

INTERNAL AUDIT PROGRESS REPORT

Gedling Borough Council

2024/2025

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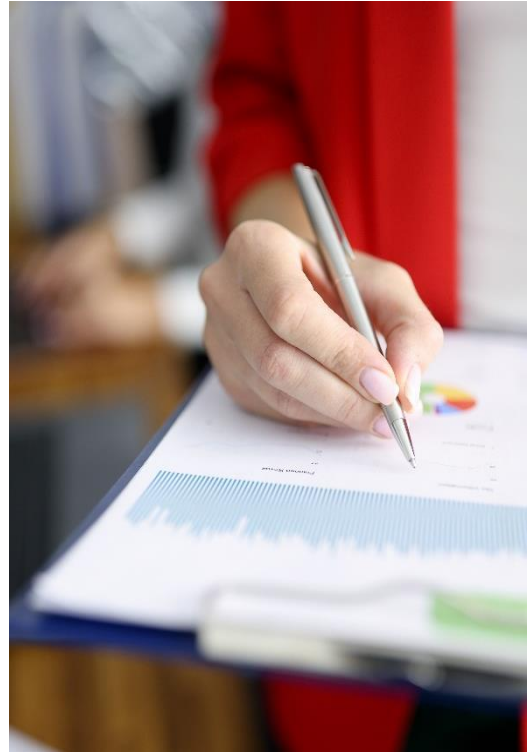
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SUMMARY OF 2024/2025 WORK

INTERNAL AUDIT

This report is intended to inform the Audit Committee of progress made against the 2024/2025 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.



INTERNAL AUDIT METHODOLOGY

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report and are based on us giving either 'substantial', 'moderate', 'limited' or 'no'. The four assurance levels are designed to ensure that the opinion given does not gravitate to a 'satisfactory' or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

2024/2025 INTERNAL AUDIT PLAN

We are now making good progress in the delivery of the 2024/2025 audit plan.

We are pleased to present the following reports to this Audit Committee meeting:

- ▶ Cemeteries and Pet Cremation Services.

Planning is underway and the audits will soon begin in respect of the following audits:

- ▶ Temporary Accommodation
- ▶ Budget Management
- ▶ Equality, Diversity, and Inclusion.

We anticipate presenting these reports at future Audit Committee meetings.

CHANGES TO THE 2024/2025 INTERNAL AUDIT PLAN

We propose to move the IT Disaster Recovery Plan audit from this year's plan to 2025/26 and bring forward the Parks and Street Care (PASC) audit to this year's plan in its place. This is due to the significant transformation work underway at the Council currently which reduces both the usefulness of a review at this stage and also the team's capacity to engage with the audit. We seek Audit Committee approval to make the swap.

REVIEW OF 2024/2025 WORK

AUDIT	EXEC LEAD	AUDIT COMMITTEE	PLANNING	FIELD WORK	REPORTING	DESIGN	EFFECTIVENESS
Housing Benefits	Tina Adams, Chief Financial and S151 Officer	September 2024	✓	✓	✓	S	S
Carbon Management Strategy	Fran Whyley, Deputy CEO	September 2024	✓	✓	✓	S	M
Cemeteries and Pet Crematorium Services	Tina Adams, Chief Financial and S151 Officer	December 2024	✓	✓	✓	M	M
Equality/Equity, Diversity and Inclusion (EDI)	Fran Whyley, Deputy CEO	December 2024	✓	✓	✓	(issued in draft)	(issued in draft)
IT Disaster Recovery Plan Parks and Street Care (PASC)	Tina Adams, Chief Financial and S151 Officer	March 2025	✓				
Fleet Management	Tina Adams, Chief Financial and S151 Officer	March 2025	✓				
Temporary Accommodation	Tina Adams, Chief Financial and S151 Officer	March 2025	✓	✓			
Budget Management	Tina Adams, Chief Financial and S151 Officer	March 2025	✓				
Procurement and Contract Management	Fran Whyley, Deputy CEO	March 2025	✓				

CEMETERIES AND PET CREMATION SERVICES

CRR REFERENCE: 12. FAILURE TO REACT TO AN ENVIRONMENTAL INCIDENT

Design Opinion	S Substantial	Design Effectiveness	M Moderate
Recommendations	0	2	3



SCOPE

BACKGROUND

Cemeteries

- ▶ Gedling Borough Council (the Council) provides funeral services, burial plots, interment of ashes and other memorials/monuments at its cemeteries. The fees and charges for the range of cemetery services that the Council provides is published on its website (see: <https://www.gedling.gov.uk/resident/funerals/fees/>).
- ▶ The Council manages and maintains three cemeteries and it provides burials at Calverton Cemetery. These are:
 - Carlton Cemetery
 - Gedling Cemetery
 - Redhill Cemetery.
- ▶ The cemeteries open at 9am each day and close at 4pm during the winter months and at dusk in the summer months.
- ▶ Income from the cemeteries has been budgeted at £503,600 for 2024/25 which is a small decrease of £12,100 from the 2023/24 Budget.

