



Central Durham Crematorium Joint Committee

Date **Wednesday 26 April 2023**
Time **2.00 pm**
Venue **Committee Room 1A , County Hall, Durham**

Business

Part A

Items which are open to the Public and Press

1. Apologies for Absence
2. Substitute Members
3. Minutes of the meeting held 25 January 2023 (Pages 3 - 8)
4. Declarations of Interest, if any
5. Quarterly Performance and Operational Report (Pages 9 - 16)
Report of the Bereavement Services Manager and Registrar
6. Financial Monitoring Report - Provisional Outturn as at 31 March 2023 (Pages 17 - 26)
Joint Report of the Corporate Director of Neighbourhoods and Climate Change and Corporate Director of Resources and Treasurer to the Joint Committee
7. Risk Register Update 2022/23 Review 2 (Pages 27 - 34)
Joint Report of the Corporate Director of Neighbourhoods and Climate Change and Corporate Director of Resources and Treasurer to the Joint Committee
8. Annual Internal Audit Report 2022/23 (Pages 35 - 50)
Report of the Chief Internal Auditor and Corporate Fraud Manager

9. Such other business as, in the opinion of the Chair of the meeting, is of sufficient urgency to warrant consideration
10. Any resolution relating to the exclusion of the public during the discussion of items containing exempt information

Part B

Items during which it is considered the meeting will not be open to the public (consideration of exempt or confidential information)

11. Such other business as, in the opinion of the Chair of the meeting, is of sufficient urgency to warrant consideration

Helen Lynch

Head of Legal and Democratic Services

County Hall
Durham
18 April 2023

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

Durham County Council: J Chaplow (Vice-Chair), J Blakey,
D Brown, J Cosslett, K Fantarrow,
S Quinn, K Robson, A Simpson,
M Stead, C Varty and M Wilson

Spennymoor Town Council: N Foster (Chair), C Maddison and
D Ranyard

Contact: Jo March

Tel: 03000 269 709

DURHAM COUNTY COUNCIL

CENTRAL DURHAM CREMATORIUM JOINT COMMITTEE

At a Meeting of **Central Durham Crematorium Joint Committee** held in **Committee Room 1A , County Hall, Durham** on **Wednesday 25 January 2023** at **2.00 pm**

Present:

Councillor N Foster in the Chair

Durham County Council:

Councillors J Blakey, D Brown, S Quinn, K Robson, A Simpson, M Stead and M Wilson

Spennymoor Town Council:

Town Councillors C Maddison and S Gilling (substitute for D Ranyard)

1 Apologies for Absence

Apologies for absence were received from Councillors J Chaplow, C Varty and Town Councillor D Ranyard.

The Chair, on behalf of the Joint Committee passed on their best wishes to Councillor J Chaplow.

2 Substitute Members

Town Councillor S Gilling was substitute for Councillor D Ranyard.

3 Minutes

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

4 Declarations of Interest

There were no declarations of interest.

5 Quarterly Performance and Operational Report

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

The Bereavement Services Manager and Registrar reported that there were 800 cremations undertaken during the period 1 September to 31 December 2022, compared to 841 in the comparable period last year, a decrease of 41 cremations for the period. It was noted that 224 families were from Durham, 44 from Spennymoor and 532 families were from other areas. The number and value of memorial plaques sold were 82 / £21,214 compared to 88 / £22,591 in the comparable period last year, a decrease of 6 memorials and £1,377 in income.

It was noted that Central Durham Crematorium was successful in retaining its Green Flag award for the eleventh year running. An application would be submitted for the 2023 award and progress would be reported back to future meetings.

Referring to the Recycling of Metals Scheme, it was confirmed that two charities can now be nominated, therefore, ManHealth and Teenage Cancer Trust have been nominated in the second round of nomination. A response was expected by the end of March 2023.

It was reported that a number of staff vehicles had been damaged by members of the public and clergy who were parking in the designated staff parking area. Subject to Members approval, it was proposed that a barrier access control system be installed to prevent unauthorised access to the staff car park. A cost of £7,220 would be required to fund the work which could be undertaken using the current year budget underspends.

