



Internal Audit Report
The Environment Service
09023 – Bereavement Services
October 2012

Final Report

Chief Executive's Service
Perth & Kinross Council
2 High Street
Perth PH1 5PH

Background and Introduction

In accordance with the Burial Grounds (Scotland) Act 1855 and later legislation, Perth and Kinross Council (PKC) has a statutory duty to provide a burial service. The Council also provides a cremation service at Perth Crematorium. Both activities, which together have an annual turnover of around £1 million, are managed by Bereavement Services, which is part of Community Greenspace within the Environment Service (TES). The service oversees graveyards and cemeteries, and operates the crematorium. Other TES units carry out grave-digging and interments, and grounds maintenance of graveyards, cemeteries and the gardens of remembrance at the crematorium.

During 2008/9, TES undertook a Best Value Review of Bereavement Services, which was carried out by a consultant. This found the service to be sound and efficient, with scope for service development at Perth Crematorium.

This audit, which included interviews, visits and review of procedures, took place from August 2009 to February 2010 as part of the approved audit plan for 2009/2010. This report has been reviewed prior to issue in October 2012 to reflect the current position regarding control issues arising during the period of audit testing.

Acknowledgements

Internal Audit acknowledges with thanks co-operation received during this audit from the staff of Bereavement Services, other units in the Environment Service, and Finance Division of Chief Executive's Service.

Control Objectives and Opinions

This section describes the purpose of the audit and summarises the results. A 'control objective' is a management objective that requires the maintenance of adequate and effective internal controls to ensure that it is achieved. Each control objective has been given a rating describing, on the basis of the audit work done, the actual strength of the internal controls found to be in place. Areas of good or poor practice are described where appropriate.

Control Objective 1: To ensure that expectations of stakeholders are identified and addressed as appropriate by the service.	
Auditor's Comments: The service engages in regular formal consultation with local funeral directors, and the Council's website carries information on service provision. However, the service's policy objectives, and its high professional standards, have not been endorsed by committee or communicated to the public.	
Strength of Internal Controls:	Moderately strong

Internal Audit Report

Control Objective 2: To ensure that the visiting public is protected from unstable memorials in cemeteries and that stable memorials are not disturbed; and that the service is on target to satisfy mercury abatement legislation.	
<p>Auditor's Comments: Prior to 2008/9, risks to the public, staff and contractors were appropriately addressed by a cyclical cemetery inspection programme which included prompt stabilisation of insecure headstones. However, this programme was discontinued with known high-risk memorials and dangerous headstones continuing to be stabilised once identified but there was an increased risk in the event of an incident of an unstable headstone causing damage.</p> <p>At the time of the audit, the Service had assessed the implications for Perth Crematorium of mercury emission legislation, which was published in 2004, and had made initial plans to address the legislation however the options had not been presented for consideration to either the Service Management team of the relevant Council Committee.</p>	
Strength of Internal Controls:	Moderately weak

Control Objective 3: To ensure that charges for goods and services are accurately costed and are properly authorised by committee; and that amounts due to the Council are correctly calculated and invoiced.	
<p>Auditor's Comments: Service charges were regularly increased in line with inflation and/or in line with charges levied by other Councils and crematoria operators. These are agreed as part of the annual budget.</p> <p>Sample testing of amounts due found these to have been correctly calculated and invoiced, however there was scope for improvement in internal controls over the collection of income.</p>	
Strength of Internal Controls:	Moderate

Management Action and Follow-Up

Responsibility for the maintenance of adequate and effective internal controls rests with management.

Where the audit has identified areas where a response by management is required, these are listed in Appendix 1, along with an indication of the importance of each 'action point'. Appendix 2 describes these action points in more detail, and records the action plan that has been developed by management in response to each point.

It is management's responsibility to ensure that the action plan presented in this report is achievable and appropriate to the circumstances. Where a decision is taken not to act in response to this report, it is the responsibility of management to assess and accept the risks arising from non-implementation.

Internal Audit Report

Achievement of the action plan is monitored through Internal Audit's 'follow up' arrangements.

Management should ensure that the relevant risk profiles are reviewed and updated where necessary to take account of the contents of Internal Audit reports. The completeness of risk profiles will be examined as part of Internal Audit's normal planned work.

Feedback

Internal Audit welcomes feedback from management, in connection with this audit or with the Internal Audit service in general.

Distribution

This report has been distributed to:

B Malone, Chief Executive

J Valentine, Executive Director (Environment)

K McNamara, Head of Environmental & Consumer Services

B Reekie, Waste Services and Community Greenspace Manager

Andy Clegg, Community Greenspace Team Leader

R Smith, Bereavement Services Officer

P Dickson, Complaints & Governance Officer

M Kay, Senior Committee Officer

External Audit

Authorisation

The auditor for this assignment was R D Watt. The supervising auditor was J Clark.

