



## **Mountsett Crematorium Joint Committee**

**Date** Tuesday 25 April 2023  
**Time** 9.30 am  
**Venue** Chapel - Mountsett Crematorium, Dipton

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### **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. Substitute Members
3. Minutes of the Meeting held on 30 January 2023 (Pages 3 - 8)
4. Declarations of Interest, if any.
5. Performance and Operational Report - Report of the Bereavement Services Manager (Pages 9 - 16)
6. Financial Monitoring Report - Provisional Outturn as at 31 March 2023 - Joint Report of the Corporate Director of Neighbourhoods and Climate Change and Corporate Director of Resources and Treasurer to the Joint Committee (Pages 17 - 26)
7. Risk Register Update 2022/23 Review 2 - Joint Report of the Corporate Director of Neighbourhoods and Climate Change and Corporate Director of Resources and Treasurer to the Joint Committee (Pages 27 - 34)
8. Annual Internal Audit Report 2022/23 - Report of the Chief Internal Auditor and Corporate Fraud Manager (Pages 35 - 50)
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  
17 April 2023

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

**Durham County Council:-**

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

**Gateshead Council:**

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

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**Contact: Lucy Gladders**

**Tel: 03000 269 712**

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## DURHAM COUNTY COUNCIL

At a Meeting of **Mountsett Crematorium Joint Committee** held in Chapel - Mountsett Crematorium, Dipton on **Monday 30 January 2023 at 9.30 am**

### **Present:**

**Councillor D Bradford** (Vice Chair in the Chair)

### **Durham County Council**

Councillors V Andrews, J Charlton, A Hanson, P Heaviside, D Oliver, K Rooney and M Walton

### **Gateshead Council:**

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

## **1 Apologies for Absence**

Apologies for absence were received from Councillors A Batey and C Hampson (Durham County Council) and Councillors K Dodds and M Ord (Gateshead Council).

## **2 Substitute Members**

There were no substitutes.

## **3 Minutes of the Meeting held on 29 September 2022**

The minutes of the meeting held on 29 September 2023 were confirmed as a correct record and signed by the Vice 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 an update relating to performance and other operational matters (for copy see file of Minutes).

The Bereavement Services Manager and Registrar advised that during the period 1 September 2022 to 31 December 2022, there were 430 cremations, compared to 479 in the comparable period last year, a decrease of 49 cremations for the period.

In addition, the number of memorials sold in the same period was 37 compared to 25 in the comparable period last year, an increase of 12 memorials sold and £1,374 year on year.

Moving on he provided an update on the Green Flag Application noting that an application would be submitted for the 2023 Award in due course, with progress being reported back to a future meeting.

In addition, he provided an update on the recycling of metal scheme, noting that collections in 2022 had resulted in a second round of nominations being made available. Further to requests from Members, two charities could be nominated at a time and therefore Red Sky Foundation and Cancer Research UK had been nominated to receive the next round of funds.

The Bereavement Services Manager and Registrar referred members to discussion at the previous meeting relating to Energy Improvement works, noting that a sum of £75,000 was allocated in the 2022/23 budget to carry out remaining works to the building. However, an updated quotation of £110,000 had been received which included costs for cavity wall insulation. As a result, an additional £35,000 would be required in order to complete works to replace roof lights, remaining doors, cladding of pipework and electrical works and Members were asked therefore to consider the increased quotation.

Councillor Charlton asked whether any additional quotes had been sought for the cavity wall insulation. The Bereavement Services Manager advised that two further quotes had been sought however they had not yet been received.

Councillor Walton commented that a 50% increase on the original quotation seemed high and asked whether this could be negotiated down. The Bereavement Services Manager suggested that he would go back to them to discuss further.

Councillor Bradford also suggested that additional quotes be sought externally.

**Resolved:**

- (a) That the current performance of the crematorium be noted.
- (b) That the continued success with regards to the Green Flag Award be noted.
- (c) That the updated position with regards to the recycling of metals scheme be noted.
- (d) That the update with regards to increases in costs associated with energy improvement works be noted.

## **6 Financial Monitoring Report 2022/23: Position at 31/12/22 with Projected Outturn to 31/03/23**

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 provided details of the projected outturn position for 2022/23 and the projected level of reserves and balances at 31 March 2023 (for copy see file of Minutes).

