



Mountsett Crematorium Joint Committee

Date **Friday 25 June 2010**
Time **10.00 am**
Venue **Whickham Room, Gateshead Council Offices**

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. Membership of the Joint Committee
2. Appointment of Chair for the Ensuing year.
3. Appointment of Vice-Chair for the Ensuing year.
4. Declarations of Interest, if any.
5. Minutes of the Meeting held on 29 January 2010. (Pages 1 - 6)
6. Report of the Superintendent & Registrar. (Pages 7 - 10)
7. Annual Return & Statement of Accounts 2009/10. (Pages 11 - 46)
8. 2009/2010 Annual Governance Statement. (Pages 47 - 56)
9. Financial Monitoring Report 2010/11, position at 31 May 2010, with Projected Outturn to 31/03/2011. (Pages 57 - 60)
10. Treasurer to the Joint Committee. (Pages 61 - 62)
11. Bus Services to Mountsett Crematorium - Verbal Presentation.

Part B

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

12. Internal Audit Report. (Pages 63 - 68)
13. Such other business as in the opinion of the Chairman of the meeting is of sufficient urgency to warrant consideration.

Colette Longbottom
Head of Legal and Democratic Services

County Hall
Durham
17 June 2010

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

Durham County Council:-

Councillors: O Temple (Chair), A Bainbridge, J Docherty, M Hodgson,
J Hunter, O Johnson, J Nicholson, B Stephens and J Wilson

Gateshead Council:

Councillors K Dodds (Vice-Chair), M Gannon, M Ord, P Ronan, J Hamilton,
D Davidson and M Wallace

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DURHAM COUNTY COUNCIL

MOUNTSETT CREAMTORIA JOINT COMMITTEE

AT A MEETING of the **MOUNTSETT CREAMTORIA JOINT COMMITTEE** held in the Saltwell Room, Gateshead Council Offices on **Friday 29th January 2010** at **10.00 a.m.**

COUNCILLOR O. TEMPLE in the Chair

PRESENT

Members of the Committee

Durham County Council:

Councillors J. Hunter, R. Ord, B. Stephens, O. Temple

Gateshead Council:

Councillors M. Ord, B. Richmond, P. Ronan, M. Wallace

A1 Apologies for Absence

Apologies for absence were received from Durham County Councillors O. Johnson, J. Nicholson, and J. Wilson and Gateshead Councillors K.M. Dodds and J.W. Hamilton.

A2 Declarations of Interest

There were no declarations of interest submitted.

A3 Minutes

RESOLVED: that the minutes of the meeting held on the 30th October 2010 be agreed as a correct record.

A4 Report of the Superintendent and Registrar.

The Superintendent and Registrar presented the report which updated members' on the cremator replacement program and Mercury Abatement issues. The report outlined statistical information regarding cremation numbers for the period April – November 2009 together with comparative figures.

The Superintendent and Registrar continued to run through the report highlighting the recommendations.

Following discussion of the above it was

RESOLVED:

- (i) That the report be noted and support that in 2024/25, when the new cremators are installed, that the Mercury Abatement equipment is installed at the same time.
- (ii) That in 2010/11 and in subsequent years, the budget makes additional financial provision for the replacement of the cremators in 2024/25, with Mercury Abatement equipment as part of the provision.
- (iii) That the number of cremations undertaken in period 1 April to 30 November 2009 be noted.

A5 Financial Monitoring Report

The Head of Finance, HR & Business Support presented the report which set out details of income and expenditure in the period 1 April to 31 December 2009, with a projection of the anticipated outturn to 31 March 2010, highlighting areas of over / underspend against the revenue budgets at a service expenditure analysis level. The report further set out details of funds and reserves for the same period and provided the estimated position at 31 March 2010.

He advised that the Crematorium was forecast to over-achieve its operating surplus by approximately £40,000. The variances for such were outlined within section 6 of the report (for copy see file of minutes). It was noted that, the additional surplus was to be transferred to the earmarked reserves at the year end, rather than distributed as additional income to the partner authorities.

Following discussion of the above it was

RESOLVED:

- (i) that members note the report and associated forecasts in terms of the outturn position 2009/10.
- (ii) that approval be given for the transfers to earmarked reserves and balances as outlined within the report.
- (iii) that the Committee continue to receive quarterly reports for consideration in line with the Forward Plan.

A6 Risk Register 2009/10

The Head of Finance, HR & Business Support presented the report which provided an update on the current position with regards to the Risk Register for the Committee and to set out proposals for regular reporting of risk.

He advised that two risk registers had been prepared, separately identifying Service and Operational Risks, this had been benchmarked against the Durham Crematorium Risk Register to ensure continuity across the County.

He went on to provide some background as to how the Risk Register is maintained and suggested that to ensure that it is kept up to date, regular reviews should be undertaken. Therefore it was recommended that the Committee shall receive 6 monthly reports plus an overall annual report to identify and new and emerging risks are identified, existing risks removed if no longer appropriate and existing risks reviewed taking into account current issues.

The Superintendent and Registrar added that the process had proved very useful. Councillor Temple thanked Officers for the report.

RESOLVED:

- (i) That the content of the report and updated position be noted.
- (ii) That the Committee shall receive up to date Risk Registers for review on a half yearly basis.
- (iii) That an annual report be received by the Committee on the approach to risk management being prepared in April / May to inform the Annual Governance Statement.

A7 Ground Maintenance Review – Grass Cutting at Mountsett Crematorium

The Bereavement Services Manager presented the report which provided the Committee with options for improved grass cutting standard at Mountsett Crematorium. (for copy see file of minutes)

He went on to provide some background to the existing grass cutting contract and the standard of service received.

The Bereavement Services Manager then proceeded to outline the options for future grass cutting within the Crematorium, highlighting that Option 4 was favourable as it provided greater control over the service provided by using existing trained staff. The costs associated with this were outlined within the report for members' consideration.

Councillor Ord added that in his opinion Option 4 was the most suitable and viable option for the Committee to take, the Crematorium grounds were in a highly presentable place and he added that it was vitally important that this area was cut more frequently than had been done so by the current contractor.

Following discussion of the above it was

RESOLVED:

- (i) That the content of the report be noted.
- (ii) That Option 4 be adopted, as it provides a greater level of control over the services provided.
- (iii) The budget for 2010/11 be increased by £5,000 to meet the additional costs that would be incurred.

A8 Fees and Charges 2010/11

The Head of Finance, HR & Business Support presented the report which set out details of proposed fees and charges for the Mountsett Crematorium for 2010/11.

He advised that Durham County Council had developed a Fees and Charges Policy which provided a framework for the equalization of charging across the County. He advised that the proposed changes to fees and charges took into account the views of the Superintendent Registrar with regards to the local market and customer impact, further a benchmarking exercise had been undertaken looking at charges levied by other neighbouring facilities.

The proposals sought to harmonise policy with regards to charges with that of the Central Durham Crematorium.

The Head of Finance, HR and Business Support went on to outline the impact the changes in charges would have on levels of reserves as in paragraph 8 and 9 of the report.

He went on to advise that there was an amendment to paragraph 13 of the report as follows:-

Considering all of these factors, and working on the assumption that the partner authorities would not wish to see any financial detriment to their General Funds in 2010/11, the following revisions to fees and charges are proposed: *this is below the level of adjacent facilities.*

In conclusion he advised that that the two revisions to charges, Cremations and the Book of Remembrance would take immediate effect if agreed however all other fees and charges would remain the same as 2009/10.

Councillor Temple further questioned whether a decision should be taken over the proportion of surpluses by each Authority as outlined within paragraph 9 of the report.

Following discussion the above it was

RESOLVED:

- (i) That the content of the report be noted and the proposed changes in fees and charges be adopted.
- (ii) The approved fees and charges be incorporated into the 2010/11 budget.
- (iii) That the proportion of surplus retained by the authorities is brought in line with Durham Crematorium.

A9 2010/11 Revenue Budget

The Head of Finance, HR & Business Support presented the report which set out proposals with regard to the 2010/11 revenue budget for Mountsett Crematorium.

He advised that the budget proposals factored in the impact of increasing the charges in line with the previous report and the costs associated with implementing Option 4 of the grass cutting report. Further budgets proposals were outlined within paragraph 5 including additional investment in Premises, Supplies and Services, Income and increases to Earmarked Reserves, in line with the requirement to build sufficient reserves to cover the cremator replacement programme, incorporating mercury abatement equipment.

It was noted that additional investment in the Book of Remembrance and the procurement of a Wesley Music System had also been factored into the budget proposals.

Appendix 2 of the report provided members' with a breakdown of the budget proposals.

RESOLVED:

- (i) That the budget proposals for 2010/11 as contained within the report be accepted.
- (ii) that the financial strategy as proposed within the report with regard to reserves and balances be accepted.

A10 Any Other Business

Councillor Ord added that he had received a number of complaints regarding the lack of bus services to Mountsett Crematorium. Lengthy discussion took place regarding this subject and it was agreed that the Strategic Transport Manager and Portfolio Holder for Transport be invited to attend the next meeting of the Committee to discuss the matter further.

Conclusion of Meeting

The meeting closed at 10.27 a.m.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Agenda Item 6

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Mountsett Crematorium Joint Committee

25 June 2010

**Revenue Outturn & Statement of Accounts
for the Year Ended 31 March 2010**



**Joint Report of Terry Collins – Corporate Director: Neighbourhood
Services; Stuart Crowe – Corporate Director: Resources**

Purpose of the Report

- 1 The purpose of this report is to seek approval of the attached Small Bodies in England Annual Return (attached at Appendix 2) and Statement of Accounts (attached at Appendix 3) for Mountsett Crematorium Joint Committee for the financial year ended 31 March 2010.

