



## **Mountsett Crematorium Joint Committee**

**Date** Monday 29 April 2024

**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 29 January 2024 (Pages 3 - 8)
4. Declarations of Interest, if any
5. Performance and Operational Report - Report of the Bereavement Services Manager (Pages 9 - 14)
6. Financial Monitoring Report - Provisional Outturn as at 31 March 2024 - Joint Report of the Corporate Director of Neighbourhoods and Climate Change and the Corporate Director of Resources and Treasurer to the Joint Committee (Pages 15 - 24)
7. Risk Register Update 2023/24 Review 2 - Joint Report of the Corporate Director, Neighbourhoods and Climate Change and the Corporate Director of Resources and Treasurer to the Joint Committee (Pages 25 - 34)
8. Annual Internal Audit Report 2023/24 - 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 Bradley**  
Head of Legal and Democratic Services

County Hall  
Durham  
19 April 2024

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

**Durham County Council:-**

Councillors: J Charlton (Chair), V Andrews, G Binney, C Hampson,  
A Hanson, P Heaviside, D Oliver, K Rooney and M Walton

**Gateshead Council:**

Councillors L Green (Vice-Chair), D Bradford, A Geddes, F Geddes,  
K Dodds, 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 29 January 2024 at 9.30 am**

### **Present:**

**Councillor J Charlton (Chair)**

### **Durham County Council**

Councillors V Andrews, A Hanson, P Heaviside and K Rooney

### **Gateshead Council:**

Councillors D Bradford, AGeddes, FGeddes and M Ord

## **1 Apologies for Absence**

Apologies for absence were received from Councillors L Green (Gateshead Council), G Binney (Durham County Council), C Hampson (Durham County Council), M Walton (Durham County Council) and S Green (Gateshead Council).

## **2 Substitute Members**

There were no substitutes.

## **3 Minutes**

The minutes of the meeting held on 27 September 2023 were confirmed as a correct record and signed by the Chair.

## **4 Declarations of Interest**

There were no declarations of interest.

## **5 Performance and Operational Report**

The Joint Committee received a report of the Bereavement Services Manager and Registrar that provided Members of the Mountsett Crematorium Joint Committee with an update relating to performance and other operational matters (for copy see file of Minutes)

The Bereavement Services Manager and Registrar advised that from 1 September 2023 to 31 December 2023 there had been 442 cremations undertaken compared to 430 in the comparable period last year with an increase of 12 cremations during this period. In addition, there were 44 memorials sold compared to 37 in the same period with an increase of 7 with a value of £746. He noted that one Casual Relief Crematorium attendant had now left the role and the other was covering a 10-month appointment who had been appointed as a Bereavement Officer. He commented that an advertisement for 2 more Casual Relief Crematorium Attendant's had been advertised. He confirmed that an application would be submitted for the Green Flag award in 2024 and would keep the Joint Committee updated on progress made. He stated that £7,000 had been raised for 2 charities – Marie Curie and Coping with Cancer North. He informed members that from 1st January 2027, all cremators would be required to be fitted with appropriate fuel and electricity metering due to the increase in emissions. Once these costings had been confirmed they would be factored into the budget.

Councillor J Charlton asked when the closing date was for the two job adverts.

The Bereavement Services Manager and Registrar responded that the closing date was 29 January 2024. He had not checked to see how many applications had been received so far.

Councillor J Charlton informed the Joint Committee that she attended an event to present a cheque to two ladies from the charity Coping with Cancer North East. The ladies were delightful and over the moon with the money. They had left lots of information as to what their charity did. She had not heard of the charity before but it was because they did most of their work in Newcastle and Northumberland and were now just venturing into Durham.

Councillor J Charlton queried if there were any ballpark costs associated with the implementation of the new guidance that would replace the existing crematoria guidance PG5/2 (12).

The Bereavement Services Manager and Registrar replied that he was not aware of the costs at present but would await what came back from his response to the consultation.

## **Resolved**

- i) That the current performance of the crematorium be noted.
- ii) That the continued success with the Green Flag Award be noted.
- iii) That the position with regards to the recycling of metals scheme be noted.

- iv) That the consultation on the review of the Cremation Guidance PGN (5/12) be noted.