St. Cuthbert's Hospice had requested that they be allowed to continue to provide a Christmas tree again in 2023. The Hospice supplies the tree and decorations at no cost to the Central Durham Crematorium Joint Committee. St Cuthbert's managed to raise £57.55 from donations from the sale of decorations in 2022.

Following discussions regarding the issues relating to the staff park, the Joint Committee agreed that an access control system was required as people were clearly ignoring the staff parking signage. The Bereavement Services Manager and Registrar added that the system could be installed within 14 days.

Responding to a query relating to recycling metals, the Bereavement Services Manager and Registrar explained that there was a specific section on the cremation paperwork for families who wanted metals to be returned.

Resolved:

- (i) That the current performance of the crematorium be noted.
- (ii) That the continued success with regards to the Green Flag Award be noted.
- (iii) That the updated position with regards to the recycling of metals scheme be noted.
- (iv) That the installation of a barrier access control system to the staff car park be agreed.
- (v) That St Cuthbert's Hospice to provide a Christmas tree for 2023 be agreed.

6 Financial Monitoring Report - Position at 31/12/22, with Projected Revenue and Capital Outturn at 31/03/23

The Joint Committee considered a joint report of the Corporate Director of Neighbourhoods and Climate Change and the Corporate Director Resources and Treasurer to the Joint Committee that provided details of the provisional 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 revenue and capital outturn positions 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 the Corporate Director Resources and Treasurer to the Joint Committee which sought approval of the proposed Service Level Agreement (SLA) for Support Service provision by Durham County Council to the Central Durham 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 £37,110 and represented a 5% increase on the recharges levied in 2022/23, which took into account the impact of pay and price inflation for providing services.

Responding to a query from the Chair, the Finance Manager, Neighbourhoods and Climate Change confirmed that the 5% increase was in line with all Durham County Council's SLAs and factored in expenditure items.

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 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 Central Durham Crematorium for 2023/24 (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 £30 (3.92%) per cremation from £765 to £795, which was £77 below the average charges currently levied across the region.

Responding to a query, the Finance Manager, Neighbourhoods and Climate Change advised that once other crematoriums apply their fee increases for 2023/24, Central Durham Crematorium's proposed fee of £795 would remain the lowest in comparison with other neighbouring facilities.

Resolved:

That 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 be approved and be incorporated into the 2023/24 budget.

9 2023/24 Revenue and Capital Budgets

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 proposals with regards to the 2023/24 revenue and capital budgets for the Central Durham Crematorium (for copy see file of minutes).

Resolved:

- (i) That the revenue and capital budget proposals contained within the report (as set out at Appendix 2) be approved;
- (ii) That the forecast level of reserves at 31 March 2024 (as set out at Appendix 2) be noted.

10 Any Other Business

The Chair agreed that in order to keep members informed, the next items of business could be reported.

Resomation Update

The Bereavement Services Manager and Registrar informed Members that Resomation facilities were being installed at Herrington and Sunderland Crematorium in March 2023. It was noted that the possibility for Members to view the facilities would be explored.

Weekend Cremation Services

The Chair informed Members of an increase in the number of cremations in December 2022 and advised that he was asked as Chair of Central Durham Crematorium Joint Committee to agree for additional services to take place on a Saturday for a 4 week period. The Bereavement Services Manager and Registrar added that the increase was due to the mortuary backlog, and it was hoped after 4 weeks, levels would return to normal.

The Joint Committee asked the Bereavement Services Manager and Registrar to pass on their thanks and appreciation to all the Crematorium staff.

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Central Durham Crematorium Joint Committee

26 April 2023

Quarterly Performance and Operational Report



Report of Graham Harrison, Bereavement Services Manager & Registrar

Electoral division(s) affected:

Countywide

Purpose of the Report

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

Executive summary

2. This report provides Members of the Central Durham 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 Central Durham Crematorium 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.