### **Resolved:**

That the April to December 2022 financial monitoring report and associated provisional outturn position at 31 March 2023, including the projected year position with regards to the reserves and balances of the Joint Committee be noted.

## **7 Provision of Support Services 2023/24**

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 sought agreement of the proposed Service Level Agreement for Support Service provision by Durham County Council to the Mountsett Crematorium Joint Committee for the period April 2023 to March 2024 (for copy see file of Minutes).

The Finance Manager, Neighbourhoods and Climate Change advised that the proposed charge for 2023/24 was £24,940 and represented a 5% increase on the recharges levied in 2022/23, which took into account pay / price inflation and was in line with budgetary assumptions.

### **Resolved:**

That the Service Level Agreement attached at Appendix 2 for the year 2023/24 be approved.

## **8 Fees and Charges 2023/24**

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 2023/24 (for copy see file of Minutes).

Councillor Charlton referred to comments she had made previously, noting that whilst he appreciated that this was a business, she felt that the increase was too high. The Finance Manager, neighbourhoods and Climate Change added that whilst he understood the concerns and points made, the level of increase at 3.9% allowed

the whole operation to remain sustainable, whilst also keeping charges amongst the lowest in the region.

Councillor Heaviside asked whether the energy charges were paid for under the wider Durham contract. In response the Finance Manager, Neighbourhoods and Climate Change confirmed that energy was purchased under the DCC NEPO contract.

Further discussion took place regarding the increased charges relating to memorials and memorial renewals, noting that whilst the proposed increase on paper may appear high, related charges had not been increased for around 10 years and would not be increased again for a period of time.

Following a question regarding direct cremations the Bereavement Services Manager advised that there had been increased interest in this lower cost funeral option. He suggested that whilst he did not have the figures he would look to report back to the next meeting with that information.

**Resolved:**

- (i) That members of the Joint Committee note and approve the proposed fees and charges at Appendix 2 effective from 1 April 2023, which sought to increase cremation charges by £30 (3.92%) per cremation from £765 to £795.
- (ii) That the proposed fees and charges be incorporated into the 2023/24 budget.

## **9 2023/24 Revenue Budget**

The Joint Committee considered a joint report of the Corporate Director of Neighbourhoods & Climate Change and Corporate Director of Resources and Treasurer to the Joint Committee which set out proposals with regards to the 2023/24 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 2022/23 forecast outturn position and known expenditure pressures in the coming year.

Details of the proposed budget and main changes from the 2023/24 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 2024 (also set out at Appendix 2).

## **10 Any other business**

### **Correspondence from Kevan Jones MP**

The Bereavement Services Manager provided details to the Joint Committee of correspondence which had been received from Kevan Jones MP's office, regarding a request from a constituent to have a 'Letters to Heaven' post box installed at Mountsett Crematorium.

Whilst the Joint Committee noted the sentiment, value to others and that some other crematoria were already offering this service, it was felt that this was not something which could be progressed at Mountsett, and a suggestion was made that the request be forwarded to local Funeral Directors for their consideration.

## **11 Exclusion of the Public**

### **Resolved:**

That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involved the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Act.

## **12 Minutes of the meeting held on 29 September 2022**

The minutes of the meeting held on 29 September 2022 were confirmed as a correct record and signed by the Chair.

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**Mountsett Crematorium Joint Committee**

**25 April 2023**

**Performance and Operational Report**



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**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 attendance at the Joint Conference of the Federation of Burial & Cremation Authorities and the Cremation Society of Great Britain.
  - c. Note the distribution of recycling income to the respective charities.
  - d. Consider the increase in costs of the energy improvement works.
  - e. Consider options for the temporary cremator and agree which one to proceed with.