Background

- 2 The Annual Return is subject to audit by external auditors – BDO Stoy Hayward. The audit will commence week commencing 28 June 2010. On completion, the auditor's report will be incorporated into a published Statement of Accounts document.
- 4 The attached Annual Return is the statutory published document for the Mountsett Crematorium Joint Committee.

The Statement of Accounts

5. The Annual Return and Statement of Accounts have been prepared considering the requirements of the 2009 'Code of Practice on Local authority Accounting in Great Britain' as updated and published by the Chartered Institute of Public Finance and Accountancy (CIPFA).
6. There are four Core Statements that provide fundamental information on the financial activities and position of the Joint Committee.
 - The Income and Expenditure Account;
 - The Statement of Movement on the General Fund Balance
 - The Balance Sheet
 - The Cash Flow Statement
7. Additional explanations on the contents of the Annual Return and Statement of Accounts will be provided at the meeting.

Financial Outturn 2009/10

8. Members will recall that regular (quarterly) budgetary control reports have been considered throughout the year, which incorporated forecast year end outturn positions.
- 9.. The following table shows the final outturn position (as incorporated into the Statement of Accounts):

Subjective Analysis	Original Base Budget 2009/10	Outturn 2009/10 ®	Variance Over/ (Under)	MEMO - Provisional Outturn [29.1.10] 2009/10
	£	£	£	£
Employees	112,730	107,281	(5,449)	110,329
Premises	89,300	103,349	14,049	88,625
Transport	100	0	(100)	300
Supplies & Services	58,850	39,681	(19,169)	47,182
Agency & Contracted	16,000	15,845	(155)	15,850
Transfer Payments	0	0	0	0
Capital Charges	0	0	0	0
Central Support Costs	8,330	8330	0	8,330
Gross Expenditure	285,310	274,486	(10,824)	270,616
Income	(485,200)	(496,238)	(11,038)	(511,430)
Net Income	(199,890)	(221,752)	(21,862)	(240,814)
Transfer to Reserves				
- Repairs Reserve	15,000	20,119	5,119	15,000
- Cremator Reserve	20,000	36,742	16,742	60,924
Distributable Surplus	(164,890)	(164,890)	0	(164,890)
65% Durham County Council	107,178	107,178	0	107,178
35% Gateshead Council	57,712	57,712	0	57,712

Mountsett Crematorium Earmarked Reserves	Balance @ 1 April 2009	Transfers to Reserve ®	Transfers From Reserve	Estimated Balance @ 31 March 2010
	£	£	£	£
Cremator Replacement Reserve	(123,670)	(36,742)	0	(160,412)
Major Repairs Reserve	(17,428)	(20,119)	0	(37,547)
Total	(141,098)	(56,862)	0	(197,959)

11. The following sections outline the reasons for significant variances by subjective analysis area, comparing the outturn position against the budget and highlighting reasons for variances between the actual and outturn position previously reported:

Employees

The outturn is showing a £5,449 saving against the approved budget. The base budget assumed a 1.50% pay award, however, the actual outturn factors in the agreed 1% pay award. In addition further savings were made as a result of reduced sickness and holiday cover.

Premises

This overspend is mainly due to repairs and maintenance charges (£9,000 fence repairs, £2,000 other R&M). Increased gas charges of £3000 also added to the overspend

The previous outturn showed an underspend of (675). The overspends highlighted above were not anticipated at that point in time

Supplies and Services

This is mainly due to the £11,000 budgeted payment in respect of the DEFRA Mercury Abatement Scheme which has been deferred until 2013. Other underspends on postage, printing stationery and telephones total £3,000. Medical Reference Fee charges are £3,000 lower than budget and the budgeted vending machine expenditure of £1,000 has not been required.

The previous outturn showed an underspend of £11,668. The difference between the previous outturn and the actual outturn being the reduced spend on postage, printing, stationery and telephone, medical referees and the non spend on vending machine equipment.

Income

The additional income on budget of £11,038 relates to additional cremation fee income throughout the year as a result of increased cremation numbers and additional entries into the Book of Remembrance.

The previous outturn showed an anticipated additional income of £26,230. The actual outturn is lower due to a reduced number of cremations in the final quarter than expected.

Earmarked Reserves

In line with the previous report, any additional surplus has been retained within the Joint Committee. The previous outturn projection estimated that the additional net income (over the level budgeted) would be £75,924. The actual outturn shows that additional net income to transfer to earmarked reserves is £21,862. The retained reserves of the Joint Committee as at 31 March 2010, is £197,959.

Recommendations and reasons

12. It is recommended that:

- The Joint Committee note the outturn position set out in the report;
- The Joint Committee approve the Annual Return and Statement of Accounts for the year ended 31 March 2010, attached at Appendix 2 and 3
- The Chair and Treasurer sign the Statement of Accounts and Annual Return

Contact: Paul Darby, 0191 383 6594

Appendix 1: Implications

Finance

The Annual return and Statement of Accounts refer to the transfer to the Joint Committee's General Reserves and reports on the Joint Committee's spending during 2009/2010

Staffing

None

Equality and Diversity

None

Accommodation

None

Crime and disorder

None

Sustainability

None

Human rights

None

Localities and Rurality

None

Young people

None

Consultation

Officers of Gateshead Council were consulted on the contents of this report

Health

None

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Statement of Accounts 2009/2010

Mountsett Crematorium Joint Committee



Chairman - Councillor O Temple
Treasurer - Mr S D Crowe, CPFA

Explanatory Foreword

The purpose of this foreword is to provide an easily understandable guide to the most significant matters reported in the accounts for Mountsett Crematorium Joint Committee for the financial year 2009/10, assist in the interpretation of the accounting statements, and provide an explanation in overall terms of the financial position at 31 March 2010. It also gives a brief commentary on the influences affecting Mountsett Crematorium Joint Committee income and expenditure and cash flow.

The Statement of Accounts comprises:

1. Report of the Treasurer and Financial Summary

This report outlines the main financial results for the year ended 31st March 2010. They summarise the income and expenditure incurred by the Joint Committee and highlight any change to the financial position that occurred during the year.

In 2009/2010 the Joint Committee's Capital spending was nil.

2. Statement of Accounting Policies

This explains the basis for the recognition, measurement and disclosure of transactions and other events in the accounts. In certain circumstances, where more than one accounting basis or estimation technique is acceptable, the accounting policy and/or estimation techniques followed can significantly affect an authority's reported results and financial position. The view presented can only be appreciated properly if the policies which have been followed for material items and estimation techniques which have been used in applying those policies are explained.

The accounting policies that were followed in preparing these accounts are explained on pages 7-8

3. Crematorium Core Financial Statements

Income and Expenditure Account

This statement is fundamental to the understanding of the Joint Committee's activities, in that it reports the net cost for the year of all the functions for which the authority is responsible, and demonstrates how that cost has been financed.

The Crematorium's Income and Expenditure Accounts is shown on page 9.

Statement of Movement on the Constituent Authorities Account Balance

This statement contains the amounts in addition to the Income and Expenditure Account surplus or deficit for the year that are required by statute and non-statutory proper practices to be charged or credited to the Constituent Authorities Account in determining the movement on the constituent Authorities Account Balance for the year.

The Statement of Movement on the Constituent Authorities Account Balance is shown on page 10

Balance Sheet

The Balance Sheet is fundamental to the understanding of the Joint Committee's financial position at the year-end. It shows its balances and reserves and the fixed (where applicable) and net current assets employed in its operations, together with summarised information on the fixed assets held and disposed of.

The Balance Sheet is shown on page 11

Cash Flow Statement

This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and where applicable capital purposes. Cash is defined for the purposes of this statement as cash in hand and deposits repayable on demand less overdrafts repayable on demand.

The Cash Flow Statement is shown on page 12

Notes to the Core Financial Statements

The notes to the core financial statements are required to be shown together, after the core financial statements. They are shown on pages 13 -16

4. Supplementary Financial Statements

Annual Governance Statement

The preparation and publication of an Annual Governance Statement is necessary to meet the statutory requirement set out in the Accounts and Audit Regulations 2003 (as amended) which requires authorities to 'conduct a review at least once in a year of the effectiveness of its system of internal control' and to prepare a statement on internal control 'in accordance with proper practices'

Report of the Treasurer

Overview of Financial Performance in 2009/2010

Each year the Joint Committee approves a budget for the forthcoming year. This report outlines the main financial results for the year ended 31st March, 2010. It summarises the income and expenditure incurred by the Joint Committee and highlights any change to the financial position that occurred during the year.

The 2009/10 Budget anticipated that the Joint Committee would achieve a surplus of £164,890 This was based on a permitted a contribution to reserves of £35,000.

The table below summarises the budget and actual income and expenditure for 2009/10. Variations are shown alongside.