Background

4. This report provides Members of the Central Durham 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 to 31 March 2023 inclusive, with comparative data in the same period last year:

	2021/22	2022/23	Change
January	225 + 0*	263 + 1	+ 38 + 1*
February	233 + 3*	262 + 2*	+ 29 - 1*
March	206 + 0*	217 + 3*	+ 11 + 3*
TOTAL	664 + 3*	742 + 6*	+ 78 + 3*

* = Non-Viable Foetus (NVF) ** = Stillborns (STs) *** = Body part

6. The full profile of where families came from can be seen in Appendix 2. In summary, 224 came from Durham, 40 came from Spennymoor and 478 from other areas. There have been 6 NVF cremations undertaken for the period covered by this report compared to 3 in the comparable period last year. There were 78 more cremations undertaken in the period January to March 2023 compared to the same period last year.
7. The total number of cremations in 2022/23 was 2,513 compared with 2,306 in 2021/22, an increase of 207 cremations.
8. The 2022/23 budget was set at a prudent assumption of 2,200 cremations during the year. The actual number of cremations undertaken was therefore 313 more than the budgeted position. This is reflected in an over achievement of cremation fee income of £201,809 in year, which is included in the budgetary control report.
9. The table below shows the comparative figures for the previous ten financial years:

Year	Cremations
2013/14	2,227
2014/15	2,287
2015/16	2,247
2016/17	2,324
2017/18	2,294
2018/19	2,392
2019/20	2,351
2020/21	2,738
2021/22	2,306
2022/23	2,513
10 Year Average	2,368

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

	2021/22	2022/23	Change
Direct Cremation – Attended	0	0	0
Direct Cremation - Unattended	76	102	+ 26
TOTAL	76	102	+ 26

Memorials

11. The table below outlines the number and value of the memorials sold in the period January to March 2023 compared to the same period the previous year.

	Jan-March 2021/22	Jan-March 2022/23
	Number £	Number £
Vase Blocks	7 4,572	6 3,952
Large Plaques	17 7,164	22 9,494
Small Plaques	1 276	5 1,380
Niche	3 2,580	1 1,335
Renewal	47 8,020	41 8,009
Seat	0 0	1 528
Leaf Plaques	18 1,800	21 2,100
Total	93 24,412	97 26,798

12. In overall terms, the number and value of memorials sold of 97 / £26,798 compares to 93 / £24,412 in the same period last year. This is a year on year increase of 4 memorials sold and £2,386 in terms of income generated.
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	£
Vase Blocks	21	13,684	23	11,220
Large Plaques	64	27,006	62	26,564
Small Plaques	8	2,133	9	2,454
Niche	7	6,484	6	7,884
Renewal	182	33,965	143	27,557
Seat	0	0	1	528
Leaf Plaques	47	4,700	56	5,540
Total	329	87,972	300	81,747

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

Recycling of Metals Scheme

15. Members were advised at the previous meeting that we had nominated ManHealth and Teenage Cancer Trust 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 charities.

Contact: Graham Harrison

Tel: 03000 265606

Appendix 1: Implications

Legal Implications

There are no legal implications associated with this report

Finance

As identified in the report with regards to the position of the Income.

Consultation

Officers of Spennymoor Town Council were consulted on the contents of this report.

Equality and Diversity / Public Sector Equality Duty

There are no Equality and Diversity implications associated with this report.

Climate Change

There are no implications.

Human Rights

There are no Human Rights implications associated with this report.

Crime and Disorder

There are no Crime and Disorder implications associated with this report.

Staffing

As identified in the report.

Accommodation

There are no accommodation implications associated with this report.

Risk

As identified in the report.

Procurement

There are no procurement issues associated with this report.

Appendix 2: Breakdown of Figures

	Jan	Feb	Mar	Total
Durham	77	76	71	224
Barnard Castle			1	1
Billingham			1	1
Bishop Auckland	3	6	6	15
Blackhall	2	2	1	5
Birtley		2		2
Chester Le Street	18	22	12	52
Chilton	1	3	4	8
Consett		2		2
Crook	7	6	3	16
Darlington	2		1	3
Easington	5	6	6	17
East Rainton	1			1
Esh	1			1
Esh Winning	7	4	3	14
Fencehouses	1		1	2
Ferryhill	6	10	9	25
Frosterley	1			1
Gateshead	1			1
Great Lumley	1		2	3
Hartlepool			2	2
Haswell		2	4	6
Hetton Le Hole	4	3	7	14
Horden	10	5	3	18
Houghton	11	6	8	25
Howden			1	1
Lanchester			2	2
Langley Park	1	7	4	12
Murton	1	5	1	7
New Brancepeth	2			2
Newcastle	2	2		4
Newton Aycliffe	2	6	3	11
Northumberland		2		2
Ouston	2	2		4
Pelton	1	2	2	5
Peterlee	18	16	9	43
Sacrison	7	2	4	13
Seaham	7	14	4	25
Sedgefield	4	3		7