Pet Cremation Services

- ▶ Gedling Pet Cremation Services provide pet cremation services to pet owners. Owners can either have their pets cremated in a communal cremation or, for a higher price, an individual cremation where they can retain the remains in a scatter tube, urn or casket. The cost of the cremations differs based on the weight/size of the animal, the transportation costs and any extras that the customer purchases.
- ▶ In the 2024/25 Budget report to Cabinet in February 2024, it was reported that there was an expected rise in revenue income for Gedling Pet Cremation Services due to an increase in customers.
- ▶ The service generated £84,030.73 in income in 2023/24. Income has been increasing year on year.

PURPOSE

The purpose of the audit was to assess the income charging and collection arrangements from cemeteries and Gedling Pet Cremation Services. We also assessed the staffing and resource management for cemeteries and pet cremations to ensure that sufficient cover is provided during opening times to maximise income for the Council through the provision of services.

AREAS REVIEWED

During the audit we:

- ▶ Verified that fees and charges for both services were approved and were easily accessible to the public.
- ▶ Tested a sample of funeral services, burials, cremation plots and memorials between 1 April 2023 and 31 March 2024 to ascertain whether:

- The customer was charged accurately based on the fees and charges list on the Council’s website
- Payment was taken upfront, per Council policy.
- ▶ Similarly we tested a sample of pet cremations (individual and communal) to assess whether:
 - The customer was charged accurately based on the size and weight of the animal being cremated, in accordance with the fees and charges schedule
 - Payment was either taken upfront (communal cremations) or prior to the return of ashes (individual cremations).
- For pet cremations, we also verified whether:
 - The £15 charges for the animal collection and return of the ashes were applied and charged accurately
 - The £7 per mile charge for out of borough collections was applied and charged accurately.
- We interviewed staff and sought to obtain documentation to allow us to form a judgment on staffing and resource allocations across both cemeteries and pet cremation services.
- We obtained information regarding marketing of the pet cremation service, to ascertain whether the Council is promoting the service sufficiently to increase income from this area.
- ▶ We reviewed performance monitoring reports across both services to identify whether sufficient monitoring of income and collection is carried out and whether action is taken to escalate any underperformance.


AREAS OF STRENGTH

- We have identified the following areas of good practice:
- ▶ Up-to-date fees and charges for cemeteries are published on the Council website, and for pet cremations on the Gedling Pet Cremation website.
 - ▶ Our testing within the Cemeteries service found that from a sample of 15 order requests that the burial, cremation and/or memorial costs were accurately charged. Payment for these was also received either in cash or via cheque prior to the burial or cremation taking place.
 - ▶ Marketing activity for the pet cremation service has been successful in driving up demand, evidenced by the fact in consecutive quarters during 2023/24, over half the home page visits are generated from Google advertisements.
 - ▶ The number of pet cremations has increased every year as a combination of marketing and word of mouth referrals, from 180 orders in 2019/20 to 743 orders in 2023/24. Useful marketing management information is included in quarterly marketing reports. Customer feedback is extremely positive and the service has been rated 5* across 156 Google reviews.


AREAS OF CONCERN

Finding	Recommendation and Management Response
There is limited performance management reporting and scrutiny of the two services. There are no reconciliation reports in place between the orders completed and payments received, and there is no regular reporting to a relevant	1a. For both Cemeteries and Gedling Pet Cremation Services, reconciliations between the orders placed and carried out and the income received for them should be performed ideally quarterly but at a minimum twice a year, by the Business Development and Support

committee to ensure effective oversight of the services. Testing of 15 Pet Cremation Services works orders found that in nine cases, there were small discrepancies in values of the payments received by the Council compared to our recalculations using the Council's fees and charges values. In addition, collection fees and out of borough transport fees were not always applied (Finding 1 - Medium).

Manager - Environmental Services and the Finance Business Partner, to verify that income is being received in a timely manner. For both services, a report on income against target should be produced quarterly and taken to an appropriate Committee to ensure there is a scrutiny function over the performance of the services.

1b. Other management information should also be regularly reported on (for example, detail on how many contacts were made to the services and how many of these resulted in works orders; the type of service requested and whether the Council was able to provide the dates that the customer required). The reports should include staffing, customer feedback and marketing.