	Budget 2009/2010 £	Actual 2009/2010 £	Variance 2009/2010 £
Gross Expenditure on Services	285,310	274,486	(10,824)
Capital Financing Costs	0	0	0
Total Expenditure	285,310	274,486	(10,824)
Total Income	(485,200)	(496,238)	(11,038)
(Surplus) / Deficit for the year	(199,890)	(221,752)	(21,862)
Transfer from Capital Adjustment A/c	0	0	0
Contribution to Reserves	35,000	56,862	21,862
Transfer from Reserves	0	0	0
To Constituent Authorities A/c	164,890	164,890	0
Allocated to:-			
Durham County Council	107,178	107,178	0
Gateshead Metropolitan Borough	57,712	57,712	0
Balance	0	0	0

The table above shows a reduction in gross expenditure of **£10,824** and an increase in income of **£11,038**. The main reasons for these variances are as follows:

Gross Expenditure:

Mercury Abatement Budget not required during 2009/2010

Income:

Additional cremation fee income due to increased number of cremations and additional entries into the book of Remembrance

Capital Expenditure

There was no Capital Expenditure during 2009/10. As a result of Local Government Re-organisation, Mountsett Crematorium has adopted Durham County Council's de minimus level for the capitalisation of assets. This level is £10,000.

Major Fixed Asset Acquisitions and disposals

During 2009/10, investigations have highlighted that fixed assets of Land, Buildings and fixtures and fittings are owned by the Constituent Authorities in accordance with Mountsett Crematorium Joint Committee Constitution (dated 7 September 1964) in the following percentages:

Durham CC (as successor to Derwentside District Council)	60%
Gateshead MBC	40%

As a result, such fixed assets previously recorded within Mountsett Crematorium Joint Committee's Balance Sheet have now been removed and transferred to the Balance Sheets of the Constituent Authorities.

Reserves

The Crematorium Committee holds various reserves to earmark resources for future spending plans. Reserves are created by appropriating amounts in the Statement of Movement on Constituent Authorities Account Balance. When expenditure to be financed from a reserve is incurred, it is charged to the Crematorium revenue account in that year to score against the Net Cost of Services in the Income and Expenditure Account. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge.

In 2009/2010 there has been no expenditure financed via any earmarked reserves.

Reserve	Balance at start of year	Contribution to Reserves	Use of reserve	Balance at 31.3.10
Repairs Reserve	17,428	20,119	0	37,547
Cremator Reserve	123,670	36,742	0	160,412
Revaluation Reserve	61,445	0	(61,445)	0
Capital Adjustment Account	406,181	0	(406,181)	0
TOTAL	608,724	56,862	(467,626)	197,959

Material and unusual charges and credits

There are no unusual charges or credits within the 2009/2010 Statement of Accounts.

Significant Changes in Accounting Policies

There were no changes in accounting policies during 2009/2010.

Significant Changes to Statutory Functions

There were no changes in statutory functions in 2009/2010 that had a significant impact on the Statement of Accounts.

SIGNED:

S D Crowe CPFA
Treasurer to the Joint Committee

Statement of Accounting Policies

General Principles

The form and general principles adopted in compiling these accounts are those recommended by the Chartered Institute of Public Finance and Accountancy in documents such as the Best Value Code of Practice on Local Authority Accounting (BVACOP) and accompanying Guidance Notes for Practitioners. The Institute's guidance notes on the application of Statements of Standard Accounting Practice (SSAP), Statements of Recommended Practice (SORP) and Financial Reporting Standards (FRS) have also been taken into account.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

Fees and charges due from customers are accounted for as income at the date the Joint Committee provides the service.

Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as stocks on the balance sheet.

Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Support Services Allocations

The costs of Durham County Councils Support Services are allocated to the service areas that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice 2008 (BVACOP). The total absorption costing principle is used – the full costs of support services are shared between users in proportion to the benefits.

Interest

Surplus monies are invested externally by Durham County Council on behalf of the Mountsett Crematorium Joint Committee, which receives the interest earned on the actual rate achieved. Interest payable on external borrowings and investment income is also accounted for on an accruals basis and is credited to the Income and expenditure account.

Fixed Assets

Tangible fixed assets are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

Expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it yields benefits to the Joint Committee and the service it provides for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of asset (e.g. repairs and maintenance) is charged to revenue as it is incurred.

During 2009/10, investigations have highlighted that fixed assets of Land, Buildings and fixtures and fittings are owned by the Constituent Authorities in accordance with Mountsett Crematorium Joint Committee Constitution (dated 7 September 1964) in the following percentages:

Durham CC (as successor to Derwentside District Council)	60%
Gateshead Council	40%

As a result, such fixed assets previously recorded within Mountsett Crematorium Joint Committee's Balance Sheet have now been removed and transferred to the Balance sheets of the Constituent Authorities.

Redemption of Debt

The Local Government and Housing Act 1989 states that the Joint Committee must set aside prescribed proportions of any Capital Receipts for the redemption of debt. The Act also stated that the Authority must make a Minimum Revenue Provision of 4% on all other debt. Mountsett Crematorium Joint Committee is currently debt-free and therefore no Minimum Revenue Provision is required for 2009/2010.

Current Assets - Stock

Stocks held at the Crematorium are included in the Balance Sheet at Average cost.

This practice conflicts with SSAP 9, which recommends that stocks should be shown at the lesser of cost or realisable value. The rate of movement of stock, however, is such that valuation in the latter bases would not significantly affect the stock balance.

Income and Expenditure Account

This account summarises the resources that have been generated and consumed in providing and managing a Crematorium service during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed.

Year Ended 31 March 2009		Year ended 31 March 2010
£	Expenditure	£
110,725	Employees	107,281
91,126	Premises	103,349
44,623	Supplies and Services	39,681
17,295	Agency & Contract Services	15,845
8,810	Establishment Expenses	8,330
33,929	Capital charges	
<u>306,508</u>		<u>274,486</u>
480,019	Income	495,272
<u>0</u>	Interest and Investment income	<u>966</u>
<u>-173,511</u>	Net Cost of Services	<u>-221,752</u>
<u>-173,511</u>	(Surplus) /Deficit for the year	<u>-221,752</u>

Statement of Movement on Constituent Authorities Account Balance

The purpose of this statement is to clarify how the surplus / deficit from the Income and Expenditure Account impacts the resources available to fund the activities of the Constituent Authorities.

The Income and Expenditure Account shows the Joint Committee's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the Constituent Authorities are required to raise council tax on a different accounting basis, the main difference being:

- ◆ Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed
- ◆ Retirement benefits are charged as amounts become payable to pensions funds and pensioners rather than as future benefits are earned

This reconciliation statement summarises the difference between the surplus / deficit on the Income and Expenditure Account and the amount available to be added in the future to the General Fund Balance of each Constituent Authority.

Year Ended 31 st March 2009 £	Notes	Year Ended 31 st March 2010 £
-173,511	(Surplus)/Deficit for the year on the Income and Expenditure Account	-221,752
179,044	Net additional amount required by statute and non-statutory proper accounting practices to be debited or credited to the Constituent Authorities A/c Balance for the year	223,378
<u>5,533</u>	(Increase)/Decrease in the Constituent Authorities A/c Balance for the year	<u>1,626</u>
-64,871	Constituent Authorities A/c Balance Brought Forward	-59,338
<u><u>-59,338</u></u>	Constituent Authorities A/c Balance Carried Forward	<u><u>-57,712</u></u>

Balance Sheet as at 31 March 2010

Year Ended 31 st March 2009 £		Year Ended 31 st March 2010 £
	Fixed Assets	
	Operational Assets	
350,321	Operational Land & Buildings	0
117,305	Other operational assets	0
<u>467,626</u>	Total Fixed Assets	<u>0</u>
	Current Assets	
160,376	Cash in Hand	226,354
30	Petty Cash	30
2,276	Stock	1,520
37,755	Debtors	35,970
<u>200,437</u>	Total Current Asset	<u>263,874</u>
	Current Liabilities	
0	Creditor	8,202
0	Total Current liabilities	8,202
<u>668,063</u>	Total assets less Current Liabilities	<u>255,672</u>
	Financed By	
59,338	Constituent Authorities A/c (Note 1)	57,712
17,428	Repairs Reserve (Note 3)	37,547
123,670	Cremator Reserve (Note 4)	160,412
61,445	Revaluation Reserve (Note 5)	0
406,181	Capital Adjustment A/c (Note 6)	0
<u>668,063</u>	Total Net Worth	<u>255,672</u>

The Cash Flow Statement

Year Ended 31 st March 2009 £ Restated		Year Ended 31 st March 2010 £ Note
	Revenue Activities	
	<i>Cash Outflows</i>	
175,073	Cash paid to Constituent Authorities	166,517
110,725	Cash paid to and on behalf of employees	107,281
162,821	Other operating cash payments	158,247
	<i>Cash Inflows</i>	
(473,200)	Cash received for goods and services	(497,057)
	Other operating cash receipts	
<u>(24,581)</u>	Net cash (inflow)/outflow from revenue activities	<u>(65,012)</u>
	Dividends from Joint Ventures and Associates	
	<i>Cash Inflows</i>	
<u>0</u>	Dividends received	<u>0</u>
<u>0</u>	Net cash (inflow) from Joint Ventures and Associates	<u>0</u>
	Returns on Investments and Servicing of Finance	
	<i>Cash Outflows</i>	
0	Interest paid	0
0	Interest element of finance lease rental payments	0
	<i>Cash Inflows</i>	
(4,220)	Interest received	(966)
<u>(4,220)</u>	Net cash (inflow)/outflow from returns on investments	<u>(966)</u>
	Capital Activities	
	<i>Cash Outflows</i>	
23,853	Purchase of fixed assets	0
0	Purchase of long-term investments	0
0	Other capital cash payments	0
	<i>Cash Inflows</i>	
0	Sale of fixed assets	0
0	Other capital cash receipts	0
<u>23,853</u>	Net cash (inflow)/outflow from capital activities	<u>0</u>
	Management of Liquid Resources	
0	Net (increase)/decrease in short-term deposits	0
0	Net (increase)/decrease in other liquid resources	0
	Financing	
0	<i>Cash Outflows</i>	0
0	<i>Cash Inflows</i>	0
<u>(4,948)</u>	Net (increase)/decrease in cash	<u>(65,978)</u>

Notes to the Core Financial Statements

1. Constituent Authorities Surplus Account

This account contains any deficit or surplus generated in the Revenue Account, and shows the extent to which these are attributable to each of the Mountsett Crematorium Joint Committee's Constituent Authorities.

