normal throughout the review period, despite a very steep rise in infection rates in January 2022.
3	Serious breach of health and safety legislation	Moderate	Unlikely	16	Tolerate	
4	Non-compliance with coronavirus regulations advisory Covid safety measures by members of the public leading to a local outbreak and capacity issues in deaths management services.	Moderate	Unlikely	16	Tolerate	The description of this risk has been modified to reflect the Government's ending of mandatory Covid-19 public health measures in February 2022. Masks and sanitiser continue to be made available and mourners are encouraged to exercise caution.
5	ICT and Power Failure	Minor	Unlikely	10	Tolerate	
6	Sickness absence of key staff	Moderate	Remote	7	Tolerate	There were occasional capacity pressures due to staff absences during the last 6 months, but operations were maintained by deploying relief staff.
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 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	1 Suspension Notice 3 Health & Safety Breach 4 COVID non-compliance			
Minor (score 4 – 6)	8 Confidentiality 9 Loss of Income	5 ICT & Power	2 Cremations Capacity		
Insignificant (score 1 – 3)					
Likelihood	Remote (score 1)	Unlikely (score 2)	Possible (score 3)	Probable (score 4)	Highly Probable (score 5)

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**Mountsett Crematorium Joint
Committee**

25 April 2022

Annual Internal Audit Report 2021/22



Report of the Chief Internal Auditor and Corporate Fraud Manager

Purpose of the Report

1. The purpose of this report is to present the Annual Internal Audit Report for 2021/22. (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 Committee's Framework of Governance, Risk Management and Control.
3. The work undertaken by Internal Audit in 2021/22 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. The report provides a **Substantial** overall assurance opinion on the adequacy and effectiveness of the governance, risk management and internal control arrangements operating across the Joint Committee in 2021/22.
6. This Substantial opinion identifies that there is a sound system of control. Any weaknesses identified expose some of the system objectives to minor risk.

Recommendation

7. Members note the content of the Annual Internal Audit Report and the overall 'Substantial' opinion provided on the adequacy and effectiveness of the governance, risk management and control environment for 2021/22.

Background

8. 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.
9. 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: Tracy Henderson, Chief Internal Auditor and Corporate Fraud Manager DCC
Tel: 03000 269668

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

Climate Change

None

Accommodation

None

Crime and disorder

None

Human rights

None

Consultation

None

Procurement

None

Disability issues

None

Legal Implications

Compliance with Public Sector Internal Audit Standards.



**MOUNTSETT CREMATORIUM
JOINT COMMITTEE**

**INTERNAL AUDIT
ANNUAL REPORT
2021/22**

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Appendix 3 Internal Audit Report Mountsett Crematorium 2021/22

Introduction

1. This report summarises the work carried out by Durham County Council Internal Audit and Risk Service during 2021/22, as part of the three-year Service Level Agreement covering the provision of Internal Audit Services up to 31 March 2023.
2. All Internal Audit work carried out in 2021/22 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. In carrying out our work in 2021/22, we can confirm that there have been no impairments to this independence and objectivity during the year.
6. The Internal Audit Charter establishes and defines the role, the terms of reference and the scope of audit work, including the audit strategy, organisational independence and the reporting lines of Internal Audit. The Charter in its current form was last considered by the Joint Committee on 28 September 2021.
7. In accordance with the Internal Audit Charter, a risk-based audit approach has been applied to work undertaken in 2021/22.
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 2021/22 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 2021/22 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 February 2022 in accordance with terms of reference agreed with the Crematorium's Bereavement Services Manager.
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 28 September 2021 and 25 April 2022.
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 30 June 2021, received an evaluation, in the form of a self-assessment carried out by the Interim 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 2020/21, 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 2020/21.
20. Since the self-assessment was undertaken for 2020/21, an external assessment for 2021/22 has been carried out by CIPFA, during February 2022, against the PSIAS. The assessment report from CIPFA provides the opinion that '**Durham County Council's Internal Audit Service's self-assessment is accurate and as such we conclude that they FULLY CONFORM to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note**'. Within the assessment report, some improvement opportunities have been identified and an action plan has been developed to address these.