1c. The Council should review cemeteries usage over the past five years and forecast demand, per the Local Authorities Cemeteries Order. This should be reported on at least twice a year to the Overview and Scrutiny Committee or Cabinet.

1d. The Parks and Street Care Manager should investigate the cases detailed to ascertain whether it was human error, a system failing or other reasons for the inaccurate charges.

1e. The glitch in the inhouse system regarding the automatic update of prior year bookings with current year values should be remedied.

1f. The Business Development and Support Manager should perform sample quality checks on a monthly basis to assure itself that staff are applying the charges correctly, and any lessons learnt should be shared at team meetings.

Management Response:


1a. We will implement the reconciliations.

1b. Additional details will be captured by the Pet Cremations Administrator and reported in more regular meetings.

1c. Agreed.

1d. The Pet Cremation team has examined the specific cases and put in place steps to prevent these errors occurring again, with the exception of the rounding of 1p issue, which is just a system rounding issue and does not need to be changed.

		<p>1e. We have discussed this with the in-house system designer and this has been addressed and will not be an issue going forward.</p> <p>1f. Accepted, will implement.</p> <p>Target Date: 31 March 2025</p>
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CONCLUSION

- ▶ We have concluded Moderate assurance over both the design and implementation of controls with regard to the cemeteries service and the Gedling Pet Cremation Services.
- ▶ We have provided Moderate assurance over the control design despite raising only one medium finding, because it pertains to a lack of management information and regular reporting and oversight, which is a fundamental flaw in the control environment. Although some controls are in place across the two services, we found weaknesses in the inhouse system used for the Gedling Pet Cremation Services.
- ▶ The control effectiveness was also deemed Moderate because while in general the services are delivering services to citizens successfully, we found areas of non-compliance with current controls, particularly within Gedling Pet Cremation Services in applying the correct fees and charges. There is also scope for improvement with respect of ensuring that staffing levels are reviewed and sufficient.

Positively, we note the good performance of the Cemeteries service with respect to our audit testing, and the fact that the Pet Cremation Service is growing its revenue year on year and receives favourable survey feedback from customers.

SECTOR UPDATE

Our quarterly Local Government briefing summarises recent publications and emerging issues relevant to local authority providers that may be of interest to your organisation. It is intended to provide a snapshot of current issues for senior managers, Executive Directors and Members.

LGA RESPONSE TO NUFFIELD REPORT ON NICS INCREASE

Responding to a Nuffield Trust analysis, which shows that changes to employer National Insurance Contributions announced in the Budget look set to cost the adult social care sector more than £900 million next year, Cllr David Fothergill, Chair of the LGA's Community Wellbeing Board said:

"Councils are facing severe funding and demand pressures, meaning finances are under strain like never before. With a vast majority of councils now struggling to balance the books, the costs from National Living Wage and employer National Insurance increases announced in the Budget must be fully funded.

"At its best, adult social care supports adults of all ages to live the life they want to lead. But a range of serious concerns that councils have been raising for years remain and immediate adequate investment is needed in order to address unmet and under-met need and ensure timely access to social care for all who need it."

[LGA statement on Nuffield Trust report about cost to social care of employer NICs increase | Local Government Association](#)

FOR INFORMATION

For Members of the Audit Committee

DEVOLUTION AND REORGANISATION PLANS

Sector figures have urged the government to publish the devolution white paper as speculation mounts about widespread reorganisation being on the cards.

Budget documents published last month said that the upcoming white paper on English devolution will include "working with councils to move to simpler structures that make sense for their local areas, with efficiency savings from council reorganisation helping to meet the needs of local people".

Lord's minister for housing & local government Baroness Sharon Taylor told the LGC Summit on 14 November, "the white paper will be published, we hope, by the end of this month" however it is now anticipated to be December.

Yesterday evening the [Times](#) reported that ten areas would be in the first wave of reorganisation, including Kent, Essex, Hertfordshire, Surrey, Norfolk and Suffolk.

According to the Times, these regions would have their district councils replaced with larger unitaries with populations of at least 500,000 people, a figure County Councils Network chair Tim Oliver (Con) told its conference this month should be the required minimum.

Cllr Oliver said this figure should be confirmed as the "minimum population limit" to "ensure new unitary authorities are of the necessary scale" and devolution plans should "space whole-county geographies and support better public services deliver across the area".

[Call for clarity over devolution and reorganisation plans | Local Government Chronicle \(LGC\)](#)

FOR INFORMATION

For Members of the Audit Committee and Executive Management.

TRANSFORMING PUBLIC PROCUREMENT - INTRODUCING THE PROCURMENT ACT

One in every three pounds of public money, some £300bn a year, is spent on public procurement.