A summary of the movements during the year is shown below

Year Ended 31 st March 2009 £		Year Ended 31 st March 2010 £		Total £
		Durham County Council £	Gateshead Council £	
59,338	Balance 1 April	0	59,338	59,338
-59,338	Payments during year	0	-59,338	-59,338
221,752	Surplus for Year	144,139	77,613	221,752
0	Capital Accounting Adjustment	0	0	0
-20,119	Transfers to Repairs Reserve	-13,119	-7,000	-20,119
0	Transfers from Repairs Reserve	0	0	0
-36,742	Transfers to Cremator Reserve	-23,840	-12,901	-36,742
0	Transfers from Mercury Abatement Reserve			0
<u>164,890</u>	Balance 31 March	<u>107,178</u>	<u>57,712</u>	<u>164,890</u>
<u>-107,178</u>	Repaid to Authority	<u>-107,178</u>	<u>0</u>	<u>-107,178</u>
<u><u>57,712</u></u>	Balance c/fwd	<u><u>0</u></u>	<u><u>57,712</u></u>	<u><u>57,712</u></u>

2. Explanation of the significance of the Statement of Movement on the Constituent Authorities Account Balance

The Income and Expenditure Account summarises all of the resources that the Joint Committee has generated, consumed or set aside in providing its service during the year. However, this accounting basis is currently out of line with the statutory provisions that specify the net expenditure that the Constituent Authorities need to take into account when setting local taxes. In order to give a full presentation of the financial performance of an authority during the year and the actual spending power carried forward to future years, the outturn on the Income and Expenditure Account needs to be reconciled to the balance established by the relevant statutory provisions.

The Statement of Movement on the General Fund Balance provides the necessary reconciliation. The full significance of the Statement for local taxation is described in the introduction to the statement itself.

3. Breakdown of reconciling items in the Statement of Movement on the Constituent Authorities Account Balance

Year ended 31 st March 2009 £		Year Ended 31 st March 2010 £
	Amounts to be included in the Income and expenditure Account but required by statute to be excluded when determining the movement on the general fund/ constituent Authorities account Balance for the year	
(33,929)	Depreciation and Impairment of Fixed assets	0
0	Amounts treated as revenue expenditure but which are classified as Capital expenditure under Statute	0
	Transfers to or from the General Fund Balance that are required to be taken into account when determining the movement of the General Fund Balance for the year:	
	Net Transfers to (from) Earmarked Reserves	
20,000	Transfers to Repairs Reserve	20,119
-2,100	Transfers from Repairs Reserve	0
20,000	Transfers to Cremator Reserve	36,742
0	Transfers to/ (from) Mercury Abatement Reserve	0
110,201	Transfers to/ Durham County Council	107,178
64,871	Transfers to Gateshead Council	59,338
<u>179,044</u>	Net additional amount required by statute and non-statutory proper accounting practices to be debited (or credited) to the Constituent Authorities A/c Balance for the year	<u>223,378</u>

4. Movement on Fixed Assets

Ownership of Assets

In accordance with Constitution for the Mountsett Crematorium Joint Committee, Legal title of Fixed Assets of Land, Building, Plant, Furniture and Equipment is vested in the Constituent Authorities in the following percentages:

Durham County Council	60%
Gateshead Council	40%

	Operational Assets		
	Land & Buildings £	Plant Furniture and Equipment £	Total £
Net Book Value as at 31/03/09	350,321	117,305	467,626
Additions	0	0	0
Revaluations	(61,445)	0	(61,445)
	288,876	117,305	406,181
Less			
Disposals	(288,876)	(117,305)	(406,181)
Depreciation for the year	0	0	0
Net Book Value as at 31/03/10	0	0	0

6. Reserves

The Joint Committee keeps a number of reserves in the Balance Sheet. Some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

Repairs Reserve

A Repairs Reserve has been established to finance major capital works on the Crematorium buildings and Grounds.

A summary of the movements during the year is shown below

Year ended 31 st March 2009 £		Year Ended 31 st March 2010 £
22,961	Balance Brought Forward	17,428
20,000	Contribution from Constituent Authorities Account	20,000
420	Interest Earned	119
<u>(25,953)</u>	Use of Fund	<u>0</u>
<u><u>17,428</u></u>	Balance Carried Forward	<u><u>37,547</u></u>

Cremator Reserve

A Repairs Reserve has been established to finance major capital works on the Cremators

A summary of the movements during the year is shown below

Year ended 31 st March 2009 £		Year Ended 31 st March 2010 £
99,870	Balance b/fwd	123,670
20,000	Contribution from Constituent Authorities Account	35,896
3,800	Interest Earned	846
<u>0</u>	Use of Fund	<u>0</u>
<u><u>123,670</u></u>	Balance c/fwd	<u><u>160,412</u></u>

Revaluation Reserve

The Revaluation Reserve contains revaluation timing differences between the amount of the historical cost of fixed assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

Due to the ownership change in assets, the movement during the year is as follows:

Year ended 31 st March 2009 £		Year Ended 31 st March 2010 £
0	Balance b/fwd	61,445
61,445	Revaluations	0
0	Revaluation – Removal of previously re-valued asset	(61,445)
<u>61,445</u>	Balance c/fwd	<u>0</u>

Capital Adjustment Account

The balance on the Capital Adjustment Account represents timing differences between the amount of the historical cost of fixed assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

Year ended 31 st March 2009 £		Year Ended 31 st March 2010 £
416,257	Balance b/fwd	406,181
23,853	Capital Expenditure financed from reserves	0
(33,929)	Depreciation	0
0	Removal of Assets	(406,181)
<u>406,181</u>	Balance c/fwd	<u>0</u>

7. Notes relating to the Cash Flow Statement

Reconciliation of Net Surplus/Deficit on the Income and Expenditure Account to the Revenue Activities to Net Cash Flow in the Cash Flow Statement.

Year ended 31 st March 2009 £000s		Year Ended 31 st March 2010 £000s
(173,511)	Surplus/(Deficit) from Income and Expenditure Statement	(221,752)
	Non-cash transactions:	
(33,929)	Depreciation and impairment of Fixed Assets	0
	Debtors and Creditors	
6,820	Net movement in revenue debtors and creditors	(9,987)
966	Movement on stocks	(756)
175,073	Movement on provisions and Reserves	166,517
	Items classified in another category in cash flow statement	
0	Interest received	966
<u>(24,581)</u>	Net Cash flow from Revenue Activities	<u>(65,012)</u>

Movement in Cash and Cash Equivalents:

Year ended 31 st March 2009 £000s		Year Ended 31 st March 2010 £000s	
		Balance 31.3.10 £000s	Movement in Year £000
160,376	Cash and Bank Balances	226,354	65,978
<u>160,376</u>	Net Movement	<u>226,354</u>	<u>65,978</u>

Annual Governance Statement

1. Scope of Responsibility

The Mountsett Crematorium Joint Committee is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. It also has a responsibility under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy efficiency and effectiveness. This Committee was jointly established by Derwentside District Council and Gateshead Metropolitan Borough Council. Following Local Government Reorganisation, as successor to Derwentside District Council, Durham County Council acts as the lead authority.

In discharging this overall responsibility, the Mountsett Crematorium Joint Committee is also responsible for putting in place proper arrangements for the governance of its affairs and for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

The Mountsett Crematorium Joint Committee has adopted and operates under the Code of Corporate Governance (the Local Code), policies and strategies including Contract Procedure rules, Financial procedure rules, financial regulations, developed, agreed and adopted by the Durham County Council, its lead authority.

This statement explains how the Mountsett Crematorium Joint Committee has complied with the code and also meets the requirements of Regulation 4(2) of the Accounts and Audit regulations 2003 as amended by the Accounts and Audit (Amendment) (England) regulations 2006 including circular 03/2006 which replaces the publication of a statement of internal control with an annual governance statement.

2. The Purpose of the Governance Framework

The Governance framework comprises the systems, processes, culture and values by which the Mountsett Crematorium Joint Committee directs and controls its activities through which it accounts to, engages with and leads the community. It enables the Committee to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Mountsett Crematorium Joint Committee's aims and objectives, its policies and procedures, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Mountsett Crematorium Joint Committee for the year ended 31st March 2010 and up to the date of approval of the Statement of Accounts and annual return

3. The Governance Framework

The governance framework supports the Mountsett Crematorium Joint Committee in establishing, implementing and monitoring policies and objectives. The system of internal control refers to the system by which the Mountsett Crematorium Joint Committee directs and controls its operational functions and relates this to the community it serves. It is therefore the totality of the strategies and objectives of the joint committee and the management systems, procedures, and structures it has adopted, that together determine and control the way in which the Mountsett Crematorium Joint Committee manages its business, and sets about delivering its services to meet those objectives.

The system of internal control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers appointed by the joint committee to facilitate its effective and efficient operation by enabling it to respond appropriately to significant business, operational, financial, compliance and other risks to achieve its objectives. The Mountsett Crematorium Joint Committee system of internal control reflects its control environment which encompasses its organisational structure.