## 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 2023 to 31 March 2023 inclusive, with comparative data in the same periods last year:

	<b>2021/22</b>	<b>2022/23</b>	<b>Change</b>
January	154	145	- 9
February	136	133	- 3
March	126	132	+ 6
<b>TOTAL</b>	<b>416</b>	<b>410</b>	<b>- 6</b>

6. There were 410 cremations undertaken during the period 1 January 2023 to 31 March 2023, compared to 416 in the same period last year, a decrease of 6. The profile of where families came from can be seen below:

Gateshead	106
Durham	228
Outside Area	76
<b>Total</b>	<b>410</b>

7. The total number of cremations in 2022/23 was 1,445 compared with 1,463 in 2021/22, a decrease of 18.
8. The 2022/23 budget was set at a prudent assumption of 1,300 cremations during the year. The actual number of cremations undertaken was therefore 145 more than the budget position. This is reflected in an over achievement of cremation fee income of £90,985 in year, which is included in the budgetary control report.
9. The table below shows the comparative figures for the previous ten financial years:

<b>Year</b>	<b>Cremations</b>
2013/14	1,191
2014/15	1,320
2015/16	1,296
2016/17	1,439
2017/18	1,396
2018/19	1,331
2019/20	1,399
2020/21	1,758

Year	Cremations
2021/22	1,463
2022/23	1,445
<b>10 Year Average</b>	<b>1,404</b>

10. For Members information, the table below provides details of the number of direct cremations, which are included in the totals above, for the period 1 April 2022 to 31 March 2023, with comparative data for the same period last year:

	2021/22	2022/23	Change
Direct Cremation – Attended	0	0	0
Direct Cremation - Unattended	98	67	- 31
<b>TOTAL</b>	<b>98</b>	<b>67</b>	<b>- 31</b>

## Memorials

11. 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 2021/22		Jan – March 2022/23	
	Number	£	Number	£
Large Plaques	2	804	2	804
Small Plaques	13	3,393	10	2,610
Memorial leaves	14	1,400	5	500
Renewals	0	0	8	1,392
<b>Total</b>	<b>29</b>	<b>5,597</b>	<b>25</b>	<b>5,306</b>

12. In overall terms the number and value of memorials sold of 25 / £5,306 compares to 29 / £5,597 in the same period last year, a decrease of 4 memorials and a small decrease in income of £291.

13. The table below identifies the total number and value of memorials sold during 2022/23 compared to 2021/22:

	2021/22 Total		2022/23 Total	
	Number	£	Number	£
Large Plaques	14	5,808	6	2,466
Small Plaques	66	17,871	53	14,388
Memorial leaves	32	3,200	31	3,100
Renewals	0	0	13	2,262
<b>Total</b>	<b>112</b>	<b>26,879</b>	<b>103</b>	<b>22,216</b>

## Operational Matters

### Cremation & Burial Conference & Exhibition 2023

14. 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 26 to Wednesday 28 June 2023. As in previous years, the necessary arrangements will be made for representation at the conference by the Bereavement Services Manager.

### **Recycling of Metals Scheme**

15. Members were advised at the previous meeting that we had nominated Cancer Research UK and Red Sky Foundation and a payment of £6,000 was made to each charity in April.
16. For members information we are currently trialling out a new company with regards to collection of metals for recycling which could increase distribution for more charities in the future.

### **Energy Improvement Works**

17. At the last meeting Members were advised that a sum of £75,000 was allocated in the 2022/23 budget to carry out remaining energy improvement works to the building. However an updated quotation of £110,000 was received for this work which excludes cavity wall insulation. This would require an additional £35,000 in order to complete works to replace the roof lights, remaining doors, cladding of pipework and electrical works.
18. Members asked the Bereavement Services Manager to speak to the project management team and see if this cost could be reduced or to go externally.
19. Discussion were held with our design services team, however they have informed me that we are unable to go out externally due to Health and Safety issues, also due to costs of material etc they are unable to reduce costs any further.
20. Members are therefore asked to consider the increase in costs and decide if they wish to go ahead with the works.

### **Temporary Cremator**

21. Members will recall that a temporary cremator was purchased (not including container) during Covid 19 in order to assist with the pandemic and also to help ensure business continuity in the event of failure with the previous cremators, which were becoming unreliable at that time.
22. The two new cremators were fully installed and operational in 2021 and they have proved to be be very reliable. It is considered that they will

have the necessary capacity to cope with any future increased demand, without the need for the temporary cremator.