## **6 Financial Monitoring Report - Position at 31/12/23, with Projected Outturn at 31/03/24**

The Joint Committee received a joint report of the Corporate Director of Neighbourhoods and Climate Change and the Corporate Director of Resources and Treasurer to the Joint Committee that provided Members of the Mountsett Crematorium Joint Committee with details of the projected outturn position for 2023/24 and the projected level of reserves and balances at 31 March 2024 (for copy see file of Minutes)

The Finance Manager Neighbourhoods and Climate Change gave highlights of the financial report for Quarter 3 of the financial year that detailed income and expenditure in the period 1 April 2023 to 31 December 2023, together with a forecast outturn position for 2023/24, emphasizing areas of over/underspend against the approved budgets. He noted that the projected revenue outturn was a surplus of £239,900 against a budgeted surplus of £225,474, which was £14,426 more than the budgeted position. There was an overspend for employees due to the national pay settlement for 2023/24 that would be offset by the increase in income due to the rise in the number of cremations. There was also an overspend on SAMP works relating to energy improvement works that had been delayed from last year. It was forecast to have a total reserves balance of £651,568 at the year end.

### **Resolved**

That the April to December 2023 financial monitoring report and associated provisional outturn position as at 31 March 2024, including the projected year position with regards to the reserves and balances of the Joint Committee be noted.

## **7 Provision of Support Services 2024/25**

The Joint Committee received a joint report of the Corporate Director of Neighbourhoods and Climate Change and the Corporate Director of Resources and Treasurer to the Joint Committee that outlined the proposed Service Level Agreement (SLA) for Support Service provision by Durham County Council to the Mountsett Crematorium Joint Committee for the period April 2024 to March 2025 (for copy see file of Minutes)

The Finance Manager Neighbourhoods and Climate Change detailed the proposed SLA for the next financial year that outlined the support services from Durham County Council. These included Management Services, Financial Services, Administration Services (including Committee support), Payroll Services and Human Resources Services. The proposed charge was £26,200 which was a 5% increase for the charge on this time last year that had considered the impact of the pay and inflation increases.

## **Resolved**

That the Service Level Agreement attached at Appendix 2 (including the relevant schedule) for the year 2024/25 be approved.

## **8 Fees and Charges 2024/25**

The Joint Committee received a joint report of the Corporate Director of Neighbourhoods and Climate Change and the Corporate Director of Resources and Treasurer to the Joint Committee that set out details of the proposed fees and charges for the Mountsett Crematorium for 2024/25 (for copy see file of Minutes)

The Finance Manager Neighbourhoods and Climate Change highlighted the proposal to increase the fees and charges for the cremations for 2023/24 by £30 which was a 3.92% rise. The price would increase from £795 to £825 which was still the lowest price in comparison to other Local Authorities except Durham which was the same. He also suggested a mid-year increase to bring the crematorium fees closer to the average cremation fees across the region and to ensure it did not fall too far behind.

Councillor D Bradford in relation to the increase in fees to 3% asked how much an individual cremation cost in the last year.

The Finance Manager Neighbourhoods and Climate Change responded that although it was proposed to increase costs this was not a reflection on a single cremation and included other factors like general inflation pressure. He added that the cost increase was slightly more than 3%.

Councillor P Heaviside commented that the cost per cremation would still save people money even with the increase. He noted that people in the south drove 100 miles for a cremation.

The Finance Manager Neighbourhoods and Climate Change replied that it was also better to consider a midyear increase instead of increasing costs in one lump to £60. The increase was not only to cover the costs of repairs to the cremator and capital works but also to build up reserves to meet any future costs. He added that taken everything into account the position could remain as it was or increase the fees and charges in two stages.

The Neighbourhood Protection Manager noted that it would be useful to look at the second increase in the September report. As the membership of the Joint Committee had changed over the years potentially making the decision difficult, he thought it would be helpful to include an insight to the history on the reasoning behind the developing gap between crematoriums in the region. He noted that fees and charges had been frozen for a couple of years that had initially created gaps but at the same time significant investments had been made at the crematorium. He added that costs per cremation had been affected by the increase in energy prices. There was a need to provide a good service for the community and confirmed that the fees for direct cremations would not change, prices for early slots in the day would not change and it would only be fees associated with peak time cremations in the middle of the day would change. It was unclear as to what decisions other local authorities would make in April regarding their fees and charges that potentially could widen the gap further making September an ideal time to revisit the topic.