In particular, the system includes control activities, information and communication processes and processes instigated by the Mountsett Crematorium Joint Committee and its lead authority for monitoring the continuing effectiveness of the system of internal control.

The key elements of the systems and processes that comprise the Joint Committee's governance arrangements include:

Defining and documenting the roles and responsibilities of the Mountsett Crematorium Joint Committee member and officer functions, with clear delegation arrangements and protocols for effective communication

Mountsett Crematorium Joint Committee ensures that the necessary roles and responsibilities for the Governance of the crematorium are identified and allocated so that it is clear who is accountable for decisions that are made. This is achieved by:

- ◆ Electing a Chair, Vice Chair with defined executive responsibilities.
- ◆ The Mountsett Crematorium Joint Committee Constitution which clearly describes the roles of the Chair and Vice Chair.
- ◆ Adopting Durham County Councils constitution, undertaking regular reviews of the operation of both the Mountsett Crematorium Joint Committee and Durham County Council Constitutions.

- ◆ Ensuring that all policy and decision making is facilitated through the Mountsett Crematorium Joint Committee with all party membership being drawn from the constituent authorities.
- ◆ Making Durham County Council's nominated Senior Officer responsible for the proper administration of its financial affairs (Treasurer)
- ◆ Developing protocols that ensure effective communications between Members and Officers.
- ◆ Regularly reviewing the Corporate Governance arrangements in place.

Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and officers

Mountsett Crematorium Joint Committee fosters a culture of behaviour based on shared values, high ethical principles and good conduct. This is achieved by:

- ◆ Adopting the Human Resource policies, plans and procedures of the lead authority, Durham County Council.
- ◆ Establishing and keeping under review, systems for reporting and dealing with any incidents of fraud and corruption.
- ◆ Appropriate and timely advice, guidance and training for both Members and Officers.

Reviewing and updating financial instructions and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required in managing risks.

Durham County Council and Mountsett Crematorium Joint Committee Constitutions set out how they operate, how decisions are made and the procedures which are followed to ensure that these are effective, transparent and accountable to service users

A risk management approach is in operation that aids the achievement of strategic objectives, supports decision making processes, protects the reputation and other assets of the Crematorium and is compliant with statutory and regulatory obligations. The Mountsett Crematorium Joint Committee ensures that the risk management approach:

- ◆ Is conducted in accordance with the risk management policy and strategy of Durham County Council. The Superintendent Registrar is advised by the corporate risk management working group where strategic and operational risks are considered.
- ◆ Involves regular reports by internal audit, to standards defined in the CIPFA code of practice, and in accordance with the Accounts and Audit Regulations 2003. These include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the system of internal control, at the crematorium, together with recommendations for improvement
- ◆ Involves independent annual audits carried out by BDO Stoy Hayward with the recommended outcome of these reviews actioned and undertaken.
- ◆ Ensures financial management is undertaken by the Neighbourhood Services Head of Finance, HR and Business Support under the scheme of delegated responsibilities by the Treasurer of the Joint Committee in accordance with the standing orders, contract

procedure and procurement rules, financial regulations and financial procedure rules of Durham County Council.

- ◆ Ensures comprehensive monthly budgetary control systems including the preparation of regular financial reports which indicate actual expenditure against budget and forecast year end positions are undertaken and reported quarterly to Mountsett Crematorium Joint Committee.
- ◆ Ensures SMART targets are set to measure financial and other performance
- ◆ Ensures clearly defined capital expenditure guidelines are adhered to

4. Review of Effectiveness

Mountsett Crematorium Joint Committee has responsibility for conducting, at least annually, a review of the effectiveness of its system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates.

Mountsett Crematorium Joint Committee has established the following processes to achieve this aim:

- ◆ Formalised arrangements with Durham County Council for the provision of internal audit through the development of a formal service level agreement.
- ◆ Strengthened existing internal audit arrangements through an agreed annual plan of work covering all key financial systems for the year and the production of an annual report to inform the annual governance statement
- ◆ Risk based assessments of key financial systems (as agreed in the annual plan of work) carried out in the final quarter of the financial year to ensure maximum coverage of the Crematorium's financial transactions and provide an informed opinion on the robustness, adequacy and effectiveness of the system of internal control, at the crematorium, together with recommendations for improvement
- ◆ The production of a Risk Register with regular reviews undertaken by the Superintendent & Registrar and action plan reports produced and approved where necessary.
- ◆ Strengthened year end procedures for producing financial statements with the production of a closedown timetable including risk assessment and control and ensuring those involved in the closedown process are fully aware of the closedown requirements for 2009/2010
- ◆ Strengthened the budget setting process to support its decision making process. Comprehensive monthly budgetary control systems including the preparation of regular financial reports which indicate actual expenditure against budget and forecast year end positions are also undertaken and reported quarterly to the Mountsett Crematorium Joint Committee
- ◆ Annual reviews of corporate governance arrangements and the annual review undertaken by the lead authority, Durham County Council, of its corporate

governance arrangements, together with the arrangements that the lead authority, Durham County Council has in place to detect and deter fraud and corruption.

- ◆ Performance monitoring undertaken through the use of comparative statistics with other crematoria.
- ◆ The Internal audit section is also subject to an annual review of its activities and performance by key senior officers of the Council in order to meet the requirements of the Accounts and Audit Regulations 2003 (amended). A formal report on the performance of the Internal Audit section is considered by the County Council's Audit Committee in this respect.
- ◆ Internal Audit Reports presented to, and reviewed by the Joint Committee
- ◆ The FOI Act Publication Scheme formally adopted and minuted.

In summary the governance framework and the system of internal control in place at the Mountsett Crematorium for the year ended 31st March 2010 and up to the date of approval of the annual report and accounts and except for the details of internal control issues at section 5 accords with proper practice.

5. Significant Governance Issues

Mountsett Crematorium Joint Committee is fully committed to the principles of corporate governance, and has made further progress in recent months in developing its arrangements. Following the production of the External Auditors Issues Arising Report for 2008/09 an action plan of the recommendations was produced and undertaken.

In addition to the issues contained within the action plan, Internal Audit sought assurance, via its annual plan of work and review of key systems.

Whilst Internal Audit has provided **Substantial** Assurance, the following governance and internal control issues (categorised as medium), have been identified:

Recording of Income

Income should be checked on a monthly basis to ensure that correct coding has been carried out. The Superintendent Registrar now reconciles all income from the source recording document to the Interim FMS which in turn is reconciled by Financial Services to Durham County Council FMS. Any miscoding is highlighted and corrected via the robust Budgetary Control processes in place.

Contaminated Bodies - Procedures

A policy should be compiled and adopted regarding the procedures to be followed for the disposal of a contaminated body. In conjunction with Central Durham Crematorium, the Superintendent Registrar is working with a consultant in Communicable Disease to provide a framework for any action necessary around contaminated body disposals. This will then be incorporated into the Risk Register once completed.

5. Declaration of Those Charged with Governance

We have been advised on the implications of the result of the review of the effectiveness of the governance framework and the system of internal control by the Mountsett Crematorium Joint Committee and are satisfied that plans to address weaknesses and ensure continuous improvement of the system is in place

SIGNED:

Councillor Owen Temple
Chair to the Joint Committee

Stuart Crowe, CPFA
Corporate Director of Resources and Treasurer to the Joint Committee

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Small bodies in England

Annual return for the year ended

31 March 2010

Small relevant bodies in England with an annual turnover of £1 million or less must complete an annual return summarising their annual activities at the end of each financial year.

The annual return on the following pages is made up of four sections:

- **Sections 1 and 2** are to be completed by the person nominated by the body.
- **Section 3** will be completed by the external auditor.
- **Section 4** is to be completed by the body's internal audit provider.

The body must ensure this annual return is approved no later than 30 June 2010.

Completing your annual return

Guidance notes, including a completion checklist, are provided on page 6 and at relevant points in the annual return.

Please complete all sections highlighted in red. Do **not** leave any red box blank. Incomplete or incorrect returns may require additional external audit work and incur additional costs.

Please send the annual return, together with your bank reconciliation as at 31 March 2010, an explanation of any significant year on year variances in the accounting statements and any additional information requested, to your appointed external auditor by the due date.

If required, your auditor will identify and ask for any documents needed for audit. Unless requested, please do **not** send any original financial records to the external auditor.

Audited and certified annual returns will be returned to the body for publication or public display of sections 1,2 and 3.

It should not be necessary for you to contact the external auditor or the Audit Commission directly for guidance.

More guidance on completing this annual return is available in the Practitioners' Guides for either local councils or internal drainage boards. These publications may be downloaded from the National Association of Local Councils (NALC) or Society of Local Council Clerks (SLCC) websites (www.nalc.gov.uk or www.slcc.co.uk) or from the members area of the Association of Drainage Authorities website (www.ada.org.uk).