	Jan	Feb	Mar	Total
Sildon	1	3		4
Shiney Row			1	1
Shotton	6	4	2	12
South Hetton	2	1	2	5
Spennymoor	18	9	13	40
Stanhope		2		2
Stanley	4	2	1	7
Station Town			2	2
Sunderland	2			2
Sunnybrow	2		1	3
Southern England		2		2
Thornley	2	5	1	8
Tow Law	1	2	1	4
Trimdon	4	4	3	11
Washington		1	2	3
West Auckland			1	1
West Cornforth	3	2	3	8
Wheatley Hill	1	2	3	6
Willington	7	1	4	12
Wingate	1	2	1	4
Wolsingham	1	1	1	3
Wynyard	1	1		2
Yorkshire/Lancashire	1	2		3
Total	263	262	217	742

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**Central Durham Crematorium Joint
Committee**

26 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 provides members of the Central Durham Crematorium Joint Committee 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, showing the provisional revenue and capital outturn position for 2022/23 and highlighting areas of over / underspends against the approved 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 revenue outturn is a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £1,073,546 against a budgeted surplus of £996,425, £77,120 more than the budgeted position.
- 5 Contributions to earmarked reserves are £26,414 less than originally budgeted.

- 6 In line with the CDCJC Reserve Policy to maintain a General Reserve of 30% of the income budget, a transfer to the General Reserve of £16,500 is required from the Major Capital Works Reserve at year end. This transfer, in addition to the transfer in of the revenue surplus, combined with the funding of the capital programme results in a net transfer from the Major Capital Works Reserve of £59,888.
- 7 The retained reserves of the CDCJC at 31 March 2023 are forecast to be £1,698,402 along with a General Reserve of £548,175, giving a forecast total reserves and balances position of £2,246,577 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 and capital outturn positions 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 the Central Durham Crematorium is a key role of the Joint Committee. Regular (quarterly) budgetary control reports are prepared by the Treasurer and aim to present, in a user-friendly format, the financial performance in the year to date together with a forward projection to the year end. Routine reporting and consideration of financial performance is a key component of the Governance Arrangements of the Central Durham Crematorium

Financial Performance

- 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 Central Durham 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 Central Durham Crematorium as at 31 March 2023.

Subjective Analysis (Type of Expenditure)	Base Budget 2022/23 £	Year to Date Actual April – March £	Provisional Outturn 2022/23 £	Variance Over/ (Under) £
Employees	326,530	400,117	402,393	75,863
Premises	308,130	369,656	392,229	84,099
Transport	2,800	2,641	2,641	(159)
Supplies & Services	140,715	152,984	181,109	40,394
Agency & Contracted	10,465	23,441	25,691	15,226
Capital Charges	0	0	0	0
Central Support Costs	42,185	42,185	42,185	0
Gross Expenditure	830,825	991,024	1,046,247	215,422
Income	(1,827,250)	(2,093,926)	(2,119,793)	(292,543)
Net Income	(996,425)	(1,102,902)	(1,073,546)	(77,120)
Transfer to / (from) Reserves				
- Masterplan Memorial Garden	5,000	0	5,000	
- Major Capital Works	108,175	0	185,296	77,120
- Cremator Reline Reserve	25,000	0	25,000	
- Small Plant	2,000	0	2,000	
Distributable Surplus	(856,250)	0	(856,250)	0
80% Durham County Council	685,000	685,000	685,000	0
20% Spennymoor Town Council	171,250	171,250	171,250	0