Councillor J Charlton confirmed that the response had put her mind at rest. She was very proud of the brilliant services offered at the crematorium. She understood about having to increase the costs as things increased all the time. She agreed that the Joint Committee would need to think carefully on the second increase that was proposed later in the year. She did not like the thought of seeing the crematorium become the same as everywhere else on price. She commented that the crematorium got a lot of cremations from outside the area not just because it was cheaper but because the setting was unique which should stay that way.

### **Resolved**

- i) That the proposed fees and charges at Appendix 2 effective from 1 April 2024 be agreed.
- ii) That consideration to a mid-year increase in fees and charges, due to the widening gap between fees at Mountsett Crematorium and the average cremation fee across the region be given.
- iii) That the proposed fees and charges be incorporated into the 2024/25 budget.

## **9 2024/25 Revenue Budget**

The Joint Committee received a joint report of the Corporate Director of Neighbourhoods and Climate Change and the Corporate Director of Resources and Treasurer to the Joint Committee that set out for Members' consideration proposals with regards to the 2024/25 revenue budgets for the Mountsett Crematorium (for copy see file of Minutes)

The Finance Manager Neighbourhoods and Climate Change highlighted the proposed revenue budgets along with the forecast outturn position as at 31 March 2025. There had been minor changes that included the pay awards and repair and maintenance costs. The income had increased by £143,595 due to the estimated increase in the number of cremations and the increased amount of interest received. It was estimated that the total reserves would be £663, 781 as at 31 March 2025.

### **Resolved**

That the budget proposals contained within the report (as set out at Appendix 2) and that the forecast level of reserves and balances at 31 March 2025 (also set out at Appendix 2) be noted and approved.



**Mountsett Crematorium Joint Committee**

**29 April 2024**

**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.

## 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 2024 to 31 March 2024 inclusive, with comparative data in the same periods last year:

	<b>2022/23</b>	<b>2023/24</b>	<b>Change</b>
January	145	122	- 23
February	133	115	- 18
March	132	110	- 22
<b>TOTAL</b>	<b>410</b>	<b>347</b>	<b>- 63</b>

6. There were 347 cremations undertaken during the period 1 January 2024 to 31 March 2024, compared to 410 in the same period last year, a decrease of 63. The profile of where families came from can be seen below:

Gateshead	95
Durham	196
Outside Area	56
<b>Total</b>	<b>347</b>

7. The total number of cremations in 2023/24 was 1,370 compared with 1,445 in 2022/23, a decrease of 75.
8. The 2023/24 budget was set at a prudent assumption of 1,300 cremations during the year. The actual number of cremations undertaken was therefore 70 more than the budget position. This is reflected in an over achievement of cremation fee income of £32,290 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
2023/24	1,370
<b>11 Year Average</b>	<b>1,401</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 2023 to 31 March 2024, with comparative data for the same period last year:

	2022/23	2023/24	Change
Direct Cremation – Attended	0	0	0
Direct Cremation - Unattended	67	62	- 5
<b>TOTAL</b>	<b>67</b>	<b>62</b>	<b>- 5</b>

## Memorials

11. The table below outlines the number and value of the memorials sold in the period January to March 2024 compared to the same period the previous year.

	Jan – March 2022/23		Jan – March 2023/24	
	Number	£	Number	£
Large Plaques	2	804	5	2,160
Small Plaques	10	2,610	8	2,304
Memorial leaves	5	500	7	700
Renewals	8	1,392	3	540
<b>Total</b>	<b>25</b>	<b>5,306</b>	<b>23</b>	<b>5,704</b>

12. In overall terms the number and value of memorials sold of 23 / £5,704 compares to 25 / £5,306 in the same period last year, a decrease of 2 memorials and a small increase in income of £398.