Section 1 – Accounting statements for:

MOUNTSETT CREMATORIUM JOINT COMMITTEE

	Year ending		Notes and guidance
	31 March 2009 £	31 March 2010 £	
1 Balances brought forward	187,703	200,437	Total balances and reserves at the beginning of the year as recorded in the body's financial records. Value must agree to Box 7 of previous year.
2 (+) Income from taxation and/or levy	0	0	Total amount of tax and/or levy received or receivable in the year including funding from a sponsoring body.
3 (+) Total other receipts	484,239	496,238	Total receipts or income as recorded in the cashbook less income from taxation and/or levy (line 2). Include any grants received here.
4 (-) Staff costs	(110,725)	(107,281)	Total expenditure or payments made to and on behalf of all body employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5 (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the body's borrowings (if any).
6 (-) Total other payments	(360,780)	(333,122)	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7 (=) Balances carried forward	200,437	255,672	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6)
8 Total cash and short term investments	160,406	226,384	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – to agree with bank reconciliation.
9 Total fixed assets and long term assets	447,626	0	The recorded book value at 31 March of all fixed assets owned by the body and any other long term assets e.g. loans to third parties and any long-term investments.
10 Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

I certify that the accounting statements contained in this annual return present fairly the financial position of the body and its income and expenditure, or properly present receipts and payments, as the case may be, for the year ended 31 March 2010.

Signed by Responsible Financial Officer:

Date

I confirm that these accounting statements were approved by the body and recorded as minute reference:

Date

Signed by Chair of meeting approving these accounting statements:

Date

Section 2 – Annual governance statement

We acknowledge as the members of **MOUNTSETT CREMATORIUM JOINT COMMITTEE** our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the body's accounting statements for the year ended 31 March 2009, that:

	Agreed – Yes or No*	'Yes' means that the body:
1 we have approved the accounting statements which have been prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.		prepared its accounting statements in the way prescribed by law.
2 we have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3 we have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice which could have a significant financial effect on the ability of the body to conduct its business or on its finances.		has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.
4 we have provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.		during the year has given all persons interested the opportunity to inspect and ask questions about the body's accounts.
5 we have carried out an assessment of the risks facing the body and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.		considered the financial and other risks it faces and has dealt with them properly.
6 we have maintained throughout the year an adequate and effective system of internal audit of the body's accounting records and control systems and carried out a review of its effectiveness.		arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the body and reviewed the impact of this work.
7 we have taken appropriate action on all matters raised in reports from internal and external audit.		responded to matters brought to its attention by internal and external audit.
8 we have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the body and where appropriate have included them in the accounting statements.		disclosed everything it should have about its business activity during the year including events taking place after the year-end if relevant.

This annual governance statement is approved by the body and recorded as minute reference

dated

Signed on behalf of

Signed by: Chair Date

Signed by: Clerk Date

***Note:** Please provide explanations to the external auditor on a separate sheet for each 'No' response that has been given; and describe what action is being taken to address the weaknesses identified.

Section 3 – External auditor’s certificate and opinion

Certificate

We certify that we have completed the audit of the annual return for the year ended 31 March 2010 of

ENTER NAME OF REPORTING BODY HERE

Respective responsibilities of the body and the auditor

The body is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The body prepares an annual return which:

- summarises the accounting records for the year ended 31 March 2010; and
- confirms and provides assurance on those matters that are important to our audit responsibilities.

Our responsibility is to conduct an audit in accordance with guidance issued by the Audit Commission and, on the basis of our review of the annual return and supporting information, to report whether any matters that come to our attention give cause for concern that relevant legislation and regulatory requirements have not been met.

External auditor’s report

(Except for the matters reported below)* on the basis of our review, in our opinion the information contained in the annual return is in accordance with the Audit Commission’s requirements and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met. (*delete as appropriate).

(continue on a separate sheet if required)

Other matters not affecting our opinion which we draw to the attention of the body:

(continue on a separate sheet if required)

External auditor’s signature

External auditor’s name

Date

Note: The auditor signing this page has been appointed by the Audit Commission and is reporting to you that they have carried out and completed all the work that is required of them by law. For further information please refer to the Audit Commission’s publication entitled *Statement of Responsibilities of Auditors and of Audited Small Bodies*.

Section 4 – Annual internal audit report to

The body's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2010.

Internal audit has been carried out in accordance with the body's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the body.

Internal control objective	Agreed? Please choose from one of the following Yes/No*/Not covered**
A Appropriate accounting records have been properly kept throughout the year.	YES
B The body's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	YES
C The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	YES
D The annual taxation or levy or funding requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	NOT COVERED.
E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	YES
F Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	YES
G Salaries to employees and allowances to members were paid in accordance with body approvals, and PAYE and NI requirements were properly applied.	YES
H Asset and investments registers were complete and accurate and properly maintained.	NOT COVERED
I Periodic and year-end bank account reconciliations were properly carried out.	YES
J Accounting statements prepared during the year were prepared on the correct basis (receipts and payments/income and expenditure), agreed with the cash book, were supported by an adequate audit trail from underlying records, and, where appropriate, debtors and creditors were properly recorded.	YES

For any other risk areas identified by the body (list any other risk areas below or on separate sheets if needed) adequate controls existed:

PROCEDURES REQUIRED FOR DISPOSAL OF CONTAMINATED BODIES

Name of person who carried out the internal audit: PETER JACKSON

Signature of person who carried out the internal audit: P. Jackson Date: 26/5/2010

*Note: If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, internal audit must explain why not (add separate sheets if needed).

Guidance notes on completing the 2010 annual return

- 1 Please make sure that your annual return is complete (i.e. no empty red boxes), and is properly signed and dated. Avoid making any amendments to the completed return. But, if this is unavoidable, make sure the amendments are approved by the body, properly initialled and an explanation for them is provided to the auditor. Annual returns containing unapproved or unexplained amendments will be returned unaudited and may incur additional costs.
- 2 Use the checklist provided below. Use a second pair of eyes, perhaps a member or the Chair, to review your annual return for completeness before sending it off to the auditor.
- 3 Please do not send the auditor any information not specifically asked for. Doing so is not helpful. However, you must advise the auditor of any change in Clerk or Chair.
- 4 Make sure that the copy of the bank reconciliation which you send to your auditor with the annual return covers **all** your bank accounts. If your body holds any short-term investments, please note their value on the bank reconciliation. The auditor should be able to agree your bank reconciliation to Box 8 on the Statement of Accounts. **You must provide an explanation for any difference between Box 7 and Box 8.** More help on bank reconciliation is available in the *Practitioners' Guide**.
- 5 Please **explain fully** significant variances in the accounting statements. Do not just send in a copy of your detailed accounting records instead of this explanation. The auditor wants to know that **you** understand the reasons for all variances. Please include a complete analysis to support your explanation. There are a number of examples provided in the *Practitioners' Guide** to assist you.
- 6 If the auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or you do not fully explain variances, this may incur additional costs for which the auditor will make a charge.
- 7 Please make sure that your accounting statements add up! Also please ensure that the balance carried forward from the previous year (Box 7 of 2009) equals the balance brought forward in the current year (Box 1 of 2010).
- 8 **Do not complete section 3.** The external auditor will complete it at the conclusion of their audit.
- 9 Use the *Practitioners' Guides** for guidance. These publications are regularly updated and contain everything you should need to prepare successfully for your financial year-end and the subsequent audit. Both NALC and SLCC have helplines open should you wish to talk through any problem you may encounter.

Completion checklist – 'No' answers mean you may not have met requirements		Done?
All sections	All red boxes have been completed?	
	All information requested by the external auditor has been sent with this annual return? Please refer to your notice of audit.	
Section 1	Approval by the body confirmed by signature of Chair of meeting approving the accounting statements?	
	An explanation of significant variations from last year to this year is provided?	
	Bank reconciliation as at 31 March 2010 agreed to Box 8?	
	An explanation of any difference between Box 7 and Box 8 is provided?	
Section 2	For any statement to which the response is 'no', an explanation is provided?	
Section 4	All red boxes completed by internal audit and explanations provided?	

*Note: *Governance and Accountability for Local Councils in England – A Practitioners' Guide*, is available from NALC and SLCC representatives or *Governance and Accountability for Internal Drainage Boards in England – A Practitioners' Guide*, is available from the ADA at The Association of Drainage Authorities, 12 Cranes Drive, Surbiton, Surrey, KT5 8AL.

Mountsett Crematorium Joint Committee

25 June 2010

2009/2010 Annual Governance Statement



Joint Report of Terry Collins – Corporate Director: Neighbourhood Services; Stuart Crowe – Treasurer to the Joint Committee

Purpose of the Report

- 1 The purpose of this report is to provide the details of the Annual Governance Statement (AGS) for the year April 2009 to March 2010. The AGS will need to be formally approved by members as part of the consideration of the Statement of Accounts and Small Bodies in England Annual Return 2009/2010 and is attached at Appendix 2.

Background

- 2 The Mountsett Crematorium Joint Committee is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in a way which functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 3 In discharging this overall responsibility, the Mountsett Crematorium Joint Committee is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risks.
- 4 The Mountsett Crematorium Joint Committee has adopted and operates under (via Durham County Council, its lead Authority), a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE Framework – 'Delivering Good Governance in Local Government'. The Annual Governance Statement (AGS) explains how the Joint Committee complies with this code and also meets the requirements of the Accounts and Audit regulations 2003 as amended by the Accounts and Audit (Amendment) (England) regulations 2006 in relation to the publication of a Statement on Internal Control.
- 5 The AGS will need to be formally signed by the Chair and Treasurer (the Corporate Director: resources) to the Mountsett Crematorium Joint Committee and published as part of the Mountsett Crematorium Joint Committee's Statement of Accounts and Annual Return.