Jacqueline Clark

Chief Internal Auditor

Date: 23 October 2012

Appendix 1: Summary of Action Points

No.	Action Point	Risk/Importance
1	Policy objectives	Medium
2	Stabilisation of cemetery memorials	Medium
3	Mercury abatement at the crematorium	Medium
4	Verification of internal controls	High

Appendix 2: Action Plan

Action Point 1 - Policy objectives

Service managers advised Internal Audit that councillors have determined that Bereavement Services should deliver a sympathetic and professional service to the public; and should seek to recover full costs via charges, subject to fees remaining within the range of other Scottish councils' charges. The service further advised Internal Audit that councillors support modest cross-subsidy from PKC's non-statutory cremation service to its statutory burial service.

However, at the time of the audit, the service's financial aims, and its adherence to national professional codes of conduct, are not formally reported to, or endorsed by, committee; nor are these communicated to the public.

Management Action Plan

A Mission Statement for Bereavement Services has been produced. In addition, a report was considered by The Environment Service's Management Team and subsequently submitted to the Environment Committee in September 2011 regarding the delivery of Bereavement Services in Perth & Kinross and included options for Councillors to consider regarding the Service as a whole, including financial provisions.

Importance:	Medium
Responsible Officer(s):	R Smith, Bereavement Services Officer
Lead Service:	The Environment Service
Date for Completion (Month / Year):	Complete
Required Evidence of Completion:	Mission Statement and Committee Report

Auditor's Comments

Satisfactory

Action Point 2 - Stabilisation of cemetery memorials

Prior to 2008/9, the Service conducted a cyclical programme of cemetery inspections, supported by remedial action in the form of systematic memorial stabilisation in the inspected graveyards. However, this programme was discontinued in 2008/9, when systematic stabilisation ceased in all but 3 of PKC's 143 cemeteries and graveyards due to financial constraints.

Survey is now limited to examinations of high-risk suspect stones, and stabilisation is limited to only the most dangerous. This has given rise to increasing use of yellow "Caution" tape on memorials in PKC graveyards and cemeteries.

Management Action Plan

A programme of checking graveyards exists, however it is acknowledged that some 'closed' graveyards will be visited only once in a five year period.

The Service relies on grounds maintenance operatives to inform where headstones are unstable and a decision is made whether to stabilise or lay flat as part of their routine work in digging graves and maintaining the grounds.

Importance:	Medium
Responsible Officer(s):	R Smith, Bereavement Services Officer
Lead Service:	The Environment Service
Date for Completion (Month / Year):	Complete
Required Evidence of Completion:	Programme of visits

Auditor's Comments

Satisfactory

Action Point 3 - Mercury abatement at the crematorium

In line with EU legislation, there is a requirement to abate mercury emissions from crematoria. At the time of the audit, the Service had not informed Committee of this requirement or of how the Council proposed to respond. The service envisaged delaying installation of abatement equipment until 2016, when existing machinery is due to be replaced. At the time of the audit, during the period 2012-16 the service planned to buy "mercury credits" from those crematoria which have installed abatement equipment by 2012. Subsequent to the audit, Bereavement Services considered other options which became available, namely paying into a burden sharing scheme based on the number of cremations undertaken at the crematorium.

During the audit, the financial risk was highlighted as, at that point, the financial implications were not fully known.

Management Action Plan

The Environment Committee were presented with a report detailing the Council's position for decision making on 7 September 2011 with more accurate information regarding the financial position than had been available during the audit.

Importance:	Medium
Responsible Officer(s):	R Smith, Bereavement Services Officer
Lead Service:	The Environment Service
Date for Completion (Month / Year):	Completed
Required Evidence of Completion:	Report to The Environment Committee

Auditor's Comments

Satisfactory

Action Point 4 - Verification of internal controls

At the time of the audit, crematorium staff were raising invoices for almost £1m a year for cremations, lair sales and burials; and income is received directly for memorials and entries in the Book of Remembrance. The financial and operational processes used incorporated substantial revisions introduced by the Crematorium Manager. The Crematorium Manager designed the procedure; plays a key role in day-to-day processes; and is responsible for management checks. As such, there was a lack of segregation of duties, which is a key control in the management and control in income collection.

Management Action Plan

A revised procedure has been put in place. Invoices are now raised centrally by The Environment Service's Finance staff at Pullar House along with copy receipts of income received at the Crematorium, which are now reconciled to bankings made.

Importance:	High
Responsible Officer(s):	R Smith, Bereavement Services Officer
Lead Service:	The Environment Service
Date for Completion (Month / Year):	Completed
Required Evidence of Completion:	Revised procedure

Auditor's Comments

Satisfactory