23. This temporary cremator was well used during this period, however more recently we have started to use it infrequently.
24. The monthly rental costs for the temporary cremator are £1,035 for renting the container and £385 to cover routine maintenance and servicing of the cremator, which is contracted to run until July 2023, when a further annual contract could be entered into. The agreement states that the rental period can be terminated early by giving three months notice.
25. The original agreement made during March 2020 included a fee of £33,450 to recover the empty container with the cremator being relocated elsewhere at Mountsett crematorium. Applying RPI to the March 2020 price as per the contract, gives a revised cost of £41,670 at today's price.
26. The cremator is unabated and we therefore have to pay an environmental surcharge to CAMEO of £59 per cremation from 1 January 2023 when using it.
27. It is now considered an appropriate time for Members to consider options for the temporary cremator, which are detailed below.

Option 1     ***Purchase the container that the cremator is currently housed in***

After speaking with the contractor, Facultatieve, they have informed us that they will not sell us the container. Therefore this option is discounted.

Option 2     ***Continue to rent the container***

The Joint Committee will continue to pay the rental and maintenance at a cost of £17,040 per year (subject to contract renewal).

Option 3     ***Contractor to remove the container and cremator***

Facultatieve would be willing to take back the container and the cremator into their possession, including dismantling and collection.

Facultatieve have made an offer for the return of our cremator to them on the suggested following terms:

- A used cremator normally has little residual value, as there isn't really a market for them.
- Terminate the contract immediately and they will waive the decommissioning and collection fee for the

container of £41,670 plus the 3 months rental and maintenance fee of £4,260.

- This potentially saves us £45,930, or we could consider it as being the residual sale value of the cremator, with our contract being terminated in full early. The contractor would then try to locate a potential buyer for the used cremator or remove any serviceable parts.

There are however associated remedial costs for the site when the container and cremator are removed. These include fencing works, gas / electrical works and reinstatement of the concrete pad and have been estimated at £20,000.

Option 4     ***Contractor removes the container and the cremator is moved into storage***

This option is to terminate the contract for the container and move the cremator into storage at Meadowfield depot.

The costs associated with this option are:

- £41,670 decommissioning and collection fee for the container
- £4,260 for 3 months rental for the contract termination period
- Unknown but significant cramage and haulage costs for moving the cremator to the depot.

The cremator would need to be stored carefully so that it is in a non-condensing environment to protect the electronics, and also frost free. It is considered by the contractor that the cremator would gradually deteriorate due to lack of use and corrosion.

28. It is recommended that due to the infrequent use of the temporary cremator and also the financial implications detailed above, Members approve Option 3.

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**Contact:     Graham Harrison,**

**Tel: 03000 265606**

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## **Appendix 1: Implications**

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### **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 2023**

**Financial Monitoring Report –  
Provisional Outturn as at 31 March 2023**



**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 2022/23 and the projected level of reserves and balances at 31 March 2023.

**Executive summary**

- 2 This report sets out details of income and expenditure in the period 1 April 2022 to 31 March 2023, together with the provisional outturn position for 2022/23, 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 2022 and forecast final position at 31 March 2023, 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 £176,923 against a budgeted surplus of £331,742, £154,819 less than than the budgeted position.
- 5 Contributions to the earmarked reserves are forecast as £154,819 less than originally budgeted.
- 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

£10,289 is required. An additional transfer of **£188,077** is required due to the forecast overspend in year. This results in a net transfer from the Cremator Replacement Reserve of **£198,366**.

- 7 The retained reserves of the MCJC at 31 March 2023 are forecast to be £435,844 along with a General Reserve of £318,975, giving total reserves and balances position of **£754,819** at the year end.

### **Recommendation(s)**

- 8 It is recommended that Members note the April 2022 to March 2023 financial monitoring report and associated provisional revenue outturn position at 31 March 2023, 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 2022/23 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 2023.