The Annual Governance Statement

6 The format and structure of the statement is prescribed in guidance contained within the Statement of Recommended Practice 2009 (SoRP) and is broken down into a number of different sections. The terminology used is therefore consistent across all authorities. These are:-

- Scope of Responsibility;
- The purpose of the Governance Framework
- The Governance Framework – incorporating details of the internal control environment i.e. the systems, procedures and processes by which the Joint Committee directs and controls its functions, including the formulation of strategy, its objectives and how it delivers its service to meet those objectives;
- Review of Effectiveness – which sets out details of a review of the Governance Framework (set out above) and which is informed by the work of internal audit, the Superintendent Registrar, external auditors and other review agencies and inspectorates; and
- Significant Governance Issues – the Mountsett Crematorium Joint Committee must identify any areas of significant internal control, including what action is being taken to address them.

7 The statement is initially compiled by the Neighbourhood Services Head of Finance, HR and Business Support, in accordance with guidance contained within the SoRP.

The statement reflects the current position within the Joint Committee.

8 The statement is evidence based and relies on written assurances from the Superintendent Registrar (who prepares a standardised comprehensive assurance statement on an annual basis), Internal audit's views, having carried a review during the year and commented on the assurance given by each; external auditors and other review agencies and inspectorates and the assurances contained within their reports to the Mountsett Crematorium Joint Committee.

9 The Statement is submitted to the Mountsett Crematorium Joint Committee with the Statement of Accounts and Annual Return for approval with submission to External Audit – BDO Stoy Hayward within 7 days.

Recommendations and Reasons

10 It is recommended that:

The Mountsett Crematorium Joint Committee examine the content of the 2009/2010 Annual Governance Statement and approve it along with the Statement of Accounts and Annual Return.

Contact: Paul Darby, 0191 383 6594

Appendix 1: Implications

Finance

Financial planning and management is a key component of effective corporate governance.

Staffing

Ensuring the adequate capability of staff meets a core principle of the CIPFA/ SOLACE guidance.

Equality and Diversity

Engaging local communities including hard to reach groups meets a core principle of the CIPFA/ SOLACE guidance.

Accommodation

Asset management is a key component of effective corporate governance.

Crime and disorder

None

Sustainability

Moving forward, corporate governance will increasingly highlight the key risks around sustainability.

Human rights

None

Localities and Rurality

Engaging local communities meets a core principle of the CIPFA/ SOLACE guidance.

Young people

None

Consultation

Engaging local communities meets a core principle of the CIPFA/ SOLACE guidance.

Health

None

Annual Governance Statement

1. Scope of Responsibility

The Mountsett Crematorium Joint Committee is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. It also has a responsibility under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy efficiency and effectiveness. This Committee was jointly established by Derwentside District Council and Gateshead Metropolitan Borough Council. Following Local Government Reorganisation, as successor to Derwentside District Council, Durham County Council acts as the lead authority.

In discharging this overall responsibility, the Mountsett Crematorium Joint Committee is also responsible for putting in place proper arrangements for the governance of its affairs and for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

The Mountsett Crematorium Joint Committee has adopted and operates under the Code of Corporate Governance (the Local Code), policies and strategies including Contract Procedure rules, Financial procedure rules, financial regulations, developed, agreed and adopted by the Durham County Council, its lead authority.

This statement explains how the Mountsett Crematorium Joint Committee has complied with the code and also meets the requirements of Regulation 4(2) of the Accounts and Audit regulations 2003 as amended by the Accounts and Audit (Amendment) (England) regulations 2006 including circular 03/2006 which replaces the publication of a statement of internal control with an annual governance statement.

2. The Purpose of the Governance Framework

The Governance framework comprises the systems, processes, culture and values by which the Mountsett Crematorium Joint Committee directs and controls its activities through which it accounts to, engages with and leads the community. It enables the Committee to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Mountsett Crematorium Joint Committee's aims and objectives, its policies and

procedures, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Mountsett Crematorium Joint Committee for the year ended 31st March 2010 and up to the date of approval of the Statement of Accounts and annual return

3. The Governance Framework

The governance framework supports the Mountsett Crematorium Joint Committee in establishing, implementing and monitoring policies and objectives. The system of internal control refers to the system by which the Mountsett Crematorium Joint Committee directs and controls its operational functions and relates this to the community it serves. It is therefore the totality of the strategies and objectives of the joint committee and the management systems, procedures, and structures it has adopted, that together determine and control the way in which the Mountsett Crematorium Joint Committee manages its business, and sets about delivering its services to meet those objectives.

The system of internal control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers appointed by the joint committee to facilitate its effective and efficient operation by enabling it to respond appropriately to significant business, operational, financial, compliance and other risks to achieve its objectives. The Mountsett Crematorium Joint Committee system of internal control reflects its control environment which encompasses its organisational structure.

In particular, the system includes control activities, information and communication processes and processes instigated by the Mountsett Crematorium Joint Committee and its lead authority for monitoring the continuing effectiveness of the system of internal control.

The key elements of the systems and processes that comprise the Joint Committee's governance arrangements include:

Defining and documenting the roles and responsibilities of the Mountsett Crematorium Joint Committee member and officer functions, with clear delegation arrangements and protocols for effective communication.

Mountsett Crematorium Joint Committee ensures that the necessary roles and responsibilities for the Governance of the crematorium are identified and allocated so that it is clear who is accountable for decisions that are made. This is achieved by:

- ◆ Electing a Chair, Vice Chair with defined executive responsibilities.
- ◆ The Mountsett Crematorium Joint Committee Constitution which clearly describes the roles of the Chair and Vice Chair.

- ◆ Adopting Durham County Councils constitution, undertaking regular reviews of the operation of both the Mountsett Crematorium Joint Committee and Durham County Council Constitutions.
- ◆ Ensuring that all policy and decision making is facilitated through the Mountsett Crematorium Joint Committee with all party membership being drawn from the constituent authorities.
- ◆ Making Durham County Council's nominated Senior Officer responsible for the proper administration of its financial affairs (Treasurer)
- ◆ Developing protocols that ensure effective communications between Members and Officers.
- ◆ Regularly reviewing the Corporate Governance arrangements in place.

Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and officers

Mountsett Crematorium Joint Committee fosters a culture of behaviour based on shared values, high ethical principles and good conduct. This is achieved by:

- ◆ Adopting the Human Resource policies, plans and procedures of the lead authority, Durham County Council.
- ◆ Establishing and keeping under review, systems for reporting and dealing with any incidents of fraud and corruption.
- ◆ Appropriate and timely advice, guidance and training for both Members and Officers.

Reviewing and updating financial instructions and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required in managing risks.

Durham County Council and Mountsett Crematorium Joint Committee Constitutions set out how they operate, how decisions are made and the procedures which are followed to ensure that these are effective, transparent and accountable to service users.

A risk management approach is in operation that aids the achievement of strategic objectives, supports decision making processes, protects the reputation and other assets of the Crematorium and is compliant with statutory and regulatory obligations. The Mountsett Crematorium Joint Committee ensures that the risk management approach:

- ◆ Is conducted in accordance with the risk management policy and strategy of Durham County Council. The Superintendent Registrar is advised by the corporate risk management working group where strategic and operational risks are considered.
- ◆ Involves regular reports by internal audit, to standards defined in the CIPFA code of practice, and in accordance with the Accounts and Audit Regulations 2003. These include the Head of Internal Audit's independent opinion on the adequacy

and effectiveness of the system of internal control, at the crematorium, together with recommendations for improvement

- ◆ Involves independent annual audits carried out by BDO Stoy Hayward with the recommended outcome of these reviews actioned and undertaken.
- ◆ Ensures financial management is undertaken by the Neighbourhood Services Head of Finance, HR and Business Support under the scheme of delegated responsibilities by the Treasurer of the Joint Committee in accordance with the standing orders, contract procedure and procurement rules, financial regulations and financial procedure rules of Durham County Council.
- ◆ Ensures comprehensive monthly budgetary control systems including the preparation of regular financial reports which indicate actual expenditure against budget and forecast year end positions are undertaken and reported quarterly to Mountsett Crematorium Joint Committee.
- ◆ Ensures SMART targets are set to measure financial and other performance
- ◆ Ensures clearly defined capital expenditure guidelines are adhered to

4. Review of Effectiveness

Mountsett Crematorium Joint Committee has responsibility for conducting, at least annually, a review of the effectiveness of its system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates.

Mountsett Crematorium Joint Committee has established the following processes to achieve this aim:

- ◆ Formalised arrangements with Durham County Council for the provision of internal audit through the development of a formal service level agreement.
- ◆ Strengthened existing internal audit arrangements through an agreed annual plan of work covering all key financial systems for the year and the production of an annual report to inform the annual governance statement
- ◆ Risk based assessments of key financial systems (as agreed in the annual plan of work) carried out in the final quarter of the financial year to ensure maximum coverage of the Crematorium's financial transactions and provide an informed opinion on the robustness, adequacy and effectiveness of the system of internal control, at the crematorium, together with recommendations for improvement
- ◆ The production of a Risk Register with regular reviews undertaken by the Superintendent & Registrar and action plan reports produced and approved where necessary.
- ◆ Strengthened year end procedures for producing financial statements with the production of a closedown timetable including risk assessment and control and ensuring those involved in the closedown process are fully aware of the closedown requirements for 2009/2010

- ◆ Strengthened the budget setting process to support its decision making process. Comprehensive monthly budgetary control systems including the preparation of regular financial reports which indicate actual expenditure against budget and forecast year end positions are also undertaken and reported quarterly to the Mountsett Crematorium Joint Committee
- ◆ Annual reviews of corporate governance arrangements and the annual review undertaken by the lead authority, Durham County Council, of its corporate governance arrangements, together with the arrangements that the lead authority, Durham County Council has in place to detect and deter fraud and corruption.
- ◆ Performance monitoring undertaken through the use of comparative statistics with other crematoria.
- ◆ The Internal audit section is also subject to an annual review of its activities and performance by key senior officers of the Council in order to meet the requirements of the Accounts and Audit Regulations 2003 (amended). A formal report on the performance of the Internal Audit section is considered by the County Council's Audit Committee in this respect.
- ◆ Internal Audit Reports presented to, and reviewed by the Joint Committee
- ◆ The FOI Act Publication Scheme formally adopted and minuted.