The reforms proposed within the Procurement Act are important because they will shake up our outdated procurement system, so that every pound goes further for our communities and public services. They will

place value for money, public benefit, transparency and integrity at the heart of our procurement system; they will modernise and unify our systems and processes; and they will get tough on the poor performers and fraudsters.

The Act will reform the UK's public procurement regime, making it quicker, simpler, more transparent and better able to meet the UK's needs while remaining compliant with our international obligations. It will introduce a new regime that is based on value for money, competition and objective criteria in decision-making. It will create a simpler and more flexible, commercial system that better meets our country's needs. And it will more effectively open up public procurement to new entrants such as small businesses and social enterprises so that they can compete for and win more public contracts. It will strengthen the approach to excluding suppliers where there is clear evidence of their involvement in Modern Slavery practices and running throughout each part of the Bill is the theme of transparency. We want to deliver world-leading standards of transparency in public procurement and this Act paves the way for that.

The Transforming Public Procurement programme aims to improve the way public procurement is regulated in order to:

- Create a simpler and more flexible, commercial system that better meets our country's needs while remaining compliant with our international obligations
- Open up public procurement to new entrants such as small businesses and social enterprises so that they can compete for and win more public contracts
- Embed transparency throughout the commercial lifecycle so that the spending of taxpayers' money can be properly scrutinised.

The Procurement Bill, which will reform the existing Procurement Rules, has now received Royal Assent. You can view the new Procurement Act on the [UK legislation website](#), and the official record of the Bill's progress through Parliament, with all supporting documents on the [Parliamentary website](#).

<https://www.gov.uk/guidance/the-official-transforming-public-procurement-knowledge-drops>

FOR INFORMATION

For Members of the Audit Committee and Executive Management.

THE NEW WORKER PROTECTION ACT & SEXUAL HARASSMENT IN THE WORKPLACE

We explore the introduction of the Worker Protection Act 2023; outlining what the Act is, the intended impact, implications for employers and reasonable steps to addressing the compliance requirements. We also explore how employers can go beyond compliance to create a psychologically safe and ethical working environment for their people.

The Worker Protection Act 2023 comes into effect in October 2024 and places a legal duty on UK employers to actively prevent and address sexual harassment in the workplace. The Act is an amendment of the 2010 Equality Act and holds employers accountable to "take reasonable steps to prevent sexual harassment of employees in the course of their employment".

Rather than redressing past incidents, the Act will introduce the requirement for employers to take reasonable steps to protect their employees from the occurrence of sexual harassment. This includes when employees are working outside of their normal workplace and at workplace social events which will be considered an extension of the workplace under the Act.





At this time, it isn't clear what these "reasonable steps" will look like. However, as the guidance will introduce a mandate and onus for organisations to define and embed ethical preventative measures into their workplaces to prevent sexual harassment, it will require the urgent proactive assessment of processes, policies and working practices for many UK employers against the new requirements.

[The New Worker Protection Act & sexual harassment in the workplace - BDO](#)

FOR INFORMATION





For Members of the Audit Committee and Executive Management.

KEY PERFORMANCE INDICATORS




QUALITY ASSURANCE	KPI	RAG RATING
The auditor attends the necessary, meetings as agreed between the parties at the start of the contract	Audit Committee meetings, pre-meetings, individual audit meetings and contract reviews have been attended by either the Partner or Audit Manager.	
Positive result from any external review	Following an External Quality Assessment by the Institute of Internal Auditors in May 2021, BDO were found to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards.	
Quality of Work	We have not yet received survey responses for 2024-25 audits. We request a survey response on issue of every final audit report. We received four survey responses for audits completed in 2023-24 with an average score of 4.75/5 for the overall audit experience. We also received an average score of 4.75/5 for the added value from our reports and the constructiveness of our recommendations. We continue to send out feedback surveys when issuing our final reports.	
DELIVERY	KPI	RAG RATING
Completion of audit plan	Half of the plan is now complete. We anticipate 7/9 of the 2024-25 audits to be presented to Audit Committee before December 2024, representing significant progress and likelihood of full completion of the plan by March 2025.	

APPENDIX 1

OPINION SIGNIFICANCE DEFINITION

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION	FINDINGS FROM REVIEW
Substantial 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate 	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally, a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non-compliance with some controls, that may put some of the system objectives at risk.
Limited 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE DEFINITION

RECOMMENDATION SIGNIFICANCE	
High 	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium 	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low 	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

FOR MORE INFORMATION:

Gurpreet Dulay

Gurpreet.Dulay@bdo.co.uk

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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