13. The table below identifies the total number and value of memorials sold during 2023/24 compared to 2022/23:

	2022/23 Total		2023/24 Total	
	Number	£	Number	£
Large Plaques	6	2,466	15	6,750
Small Plaques	53	14,388	54	15,294
Memorial leaves	31	3,100	51	5,100
Renewals	13	2,262	13	2,250
<b>Total</b>	<b>103</b>	<b>22,216</b>	<b>133</b>	<b>29,394</b>

## Operational Matters

### Staffing

14. As Members were advised at the last meeting, one of our casual relief

crematorium attendants has now left the Authority and the remaining relief is now covering a 10-month appointment for one of our crematorium attendants who has been appointed as a bereavement officer. We have now carried out a recruitment process and have employed 2 more casual reliefs. These new staff commenced their duties on Tuesday 2<sup>nd</sup> April 2024.

### **Cremation & Burial Conference & Exhibition 2023**

15. The Joint Conference of the Federation of Burial & Cremation Authorities and the Cremation Society of Great Britain is to be held at the Winter Gardens, Blackpool from Monday 24th to Wednesday 26th June 2024. As in previous years, the necessary arrangements will be made for representation at the conference by the Bereavement Services Manager.

### **Recycling of Metals Scheme**

16. Members were advised at the previous meeting that we had nominated Marie Curie and Coping with Cancer North East, (Appendix 2 shows the Cheque presentation made by the Chair of the Joint Committee).

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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 Mountseth 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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## Appendix 2:Cheque Presentation.

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Cheque Presentation to Marie Curie



Cheque Presentation to Coping with Cancer North East

**Mountsett Crematorium Joint Committee**

**29 April 2024**

**Financial Monitoring Report –  
Provisional Outturn as at 31 March 2024**



**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 2023/24 and the projected level of reserves and balances at 31 March 2024.

**Executive summary**

- 2 This report sets out details of income and expenditure in the period 1 April 2023 to 31 March 2024, together with the provisional outturn position for 2023/24, 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 2023 and forecast final position at 31 March 2024, 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 £429,488 against a budgeted surplus of £225,474, which is £204,014 more than than the budgeted position.
- 5 Contributions to the earmarked reserves are forecast as £204,014 more 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

£16,905 is required. A transfer of £64,488 to the Cremator Replacement Reserve is required due to the forecast underspend in year. This results in a net transfer to the Cremator Replacement Reserve of £47,583.

- 7 The retained reserves of the MCJC at 31 March 2024 are forecast to be £505,256 along with a General Reserve of £335,880, giving total reserves and balances position of **£841,136** at the year end.

### **Recommendation(s)**

- 8 It is recommended that Members note the April 2023 to March 2024 financial monitoring report and associated provisional revenue outturn position at 31 March 2024, 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 2023/24 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 2024.

<b>Subjective Analysis</b>	<b>Base Budget 2023/24 £</b>	<b>Year to Date Actual April – March £</b>	<b>Provisional Outturn 2023/24 £</b>	<b>Variance Over/ (Under) £</b>
Employees	227,682	229,357	229,357	1,676
Premises	533,475	570,929	570,929	37,454
Transport	1,400	373	373	(1,027)
Supplies & Services	92,462	110,347	110,347	17,885
Agency & Contracted	7,117	5,367	5,367	(1,750)
Capital Charges	0	0	0	0
Central Support Costs	31,990	31,990	31,990	0
<b>Gross Expenditure</b>	<b>894,126</b>	<b>948,363</b>	<b>948,363</b>	<b>54,238</b>
<b>Income</b>	<b>(1,119,600)</b>	<b>(1,377,851)</b>	<b>(1,377,851)</b>	<b>(258,251)</b>
<b>Net Income</b>	<b>(225,474)</b>	<b>(429,488)</b>	<b>(429,488)</b>	<b>(204,014)</b>
<b>Transfer to / (from) Reserves</b>				
- Repairs Reserve	15,000	0	15,000	0
- Cremator Reserve	(139,526)	0	64,488	204,014
- General Reserve	0	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>

<b>Mountsett Crematorium Earmarked Reserves</b>	<b>Balance @ 1 April 2023 £</b>	<b>Transfers (to) / from Reserve £</b>	<b>Transfers (to) / from Reserve £</b>	<b>Balance @ 31 March 2024 £</b>
Repairs Reserve	(114,370)	(15,000)	0	(129,370)
Cremator Reserve	(328,303)	0	(47,583)	(375,886)
General Reserve	(318,975)	(366,905)	350,000	(335,880)
<b>Total</b>	<b>(761,648)</b>	<b>(381,905)</b>	<b>302,417</b>	<b>(841,136)</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 £429,488 against a budgeted surplus of £225,474, which is £204,014 more than than the budgeted position.