Subjective Analysis	Base Budget 2022/23 £	Year to Date Actual April – March £	Provisional Outturn 2022/23 £	Variance Over/ (Under) £
Employees	201,198	213,771	216,422	15,224
Premises	400,670	398,781	628,438	227,768
Transport	2,481	434	434	(2,047)
Supplies & Services	89,530	104,056	111,181	21,651
Agency & Contracted	7,039	9,794	9,794	2,755
Capital Charges	0	0	0	
Central Support Costs	30,590	30,590	30,590	0
<b>Gross Expenditure</b>	<b>731,508</b>	<b>757,427</b>	<b>996,859</b>	<b>265,350</b>
<b>Income</b>	<b>(1,063,250)</b>	<b>(1,165,611)</b>	<b>(1,173,782)</b>	<b>(110,532)</b>
<b>Net Income</b>	<b>(331,742)</b>	<b>(408,184)</b>	<b>(176,923)</b>	<b>154,819</b>
<b>Transfer to / (from) Reserves</b>				
- Repairs Reserve	15,000	0	15,000	0
- Cremator Reserve	(33,258)	0	(188,077)	(154,819)
- General Reserve	0	0		0
<b>Distributable Surplus</b>	<b>(350,000)</b>	<b>0</b>	<b>(350,000)</b>	<b>0</b>
<b>65% Durham County Council</b>	<b>227,500</b>	<b>227,500</b>	<b>227,500</b>	<b>0</b>
<b>35% Gateshead Council</b>	<b>122,500</b>	<b>122,500</b>	<b>122,500</b>	<b>0</b>

Mountsett Crematorium Earmarked Reserves	Balance @ 1 April 2022 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2023 £
Repairs Reserve	(99,370)	(15,000)	0	(114,370)
Cremator Reserve	(519,840)	0	198,366	(321,474)
General Reserve	(308,686)	(360,289)	350,000	(318,975)
<b>Total</b>	<b>(927,896)</b>	<b>(375,289)</b>	<b>548,366</b>	<b>(754,819)</b>

### 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 £176,923 against a budgeted surplus of £331,742, £154,819 less than the budgeted position.
- 14 This compares with the previously forecast position, based on income and expenditure to 31 December 2022, as reported to the Joint

Committee on 30 January 2023, of a deficit (before transfers to reserves and distribution of surpluses to the partner authorities) of £61,755 against a budgeted surplus of £331,742, £269,987 less than the budgeted position. The provisional outturn surplus position is therefore £115,168 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 **(£2,867)** lower than projected at quarter 3.
- Premises costs are **(£100,048)** lower than previously projected due to energy improvement works not taking place during the year.
- Transport costs relating to mileage expenses are **(£56)** less than previously projected.
- Supplies and Service costs are **£2,216** more than previously projected.
- Agency and contracted costs are **£2,353** higher than previously projected due.
- Income is **(£16,767)** higher than previously projected due to a higher level of bank interest and memorial income received.

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
- Income relating to the 2022/23 CAMEO scheme for mercury abatement credits

### 15.1 **Employees**

The outturn is overspent by **£15,224**, in relation to employee costs. The reasons for this are identified below:

- Staffing costs are overspent by **£15,224** mainly due to the national pay settlement for 2022/23 and average holiday entitlement back pay.

## 15.2 Premises

The outturn shows a forecast overspend of **£227,768** in relation to premises costs. The reasons for this are identified below:

- One off SAMP budgets relating to energy improvements in 2020/21 were delayed until the current year due to project delays. It is therefore overspent by **£13,193** in 2022/23.
- One off SAMP budgets relating to additional energy improvements were not completed and are underspent by **(£75,000)**. An update on the energy improvement works was provided earlier in the Quartely Performance Report.
- One off SAMP budgets relating to redecoration works in 2021/22 were delayed until the current year and it is therefore overspent by **£15,837**.
- One off SAMP budgets relating to installation of vehilce charging points is underspent by **(£1,645)**.
- The cremator replacement budget underspent in 2021/22 by £346,267 due to the completion of the project overlapping financial years into 2022/23. The fnal remaining costs paid in 2022/23 were **£210,682**.
- Energy budgets are overspent by **£43,156** due to the global increase in the cost of gas and electric.
- Grounds maintenance costs are forecast to overspend by **£12,062** mainly due to increased winter maintenance costs.
- Other premises costs such as general repairs and cremator repairs are forecast to overspend by **£9,483**.