Central Durham Crematorium Earmarked Reserves	Balance @ 1 April 2022 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2023 £
General Reserve	(531,675)	(872,750)	856,250	(548,175)
Masterplan Memorial Garden	(76,250)	(5,000)	0	(81,250)
Major Capital Works	(1,480,881)	(185,296)	245,185	(1,420,992)
Cremator Reline Reserve	(157,755)	(25,000)	0	(182,755)
Small Plant	(11,405)	(2,000)	0	(13,405)
Total	(2,257,966)	(1,090,046)	1,101,435	(2,246,577)

Explanation of Significant Variances between Base Budget and Provisional Outturn

13 As can be seen from the table above, the revenue outturn is indicating a surplus (before transfers to reserves and distribution of surpluses to

the partner authorities) of £1,073,546 against a budgeted surplus of £996,425, £77,120 more 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 25 January 2023, of a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £1,006,823 against a budgeted surplus of £996,425, £10,398 more than the budgeted position. The outturn position is therefore £66,722 more than what was previously forecast. A reconciliation of the projections at quarter 3 compared to the provisional outturn figures is as follows:

- Employee costs are £2,528 more than projected mainly due to average holiday entitlement back pay.
- Premises costs are £24,196 more than previously projected mainly due to building maintenance and grounds maintenance works.
- Transport costs relating to mileage expenses are £144 higher than previously projected.
- Supplies and Service costs are £25,930 higher than previously projected.
- Agency and Contracted Services are £15,288 more than previously projected.
- Income is (£134,808) more than previously projected due to an increased level of cremations and also a higher level of bank interest received.

15 The following section outlines the reasons for any significant budget variances by subjective analysis (type of expenditure) area. Members should note that some transactions are undertaken annually at the year end, in addition, in line with the accounting policies, sundry creditor and debtor provisions are required after the 31 March. This results in additional charges/income being reported between the actuals as at 31 March and the provisional outturn figures. The table overleaf includes (amongst others) the following provisions within the outturn:

- Gas 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 shows an overspend of **£75,863** in relation to employee costs. The reasons for this are identified below:

- Staffing costs are overspent by **£28,631** mainly due to the national pay settlement for 2022/23 and average holiday entitlement back pay.
- The staffing restructure approved in January 2022 has resulted in a one off overspend of **£47,232** due to ERVR costs as mentioned in the September 2022 report.

15.2 **Premises**

The outturn shows a forecast overspend of **£84,099** in relation to premises costs. The reasons for this are identified below:

- Energy budgets are overspent by **£48,711** due to the global increase in the cost of gas and electric.
- One off SAMP budgets relating to redecoration works in 2021/22 were delayed until the current year and it is therefore overspent by **£16,599**.
- One off SAMP budget for the improvements to cremator charging operations is no longer required and therefore underspent by **(£3,075)**.
- One off SAMP budgets for the replacement sweeper, improvements to shrub beds and re-lining of a hearth are underspent by **(£5,134)**.
- Grounds Maintenance is forecast to overspend by **£17,959** due to increased winter maintenance costs and Green Flag works.
- Other premises costs such as general cleaning, cremator repairs and servicing are overspent by **£9,039**.

15.3 **Supplies and Services**

The outturn shows a forecast overspend of **£40,394** 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 **£8,295**.
- The Wesley music system is overspent by **£7,581** as it required a total re-wire along with the purchase of a new rack and speaker.

- Refreshments are overspent by **£5,166** due to the purchase of a new coffee machine.
- Masterplan costs are overspent by **£9,261** due to an increase in plaque sales.
- Other general office costs such as purchase of urns, cremator additives and sundries are expected to overspend by **£10,091**.

15.4 **Income**

An increase in income of **(£292,543)** 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 313 cremations compared to the budget, totalling increased income to budget of **(£201,809)**. The outturn allows for a total of 2,513 cremations against a budgeted 2,200 during 2022/23.
- Book of Remembrance, plaques, webcasting and use of chapel have overachieved by **(£37,168)**.
- Interest received has overachieved by **(£53,566)** due to rising interest rates.