14 This compares with the previously forecast position, based on income and expenditure to 31 December 2023, as reported to the Joint Committee on 29 January 2024, of a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £239,900 against a budgeted surplus of £225,474, which is £14,426 more than the budgeted position. The provisional outturn surplus position is therefore £189,588 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 **(£24,264)** lower than projected at quarter 3 as the national pay settlement made the outturn difficult to project at the previous quarter, as well as overtime being lower than estimated previously.
- Premises costs are **(£63,097)** lower than previously projected due to the costs of office improvement works not being as high as anticipated at the December projected outturn.
- Transport costs relating to mileage expenses are **(£327)** less than previously projected.
- Supplies and Service costs are **£12,123** more than previously projected, mainly due to the new Plotbox software system.
- Income is **(£114,022)** higher than previously projected due to unspent funding for capital works which was transferred back to the crematorium, as well as a higher level of bank interest 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:

- Medical referee fees for the final quarter of the year
- Income relating to the 2023/24 CAMEO scheme for mercury abatement credits

### 15.1 **Employees**

The outturn is overspent by **£1,676**, in relation to employee costs. The reasons for this are identified below:

- Staffing costs are overspent by **£1,676** mainly due to the national pay settlement for 2023/24.

## 15.2 Premises

The outturn shows a forecast overspend of **£37,454** in relation to premises costs. The reasons for this are identified below:

- One off SAMP budgets relating to energy improvement work overspent by **£114,161**. This work was budgeted to take place in 2020/21 but was delayed.
- One off SAMP budgets relating to the replacement of the chapel doors have been delayed until the next year due to the project not being complete in the current year. It is therefore underspent by **(£7,000)** in 2023/24.
- One off SAMP works relating to the replacement of chapel curtains and the installation of memorial towers are now completed and the actuals have a slight variance to the budget, therefore forecast to underspend by **(£1,008)**.
- One off SAMP work relating to office improvements has come in significantly lower than budget due to the costing of the improvements being overestimated when setting the budget, which is therefore showing an underspend of **(£75,775)**.
- Major works have overspent by **£23,518** due to the removal of a temporary cremator.
- Cremator abatement and equipment servicing are showing an underspend of **(£19,200)** as this is still included in the 24 month warranty.
- Energy budgets are underspent by **(£14,341)**. The budgets for utilities have been overestimated after the global increase in the cost of gas and electricity last year.
- Rates have overspent by **£10,090** due to an increase in rates following the 2023 revaluation of non-domestic properties by the Valuation Office Agency.
- Grounds maintenance costs are forecast to overspend by **£7,878** mainly due to increased winter maintenance costs.
- Other premises costs such as general repairs and cremator repairs are forecast to underspend by **(£868)**.

### 15.3 **Supplies and Services**

The outturn shows a forecast overspend of **£17,885** in relation to supplies and services costs. The reasons for this are identified below:

- The BACAS License is forecast to overspend by **£19,031** due to the transition to the new Plotbox software system.
- General office and admin costs are forecast to underspend by **(£2,292)**.
- Other supplies and services such as the cost of plaques and sundries are forecast to overspend by **£1,146**.

### 15.4 **Income**

An increase in income of **(£258,251)** from the 2023/24 budget is included within the updated outturn forecasts. The reasons for this are identified below:

- The outturn includes an increase of 70 cremations compared to the budget, totalling increased income to budget of **(£32,290)**. The outturn allows for a total of 1,370 cremations against a budgeted 1,300 during 2023/24.
- Miscellaneous Income is expected to overachieve by **(£165,545)** due to the return of unspent capital funding relating to the work for Crematorium Extension and Cremator Replacement, as well as income from EV charging and coffee machine.
- Other income streams such as plaques, webcasting and use of the chapel are forecast to overachieve by **(£18,277)** due to the higher interest in these services linked to the increase in the number of cremations.
- Interest received is overachieved by **(£42,139)** due to rising interest rates since the budget was set.