In summary the governance framework and the system of internal control in place at the Mountsett Crematorium for the year ended 31st March 2010 and up to the date of approval of the annual report and accounts and except for the details of internal control issues at section 5 accords with proper practice.

5. Significant Governance Issues

Mountsett Crematorium Joint Committee is fully committed to the principles of corporate governance, and has made further progress in recent months in developing its arrangements. Following the production of the External Auditors Issues Arising Report for 2008/09 an action plan of the recommendations was produced and undertaken.

In addition to the issues contained within the action plan, Internal Audit sought assurance, via its annual plan of work and review of key systems.

Whilst Internal Audit has provided **Substantial** Assurance, the following governance and internal control issues (categorised as medium), have been identified:

Recording of Income

Income should be checked on a monthly basis to ensure that correct coding has been carried out. The Superintendent Registrar now reconciles all income from the source recording document to the Interim FMS which in turn is reconciled by Financial Services to Durham County Council FMS. Any miscoding is highlighted and corrected via the robust Budgetary Control processes in place.

Contaminated Bodies – Procedures

A policy should be compiled and adopted regarding the procedures to be followed for the disposal of a contaminated body. In conjunction with Central Durham Crematorium, the Superintendent Registrar is working with a consultant in Communicable Disease to provide a framework for any action necessary around contaminated body disposals. This will then be incorporated into the Risk Register once completed.

5. Declaration of Those Charged with Governance

We have been advised on the implications of the result of the review of the effectiveness of the governance framework and the system of internal control by the Mountsett Crematorium Joint Committee and are satisfied that plans to address weaknesses and ensure continuous improvement of the system is in place

SIGNED:

Councillor Owen Temple
Chair to the Joint Committee

Stuart Crowe, CPFA
Corporate Director of Resources and Treasurer to the Joint Committee

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Mountsett Crematorium Joint Committee

25 June 2010

Financial Monitoring Report – Position at 31/5/10, with Projected Outturn at 31/03/11



Joint Report of Terry Collins – Corporate Director: Neighbourhood Services; Stuart Crowe – Corporate Director: Resources

Purpose of the Report

1. The purpose of this report is to set out details of income and expenditure in the period 1 April to 31 May 2010, with a projection of the anticipated outturn to 31 March 2011, highlighting areas of over / underspend against the revenue budgets at a service expenditure analysis level.
2. The report also sets out details of the funds and reserves of the Joint Committee at 1 April 2010 and estimated position at 31 March 2011, taking into account the forecast financial outturn.

Background

3. Prior to Local Government Reorganisation the Crematorium's budget was held within Derwentside District Council's General Services budget area and was monitored as part of the Authority's monthly budgetary control process. However, as the Crematorium Committee has, in the past, only met 2-3 times a year, budget reports were generally only presented to members at the year-end.
4. The 2008-09 external audit "issues arising" letter recommends that, in order to improve financial governance, regular budgetary control reports are presented to Members of the Joint Committee, on at least a quarterly basis. Members will note that the Treasurer's forward plan and suggested meeting schedule considered earlier has incorporated quarterly financial monitoring reporting.

Financial Performance

5. In terms of this budgetary control report, the year to date actual position has been extracted directly from the general ledger in Oracle, through which all former County Council transactions are processed.
6. As members may be aware, the former District Council financial management systems continue to be used for accounts payable and accounts receivable transactions. All these transactions are interfaced into Oracle on a daily basis, in accordance with mapping work undertaken in March, which effectively replicated the District cost centres within Oracle. All payroll costs are processed via the County Council's Northgate Resourcelink System and is interfaced directly into Oracle.

7. Budgetary control reports, incorporating outturn projections, are considered by Neighbourhood Services' Management Team on a monthly basis. The County Councils Corporate Management Team also considers monthly budgetary control reports, with quarterly reports being considered by Cabinet / Scrutiny Committee. The year to date and outturn projections for the Mountsett Crematorium are included within these reports.
8. The projections have been calculated using income and expenditure for the year to date, consideration of expenditure patterns in previous years and information supplied by the Superintendent Registrar. The following table highlights the year to date actual and projected outturn financial performance.

Subjective Analysis	Original Base Budget 2010/11 £	Year to Date Actual (Apr-May) £	Probable Outturn 2010/11 £	Variance Over/ (Under) £
Employees	115,615	20,916	114,515	(1,100)
Premises	119,100	(5,248)	119,100	0
Transport	300	0	300	0
Supplies & Services	68,250	1,629	68,250	0
Agency & Contracted	17,415	0	17,415	0
Transfer Payments	0	0	0	0
Capital Charges	0	0	0	0
Central Support Costs	8,330	0	8330	0
Gross Expenditure	329,010	17,297	327,910	(1,100)
Income	(573,900)	(46,044)	(573,900)	0
Net Income	(244,890)	(28,747)	(245,990)	(1,100)
Transfer to Reserves				
- Repairs Reserve	15,000	0	15,000	0
- Cremator Reserve	65,000	0	66,100	1,100
Distributable Surplus	(164,890)	0	164,890	0
35% to Gateshead	57,712	0	57,712	0
65% to Durham County	107,178	0	107,178	0
Mountsett Crematorium Earmarked Reserves	Balance @ 31 March 2010 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2009 £
Cremator Replacement Reserve	(160,412)	(66,100)	0	(226,512)
Major Repairs Reserve	(37,547)	(15,000)	0	(52,547)
Total	(197,959)	(81,100)	0	(279,059)

Explanation of Significant Variances Between Original Budget and Forecast Outturn

9. The following section outlines the reasons for significant variances by subjective analysis area.

9.1 *Employees*

The probable outturn is projecting a £1,100 saving based on current staffing levels. The base budget assumed a 1.00% pay award, however, it is anticipated that this will not materialise

9.2 *Premises*

No Variance to budget.

9.3 *Supplies and Services*

No Variance to budget

9.4 *Income*

No Variance to budget.

9.5 *Earmarked Reserves*

Contributions from the revenue surplus towards earmarked reserves are forecast as £1,100 additional to be as per budget. This is due to the saving on Employees.

Recommendations and reasons

10 It is recommended that:-

- Members note the April to May 2010 Revenue spend financial monitoring report and associated forecasts in terms of the outturn position 2010/11; and
- Quarterly reports continue to be submitted to Members for consideration, in line with the Forward Plan.

Contact(s):

Paul Darby, Head of Finance, HR & Business Support 0191 383 6594

Ian Holt, Street Scene North Area Manager 01207 218 733

Ian Staplin, Superintendant Registrar 01207 570 255

Appendix 1: Implications

Finance

Full details of the year to date and projected outturn financial performance of the Mountset Crematorium are included within the body of the report.

Staffing

There are no staffing implications associated with this report.

Equality and Diversity

None

Accommodation

None

Crime and disorder

None

Sustainability

None

Human rights

None

Localities and Rurality

None

Young people

None

Consultation

Officers of Gateshead Council were consulted on the contents of this report.

Health

None

Mountsett Crematorium Joint Committee

25 June 2010

Treasurer to the Joint Committee



Report of the Clerk to the Joint Committee

Purpose of the Report

- 1 The purpose of this report is to inform members of the Mountsett Crematorium Joint Committee of revised arrangements with regards to the position of Treasurer to the Joint Committee.

Background

- 2 The current Treasurer, Mr Stuart D Crowe, is to retire in early July 2010. His position as Corporate Director: Resources at Durham County Council is currently subject to a recruitment process and whilst an appointment is expected shortly, notice periods will dictate that alternative interim arrangements will need to be put in place, with effect from 1 July 2010.

Treasurer to the Joint Committee

3. In accordance with Durham County Council's constitution, it is proposed that the new Corporate Director: Resources, once appointed, take on the role of Treasurer to the Joint Committee. Members of the Committee will be notified in due course of the subsequent appointment.
4. As an interim measure, it is the intention that, Mr Jeff Garfoot – Head of Finance: Resources (Durham County Councils Deputy S151 Officer), take on the role of Interim Treasurer to the Joint Committee. This would extend through the forthcoming external audit process.
5. Day to day support to the Joint Committee will continue to be facilitated through the Direct Services and Finance, HR and Business Support teams within Neighbourhood Services.

Recommendations

6. It is recommended that:
 - Members note the retirement of Mr Stuart D Crowe and support the proposals with regards to the appointment of Mr Jeff Garfoot – Head of Finance: Resources (Durham County Councils Deputy S151 Officer) as Interim Treasurer to the Joint Committee, effective from 1 July 2010.

Contact: Lucy Stephenson Tel: 0191 383 6644

Appendix 1: Implications

Finance

There are no Financial implications associated with this report

Staffing

As detailed in the report, it is proposed that the Joint Committee note the change in Treasurer post 30 June 2010.

Equality and Diversity

None

Accommodation

None

Crime and disorder

None

Sustainability

None

Human rights

None

Localities and Rurality

None

Young people

None

Consultation

Officers of Gateshead Council were consulted on the contents of this report

Health

None

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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