16 **Capital Programme**

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

	Base Budget 2022/23 £	Revised Budget 2022/23 £	Year to Date Actual April - Mar £	Forecast Outturn 2022/23 £	Variance to Revised Budget Over/ (Under) £
Redevelopment Works					
Carry out installation of charging points	24,000	24,000	17,834	17,834	(6,166)
Carry out feasibility into excess heat regeneration	50,000	50,000	2,981	2,981	(47,019)
Carry out enlargement of cremator 2	67,650	67,650	72,812	72,812	5,162
Repairs to Chapel Dome	0	20,000	3,148	3,148	(16,852)
Replacement of Cooler Cassettes	0	132,000	131,109	131,109	(891)
Feasibility Fountain works - 23/24	0	0	801	801	801
Total	141,650	293,650	228,684	228,684	(64,965)

The cost of the Redevelopment Works is being financed from the Major Capital Works reserve. The outturn shows a forecast underspend of (£64,965) and the main reasons for this are identified below:

- The installation of the charging points was completed within budget, resulting in an underspend of £6,166.
- The feasibility into excess heat was reported to the Committee in September 2022 and has resulted in an underspend of £47,019.
- The enlargement of cremator 2 was completed during the year, however it resulted in an overspend of £5,162.
- The chapel dome repairs were originally planned for 20/21 but the works were delayed and carried forward to 22/23. The project was completed during the year and resulted in an underspend of £16,852.
- The replacement of the 3 cooler cassettes was approved in 20/21 but the work was delayed and instead replaced in the current year, resulting in a small underspend of £891.
- The fountain works are due to be completed in 23/24, however the feasibility study for this has already commenced in the current year, costing £801 to date.

17 Earmarked Reserves

Contributions to earmarked reserves are £26,414 less than originally budgeted.

In line with the CDCJC Reserve Policy to maintain a General Reserve of 30% of the income budget, a transfer to the General Reserve of £16,500 is required from the Major Capital Works Reserve at year end. This transfer, in addition to the transfer in of the revenue surplus, combined with the funding of the capital programme results in a net transfer from the Major Capital Works Reserve of £59,888.

The retained reserves of the CDCJC at 31 March 2023 are forecast to be £1,698,402 along with a General Reserve of £548,175, giving a forecast total reserves and balances position of £2,246,577 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 Central Durham Crematorium are included within the body of the report.

Consultation

None. However, Officers of Spennymoor Town Council were provided with a copy of the report and given opportunity to comments / raise any detailed queries on the contents of this report in advance of circulation to members of the CDCJC.

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 the spend to date, trend data and market intelligence, and includes an element of prudence. This, together with the information supplied by the Bereavement Services Manager, should mitigate the risks associated with achievement of the forecast outturn position.

Procurement

None.

Climate Change

None.

**Central Durham Crematorium Joint
Committee**

26 April 2023

Risk Register Update 2022/23 Review 2

Ordinary Decision



**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 affected:

Countywide

Purpose of the Report

- 1 To inform the Central Durham 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 5).

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 every 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

Officers of Spennymoor Town Council were consulted on the contents of this report.

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 Central Durham Crematorium Joint Committee.

Procurement

None

Appendix 2: How Central Durham Crematorium risks are managed

Two risk registers have been developed for Durham Crematorium, containing service and health and safety risks respectively. They are maintained in accordance with Durham County Council's methodology and approach to risk management. Regular reviews are undertaken to ensure that risk management continues to be embedded and that the risk registers are kept up to date, taking current issues into account.

Service Risk Register

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

Health and Safety Risk Register

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

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

Civil Emergencies

Durham County Council is jointly responsible for responding to civil emergencies (such as severe weather events, network power losses and flu epidemics) through the County Durham and Darlington Local Resilience Forum. An explanation of the arrangements for managing the risk of such events and a copy of the latest Community Risk Register can be found on the web page of the County Durham and Darlington Local Resilience Forum.