## 16 **Earmarked Reserves**

Contributions to the earmarked reserves are forecast as £204,014 more 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 £16,905 is required. A transfer of £64,488 to the Cremator Replacement Reserve is required due to the forecast underspend in

year. This results in a net transfer to the Cremator Replacement Reserve of £47,583.

The retained reserves of the MCJC at 31 March 2024 are forecast to be £505,256 along with a General Reserve of £335,880, giving a total reserves and balances position of £841,136 at the year end.

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<b>Contact:</b>	Philip Curran	Tel: 03000 261967
	Cathy Mallam	Tel: 03000 268580

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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.





**Mountsett Crematorium Joint  
Committee**

**29 April 2024**



**Risk Register Update 2023/24 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 divisions 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 2024.

**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, there are no significant changes to report, but several minor updates are included below.
- 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 Serious breach of health and safety legislation **Appendix 4, risk 2**.  
  
Durham County Corporate Health and Safety have completed a 6 monthly review of policy and procedures on 11 Mar 24 relating to Mountsett Crematorium Joint Committee.
- 9 **Appendix 4, risk 4** (Loss of knowledge and ability to cover existing workload through premature staff loss).  
  
Two new relief cremator operators are due to commence Tuesday 2<sup>nd</sup> April 2024.
- 10 **Appendix 4, risk 7** (Failure of Cremators / Specialist Equipment).  
  
Contracts with current service providers for the maintenance of equipment approved Jan 24 and will run until 2029.
- 11 A profile of service risks is included in **Appendix 5**.

## Conclusion

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

## Background papers

- 13 None

## Other useful documents

- 14 DEFRA Process Guidance Note 5/2 (12) Statutory Guidance for Crematoria.

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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 and Engagement**

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

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

None

### **Climate Change**

Environmental Protection Act 1990 states requirements for omission control and processes for the cremation of human remains will be prescribed for local authority air pollution control, under the heading "Incineration" in Regulations made under Section 2(1) of the Act.

### **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/ opportunity 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	Moder-ate	£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	Insign-ificant	< £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	Tolerate	No change
2	Serious breach of health and safety legislation	Moderate	Unlikely	16	Tolerate	Corporate H&S completed a six-monthly inspection recently.
3	ICT and Power Failure	Minor	Unlikely	10	Tolerate	No change
4	Loss of knowledge and ability to cover existing workload through premature staff loss	Minor	Unlikely	10	Tolerate	Two new relief cremator operators are due to commence on Tuesday 2 April 2024.
5	Sickness absence of key staff	Moderate	Remote	7	Tolerate	No change
6	Breakdown of the partnership (with Gateshead Metropolitan Borough Council)	Moderate	Remote	7	Tolerate	No change
7	Failure of cremators or specialist equipment.	Minor	Remote	6	Tolerate	Contract renewed Jan 2024 until 2029.
8	Disclosure of confidential information through incorrect disposal / maintenance of information (data breach).	Minor	Remote	5	Tolerate	No change
9	Loss of Income/Money	Minor	Remote	5	Tolerate	No change



## 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 Sick Absence 5 Partnership	2 Health & Safety Breach			
Minor (score 4 – 6)	6 Cremator Failure 7 Data Breach 8 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)

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**Mountsett Crematorium  
Joint Committee**

**29 April 2024**

**Annual Internal Audit Report 2023/24**



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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 2023/24. (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 2023/24 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 2023/24.
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 2023/24.

## **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: David Mitchell, Principal Auditor    Tel: 03000 269649**

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## **Appendix 1: Implications**

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### **Legal Implications**

Compliance with Public Sector Internal Audit Standards

### **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.

### **Consultation and Engagement**

None

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

None

### **Climate Change**

None

### **Human Rights**

None

### **Crime and Disorder**

None

### **Staffing**

None

### **Accommodation**

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.