## 15.3 Supplies and Services

The outturn shows a forecast overspend of **£21,651** 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 overspent by **£3,843**.
- Purchasing of webcasts is underspent by **(£3,030)**.
- General office costs are forecast to overspend by **£708**.
- Mercury abatement costs to CAMEO are overspent by **£20,130**. This is due to the temporary cremator not abating mercury omissions and also in part to the new cremators not abating during early installation in 2021

## 15.4 **Income**

An increase in income of **(£110,532)** from the 2022/23 budget is included within the updated outturn forecasts. The reasons for this are identified below:

- The outturn includes an increase of 145 cremations compared to the budget, totalling increased income to budget of **(£90,985)**. The outturn allows for a total of 1,445 cremations against a budgeted 1,300 during 2022/23.
- Book of Remembrance entries and Webcast sales are higher than budget resulting in additional of income of **(£790)**.
- Interest received is overachieved by **(£22,227)** due to rising interest rates.
- Income from the Crematoria Abatement of Mercury Emissions Organisation (CAMEO) is underachieved by **£3,470**.

## 16 **Earmarked Reserves**

Contributions to the earmarked reserves are forecast as £154,819 less than originally budgeted.

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 £10,289 is required. An additional transfer of £188,077 is required due to the forecast overspend in year. This results in a net transfer from the Cremator Replacement Reserve of £198,366.

The retained reserves of the MCJC at 31 March 2023 are forecast to £435,844 along with a General Reserve of £318,975, giving total reserves and balances position of £754,819 at the year end.

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<b>Contact:</b>	Philip Curran	Tel: 03000 261967
	Ed Thompson	Tel: 03000 263481

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## **Appendix 1: Implications**

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### **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 2023**

**Risk Register Update 2022/23 Review 2**

**Ordinary Decision**



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**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 2023.

**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 one risk, relating to potential non-compliance with Covid advisory safety measures, has been downrated. There are no other changes to report.
- 4 The net evaluation of each risk remains 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 *Non-compliance with Covid advisory safety measures by members of the public leading to a local outbreak and capacity issues in deaths management services* (appendix 4, risk 4).

It is over one year since Covid restrictions and measures were lifted and, in April 2022, the Government issued the Living with COVID-19 plan. Basic precautions, such as the provision of hand sanitiser, are being maintained and there are currently no issues of concern. The net likelihood of this risk has been downrated from unlikely to remote and it is anticipated that the risk will be closed in the next review in September 2023.

- 9 There are no other changes to report.
- 10 A profile of service risks is included in **appendix 5**.

## Conclusion

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

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<b>Contact:</b>	Paul Darby	Tel: 03000 261930
	Kevin Roberts	Tel: 03000 269657

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## **Appendix 1: Implications**

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### **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

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

## Appendix 3B: Strategic Risk Assessment Criteria – Likelihood Factors

Factor and Description		Expected Frequency
5	Highly Probable	<ul style="list-style-type: none"> <li>• <b>More than once a year</b></li> <li>• Something that is already occurring or is likely to be a regular occurrence throughout a one-year period</li> <li>• Inevitable i.e. the event is expected to occur in most circumstances</li> <li>• &gt;80% chance of occurring</li> </ul>
4	Probable	<ul style="list-style-type: none"> <li>• <b>Once a year</b></li> <li>• Something that has occurred in the last year or is likely to occur at least once throughout a one-year period.</li> <li>• Probable or where the conditions of the loss occur on a regular basis i.e. the event will probably occur in most circumstances</li> <li>• 61% to 80% chance of occurring</li> </ul>
3	Possible	<ul style="list-style-type: none"> <li>• <b>Every 1-3 years</b></li> <li>• Likely only to happen at some point over the next 1 to 3 years.</li> <li>• Possible but responding to well understood situations i.e. the event might occur at some time</li> <li>• 31% to 60% chance of occurring</li> </ul>
2	Unlikely	<ul style="list-style-type: none"> <li>• <b>Every 3-5 years</b></li> <li>• 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</li> <li>• 11% to 30% chance of occurring</li> </ul>
1	Remote	<ul style="list-style-type: none"> <li>• <b>Over 5 years</b></li> <li>• Rare activity or is unlikely based on current intelligence i.e. the event may only occur in exceptional circumstances</li> <li>• &lt; 10% chance of occurring</li> </ul>