Appendix 3A: Strategic Risk Assessment Criteria – Impact Factors

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

Appendix 3B: Strategic Risk Assessment Criteria – Likelihood Factors

Factor and Description		Expected Frequency
5	Highly Probable	<ul style="list-style-type: none"> • More than once a year • Something that is already occurring or is likely to be a regular occurrence throughout a one-year period • Inevitable i.e. the event is expected to occur in most circumstances • >80% chance of occurring
4	Probable	<ul style="list-style-type: none"> • Once a year • Something that has occurred in the last year or is likely to occur at least once throughout a one-year period. • Probable or where the conditions of the loss occur on a regular basis i.e. the event will probably occur in most circumstances • 61% to 80% chance of occurring
3	Possible	<ul style="list-style-type: none"> • Every 1-3 years • Likely only to happen at some point over the next 1 to 3 years. • Possible but responding to well understood situations i.e. the event might occur at some time • 31% to 60% chance of occurring
2	Unlikely	<ul style="list-style-type: none"> • Every 3-5 years • Likely only to happen at some point over the next 3 to 5 years or likely to continue to occur i.e. the event is not expected to occur • 11% to 30% chance of occurring
1	Remote	<ul style="list-style-type: none"> • Over 5 years • Rare activity or is unlikely based on current intelligence i.e. the event may only occur in exceptional circumstances • < 10% chance of occurring

Appendix 4: Service Risk Register for Central Durham Crematorium

This is a list of service risks, ranked in order of net risk evaluation, based on the strategic risk assessment criteria in appendices 3A and 3B. Where changes to the risk assessment have occurred during the last quarter, these are indicated in the last column.

Ref	Risk	Net Impact	Net Likelihood	Net Risk Score	Conclusion	Changes/ Comments
1	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	Loss of knowledge and ability to cover existing workload through premature staff loss	Minor	Unlikely	10	Tolerate	
5	Non-compliance with Covid 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.
6	Breakdown of the partnership (with Spennymoor Town Council)	Moderate	Remote	7	Tolerate	
7	Sickness absence of key staff	Moderate	Remote	7	Tolerate	
8	Failure of Cremators / Specialist Equipment	Minor	Remote	6	Tolerate	
9	Damage to Public or Vehicles due to tree branches falling	Insignificant	Unlikely	6	Tolerate	
10	Loss of Income/Money	Minor	Remote	5	Tolerate	
11	Disclosure of confidential information through incorrect disposal / maintenance of information (data breach).	Minor	Remote	5	Tolerate	
12	Potential breach of equality and diversity legislation	Insignificant	Remote	3	Tolerate	

Appendix 5: Profile of Service Risks for Central Durham Crematorium

Service Risks

This matrix profiles all service risks shown in appendix 4, based on the net risk evaluation. The shaded area represents the corporate risk appetite.

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

Central Durham Crematorium
Joint Committee

26 April 2023

Annual Internal Audit Report 2022/23



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 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

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

Accommodation

None

Crime and disorder

None

Human rights

None

Consultation

None

Procurement

None

Disability issues

None

Legal Implications

Compliance with Public Sector Internal Audit Standards.



**CENTRAL DURHAM CREMATORIUM
JOINT COMMITTEE**

**INTERNAL AUDIT
ANNUAL REPORT
2022/23**

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Appendix 3 Internal Audit Report Central Durham Crematorium 2022/23

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.

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 26 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 was 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 the Central Durham Crematorium undertaken during the year
 - Follow up action on audit recommendations
 - Any significant recommendations not accepted by management and the consequent risk
 - The effects of any significant changes in the Crematorium's systems
 - Matters arising from previous reports to the Joint Committee
 - Any limitations which may have been placed on the scope of internal audit's annual review
 - The extent to which resource constraints may impinge on internal audit's ability to meet the full audit needs of the Joint Committee
 - The outcomes of the audit quality assurance process
 - Consideration of a number of other sources of assurance available
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.



Internal Audit Report

Durham Crematorium

13580/2023

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: 17th February 2023

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Tracy Henderson, Chief Internal Auditor & Corporate Fraud Manager

Confidential

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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 Durham 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 2,435 cremations took place at Durham 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 1st January 2022 to 31st December 2022, confirmed that there were effective arrangements in place for the management of the risks associated with Durham 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 confirmed 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 Central Durham 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 were supported by timesheets that were 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 of 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 around half of the invoices processed during 2022 had purchase orders raised retrospectively (125 of a total of 247 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:

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.

14. 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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