### **Procurement**

None



**MOUNTSETT CREMATORIUM  
JOINT COMMITTEE**

**INTERNAL AUDIT  
ANNUAL REPORT  
2023/24**

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### **Appendix:**

Appendix 3 Internal Audit Report Mountsett Crematorium 2023/24

## **Introduction**

1. This report summarises the work carried out by Durham County Council Internal Audit and Risk Service during 2023/24, 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 2023/24 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 2023/24, 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 27 September 2023.
7. In accordance with the Internal Audit Charter, a risk-based audit approach has been applied to work undertaken in 2023/24.
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 2023/24 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 2023/24 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 2024 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 25 April 2023 and 27 September 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. During 2023/24 Internal Audit completed a self-assessment against key elements of the Public Sector Internal Audit Standards (PSIAS) and CIPFA Local Government Application Note which demonstrated that the service was conforming with the requirements.
19. 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.
20. 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**'.
21. In compliance with the service's quality assurance framework, the 2023/24 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 2023/24. 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 2023/24 Annual Governance Statement.



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## Internal Audit Report

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### Mountsett Crematorium

13590/2024

#### Final Report

<b>Assurance Opinion:</b>	<b>Substantial</b>
<b>Prepared by:</b>	<b>Alison Clarke, Senior Auditor Graeme Adcock, Internal Audit Assistant</b>
<b>Reviewed by:</b>	<b>David Mitchell, Principal Auditor Paul Monaghan, Audit Manager</b>
<b>Date issued:</b>	<b>12 March 2024</b>
<b>Distribution List</b>	
<b>For Action:</b>	<b>Graham Harrison, Bereavement Services Manager</b>
<b>For Information:</b>	<b>Oliver Sherratt, Head of Environment Ian Houlton, Neighbourhood Protection Manager Alan Patrickson, Corporate Director of Neighbourhoods &amp; Climate Change Paul Darby, Corporate Director of Resources Philip Curran, Finance Manager Neighbourhoods &amp; Climate Change Cathy Mallam, Principal Accountant Tracy Henderson, Chief Internal Auditor &amp; Corporate Fraud Manager</b>

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## Introduction

1. As part of the 2023/24 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 February 2023 and resulted in a Substantial assurance opinion.
3. For the period January 2023 to December 2023, a total of 1,434 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. For a sample of 48 cremations which took place during the months of February, May and August 2023, 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).
6. For the same sample the fees charged were in accordance with fees approved by Mountsett Crematorium Joint Committee, all invoices had been promptly raised on the Burial and Cremation Administration System (BACAS) on the date when each cremation had taken place, and all had a corresponding payment.
7. For a sample of 35 book of remembrance entries, plaques and renewals, and memorial leaf's, it was found that the entry or inscription matched the original application, and that the fees charged were in accordance with fees approved by Mountsett Crematorium Joint Committee.
8. Transaction testing of a report of expenditure incurred during 2023 confirmed that purchase orders had been appropriately raised for all items of expenditure. Of the total 161 creditor invoices, 80% of which had been authorised by the budget holder prior to orders being raised. This is a significant improvement on 25% last year following a best practice recommendation.
9. Sample testing of items of expenditure over £500 identified that quotes are routinely requested from potential suppliers prior to placing orders or agreeing any works.
10. Independent reconciliations of income to the bank account were carried out by the Senior Accountancy Assistant on a monthly basis.
11. Adequate processes were in place to monitor outstanding debts owed by funeral directors.

12. Petty cash payments were supported by appropriate receipts, had been accurately recorded and were appropriate purchases. The petty cash balance was reconciled during the audit.
13. Effective budgetary control and performance monitoring processes are in place. Budgetary control meetings are held quarterly between the Bereavement Services Manager and the Senior Accountancy Assistant.
14. Income that was directly received at the crematorium had been accurately and fully recorded and was confirmed to the income spreadsheet which had been completed monthly by Finance.
15. 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.
16. Quarterly committee meetings are held in which items including the main service risks, service performance, fees, and the position of the budget are discussed and monitored.
17. As a result of the audit, there were no recommendations.

## **Background**

18. This review has been carried out in accordance with the Terms of Reference.
19. 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.
20. 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.
21. 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**

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



## Overall Assurance Opinion and Priority of Our Recommendations

23. 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
<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.

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

Priority	Definition
<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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