## 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	Demand for cremations exceeds capacity.	Minor	Possible	18	Treat	
2	Serious breach of health and safety legislation	Moderate	Unlikely	16	Tolerate	
3	ICT and Power Failure	Minor	Unlikely	10	Tolerate	
4	Non-compliance with advisory safety measures by members of the public leading to a local outbreak and capacity issues in deaths management services.	Moderate	Remote	8	Tolerate	The net likelihood of this risk has been downrated from unlikely to remote and it is anticipated that the risk will be closed in the next review in September 2023.
5	Sickness absence of key staff	Moderate	Remote	7	Tolerate	
6	Breakdown of the partnership (with Gateshead Metropolitan Borough Council)	Moderate	Remote	7	Tolerate	
7	Failure of cremators or specialist equipment.	Minor	Remote	6	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)	4 COVID non-compliance 5 Sick Absence 6 Partnership	2 Health & Safety Breach			
Minor (score 4 – 6)	7 Cremator Failure 8 Data Breach 9 Loss of Income	3 ICT & Power	1 Cremations Capacity		
Insignificant (score 1 – 3)					
<b>Likelihood</b>	Remote (score 1)	Unlikely (score 2)	Possible (score 3)	Probable (score 4)	Highly Probable (score 5)

**Mountsett Crematorium  
Joint Committee**

**25 April 2023**

**Annual Internal Audit Report 2022/23**



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**Report of the Chief Internal Auditor and Corporate Fraud Manager**

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**Purpose of the Report**

1. The purpose of this report is to present the Annual Internal Audit Report for 2022/23. (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 2022/23 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 2022/23.
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 2022/23.

## **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

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**Contact: Tracy Henderson, Chief Internal Auditor and Corporate Fraud Manager DCC**  
**Tel: 03000 269668**

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## **Appendix 1: Implications**

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### **Finance**

The broad programme of work undertaken by Internal Audit supports the Joint Committee in maintaining safe and efficient arrangements for the proper administration of its financial affairs.

### **Staffing**

None

### **Risk**

There are no direct risk implications arising for the Joint Committee as a result of this report, although we aim through our planning arrangements to review the adequacy and effectiveness of the risk management arrangements in place.

### **Equality and Diversity / Public Sector Equality Duty**

None

### **Accommodation**

None

### **Crime and disorder**

None

### **Human rights**

None

### **Consultation**

None

### **Procurement**

None

### **Disability issues**

None

### **Legal Implications**

Compliance with Public Sector Internal Audit Standards.



**MOUNTSETT CREMATORIUM  
JOINT COMMITTEE**

**INTERNAL AUDIT  
ANNUAL REPORT  
2022/23**

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### **Appendix:**

Appendix 3 Internal Audit Report Mountsett Crematorium 2022/23

## **Introduction**

1. This report summarises the work carried out by Durham County Council Internal Audit and Risk Service during 2022/23, as part of the three-year Service Level Agreement covering the provision of Internal Audit Services up to 31 March 2026.
2. All Internal Audit work carried out in 2022/23 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 2022/23, 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 29 September 2022.
7. In accordance with the Internal Audit Charter, a risk-based audit approach has been applied to work undertaken in 2022/23.
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 2022/23 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 2022/23 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:
  - Income is not accounted for/misappropriated.
  - Significant risks are not being managed and the objectives are not being achieved.
  - Ineffective budget monitoring processes are in place.
  - Unauthorised payments are made.
  - Employees are incorrectly paid.
  - Equipment failure.
  - Non-compliance with the Cremation Regulations 2008 and with the Federation of British Cremation Authorities Code of Cremation Practice.
  - Lack of experienced staff.
  - Insufficient capacity to meet demand in the event of an epidemic, pandemic or major disaster.
  - Stock / Assets are not accounted for / misappropriated.
  - Damage / theft of equipment.
  - Ashes are disposed of incorrectly
11. This review was carried out during February 2023 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 29 September 2022 and 25 April 2023.
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 confirm that the findings of the review "must be considered as part of the consideration of the system of internal control". At least once every five years, an external assessment of arrangements must also be carried out.
18. The Council's Audit Committee, at its meeting on 1 July 2022, received an evaluation, in the form of an external assessment, carried out by the Chartered Institute of Public and Finance and Accountancy (CIPFA), in February 2022, of the Internal Audit Service's conformance to the Public Sector Internal Audit Standards (PSIAS) and CIPFA's Local Government Application Note.
19. The opinion delivered by CIPFA's external assessment was 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**'.
20. For 2021/22, this demonstrated that the Section was conforming to the Code's requirements. For 2022/23, a further self-assessment exercise will be carried out.
21. In compliance with the service's quality assurance framework, the 2022/23 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 2022/23. 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 2022/23 Annual Governance Statement.