21. In compliance with the service's quality assurance framework, the 2021/22 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 Chief Internal Auditor and Corporate Fraud Manager is able to provide a **Substantial** overall assurance opinion on the adequacy and effectiveness of the governance, risk management and internal control arrangements operating across the Joint Committee in 2021/22. 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 2021/22 Annual Governance Statement.



Internal Audit Report

Mountsett Crematorium

13590/2022

Final Report

Assurance Opinion: Substantial

Prepared by: Jill Nattrass, Senior Auditor
Graeme Adcock, Apprentice internal Auditor

Reviewed by: Paul Monaghan, Audit Manager
David Mitchell, Principal Auditor

Date issued: 08 March 2022

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Introduction

1. As part of the 2021/22 Internal Audit Plan, an audit was carried out in February 2022 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 2021 and resulted in a Substantial assurance opinion.
3. Due to the COVID 19 pandemic and the government guidance in place at that time the previous audit in 2020/21 was carried out remotely and, in order to reduce the burden on the Bereavement Services Manager and Crematorium staff in collating and providing information to Internal Audit, the sample sizes reduced. Following the relaxation of government restrictions, the 2021/22 audit was able to be carried out on site and sample sizes were returned to the usual levels.

Conclusion

4. The audit work carried out can provide a Substantial level of assurance that the control framework and procedures in place are effective in managing the associated risks.

Summary of Findings

5. The review covering the period 1st January 2021 to 31st December 2021 confirmed that there were effective arrangements in place for the management of the risks associated with the operation of Mountsett Crematorium.
6. Compliance testing in relation to the adherence to Crematorium regulations and the associated income related income was carried out for a sample of 48 cremations which took place during the months of May, September and December 2021. A total of 1,532 cremations had taken place from January 2021 to December 2021.
7. The register of cremations was found to be accurate, and entries were traced to supporting documentation including the application form, medical forms, authorisation to cremate, and treatment of ashes.
8. 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 2021.
9. Fees for 2021/22 had been appropriately approved and charged in respect of cremations, memorial plaques, the newly introduced memorial leaves and entries into the book of remembrance

10. Audit testing confirmed that all charges in respect of cremations, memorial plaques and leaves, and entries into the book of remembrance had been correctly applied in accordance with the approved charges.
11. 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. It was also noted that a credit card payment facility is now available at the crematorium. The introduction of the credit card facility was facilitated by the Payments, Income and Support Team and training has been provided to the appropriate staff.
12. 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.
13. Invoices for cremation costs for the sample of 48 transactions reviewed, confirmed that invoices had been promptly raised on the Burial and Cremation Administration System (BACAS) on the date when each cremation had taken place, and all had a corresponding payment.
14. Appropriate controls are in place for recovering outstanding invoices and at the time of the audit review there were no outstanding invoices of concern.
15. Appropriate controls were in place for the management of petty cash including the independent verification of expenditure by Finance. Petty cash was reconciled while at the crematorium and all purchases were found to be appropriate.
16. Testing of expenditure transactions from a report obtained from the SAGE accountancy system confirmed that, for all relevant expenditure incurred during the audited year, purchase orders had been appropriately raised for the majority of expenditure. However, a best practice recommendation has been raised later in the report with regard to retrospective purchase orders.
17. Salary information for the period 1st January to 31st December 2021 was obtained from SharePoint and the payroll data held in Finance. From this, four employees in receipt of overtime and two employees 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.
18. As a result of the audit, there were no high or medium priority findings.
19. One best practice recommendation has been identified during the audit;
 - Purchase orders (POs) are not always raised before the invoice. 203 invoices were reviewed and of these 80 had retrospective POs. The service should investigate the possibility of raising “blanket” POs at the start of the financial year for regular suppliers. This would reduce the amount of work for the crematorium staff with respect to raising individual orders for regular suppliers for every purchase.

Background

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

Scope and Audit Approach

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

Overall Assurance Opinion and Priority of Our Recommendations

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

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.

26. 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.

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