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## Internal Audit Report

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### Mountsett Crematorium

13590/2023

### Final Report

**Assurance Opinion:** Substantial

**Prepared by:** Sarah Malpass, Senior Auditor  
Graeme Adcock, Apprentice Internal Auditor

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

**Date issued:** 17<sup>th</sup> February 2023

#### Distribution List

**For Action:** Graham Harrison, Bereavement Services Manager & Registrar

**For Information:** Ian Hoult, Neighbourhood Protection Manager  
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Oliver Sherratt, Head of Environment  
Tracy Henderson, 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 2022/23 Internal Audit Plan, an audit was carried out in February 2023 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 2022 and resulted in a Substantial assurance opinion.
3. For the period January 2022 to December 2022, a total of 1,446 cremations took place at Mountsett Crematorium.

## 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 audit, covering the period 1<sup>st</sup> January 2022 to 31<sup>st</sup> December 2022, confirmed that there were effective arrangements in place for the management of the risks associated with Mountsett Crematorium:
  - For a sample of 48 cremations which took place during the months of July, October and December 2022, it was identified that entries in the register of cremations were supported by complete source documentation (such as application forms, medical forms, and authorisation to cremate forms).
  - Established budget monitoring processes were found to be in place with quarterly budgetary control meetings taking place between the Bereavement Services Manager and the Senior Accountancy Assistant.
  - Sample testing identified that charges made in respect of cremations, memorial plaques, memorial leaves and book of remembrance entries were in accordance with the charge rates approved by the Mountsett Crematorium Joint Committee.
  - Sample testing confirmed that cremation invoices were promptly raised to funeral directors on the Burial and Cremation Administration System (BACAS) and all had a corresponding payment.
  - Adequate processes were in place to monitor outstanding debts owed by funeral directors.
  - Income that was directly received at the crematorium had been accurately and fully recorded and was confirmed to Finance's income spreadsheet.

- Petty cash payments were supported by appropriate receipts, had been accurately recorded and were for appropriate purchases. The petty cash balance was reconciled during the audit.
- Sample testing identified that staff payments in relation to overtime are supported by timesheets that are subject to appropriate authorisation and supporting documentation was maintained to verify staff payments in relation to sick pay.
- Independent reconciliations of income to the bank account were carried out by the Senior Accountancy Assistant each month.
- Transaction testing of a report that outlined expenditure incurred during 2022 confirmed that purchase orders had been appropriately raised for all items of expenditure. However, a best practice recommendation has been raised later in the report with regard to retrospective purchase orders.
- Sample testing of items of expenditure over £500 identified that quotes were routinely requested from potential suppliers prior to placing orders/agreeing works.

6. No high or medium priority recommendations have been raised in this audit.

7. Two best practice recommendations have been identified in this audit. A summary of these is set out below:

- The payment performance of the crematorium was reviewed via analysis of an expenditure report, and it was noted that the majority of invoices processed during 2022 had purchase orders raised retrospectively (126 of a total of 167 invoices) i.e. the order had been processed after the invoice date. Given that retrospective orders create delays in the financial commitment being reflected in the crematorium's budget, there is a risk that budget reporting information is inaccurate if a high proportion of orders are raised retrospectively. Purchase Orders (POs) should be raised at the point of procurement rather than at the point of invoice provision and blanket orders should be utilised where relevant.
- Whilst a Business Continuity Plan is in place for Bereavement Services, it was noted that the plan has an overdue review date (the plan records it was due for review in August 2022). A review of the Business Continuity Plan should take place to ensure that the plan is current and up-to-date key contacts details are recorded.

## Background

8. This review has been carried out in accordance with the Terms of Reference.
9. 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.
10. 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.
11. In carrying out the audit, the time and assistance afforded by the Bereavement Services Manager and crematorium staff was greatly appreciated.

## Scope and Audit Approach

12. 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).

## Overall Assurance Opinion and Priority of Our Recommendations

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

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



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

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

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