



**Annual Meeting  
Mountsett Crematorium Joint Committee**

**Date**        **Friday 14 June 2013**  
**Time**        **9.30 am**  
**Venue**       **Mountsett Crematorium Meeting Room, Mountsett  
Crematorium, Dipton**

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**Business**

**Part A**

**[Items during which the Press and Public are welcome to attend.  
Members of the Public can ask questions with the Chairman's  
agreement]**

1.    Declarations of Interest.
2.    Membership of the Joint Committee.
3.    Appointment of Chair for the Ensuing year.
4.    Appointment of Vice-Chair for the Ensuing year.
5.    Minutes of the Meeting held on 25 April 2013. (Pages 1 - 6)
6.    Mountsett Crematorium Performance and Operational Report.  
      (Pages 7 - 10)  
      Report of the Bereavement Services Manager.
7.    Forward Plan 2013/14. (Pages 11 - 14)  
      Report of the Treasurer to the Joint Committee.
8.    Annual Governance Statement. (Pages 15 - 26)  
      Joint Report of the Corporate Director Neighbourhood Services &  
      Corporate Director Resources / Treasurer to the Joint Committee.
9.    Revenue Outturn Report for Year Ended 31st March 2013.  
      (Pages 27 - 32)  
      Joint Report of the Corporate Director Neighbourhood Services &  
      Corporate Director Resources / Treasurer to the Joint Committee.

*P.T.O.*

10. Small Bodies Annual Return and Statement of Accounts 2012/13.  
(Pages 33 - 60)  
Joint Report of the Corporate Director Neighbourhood Services &  
Corporate Director Resources / Treasurer to the Joint Committee.
11. 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  
6 June 2013

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

**Durham County Council:**

Councillors: A Batey, K Dearden, C Hampson, I Jewell, O Milburn, T Nearney,  
W Stelling, O Temple (Chairman) and B Stephens

**Gateshead Council:**

Councillors K Dodds (Vice-Chairman), M Ord, M Charlton, P Ronan,  
D Davidson, P Mole and J Lee

**DURHAM COUNTY COUNCIL**

At a Meeting of **Mountsett Crematorium Joint Committee** held in **Farnham Room 1/51, County Hall, Durham** on **Thursday 25 April 2013 at 10.00 am**

**Present:**

**Councillor O Temple (Chair)**

**Durham County Council:**

Councillors A Bainbridge

**Gateshead Council:**

Councillors M Charlton, J Lee, P Ronan and D Davidson

**1 Apologies for Absence**

Apologies for absence were received from Councillors M Hogdson, J Hunter, J Nicholson (Durham County Council) and Councillors K Dodds, P Mole and M Ord.

**2 Substitute Members**

There were no substitute members.

**3 Minutes of the Meeting held on 31 January 2013**

The minutes of the meeting held on 31 January 2013 were confirmed as a correct record and signed by the Chairman.

**4 Declarations of Interest, if any.**

There were no declarations of interest submitted.

**5 Review of Terms of Reference**

The Joint Committee considered a report of the Head of Legal and Democratic Services which provided members with updates/amendments to the terms of reference of Mountsett Crematorium Joint Committee, further to recommendations made by external audit.

The Clerk to the Joint Committee advised that the amended terms of reference had been approved by Durham County Council at its meeting on 20<sup>th</sup> March 2013 following agreement by Legal Departments at both Durham County Council and Gateshead Council. It was noted however that Gateshead Council were yet to determine whether the revised terms of reference were to be agreed by full council and therefore the Joint Committee were recommended to approve the terms of reference subject to approval by Gateshead Council.

## **Resolved:**

That the recommendations contained in the report be approved.

## **6 Quarterly Report of the Bereavement Services Manager**

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

The Bereavement Services Manager reported upon the number of cremations which had been undertaken during the last quarter of 2012/13, noting that there had been an increase of 40 (11%) on the comparable period last year. It was noted that there was an error contained in paragraph 3 of the report which related to the total number of cremations undertaken in the year to 31 March 2013, the Bereavement Services Manager advised that the figures should read 1,404 not 1,413 as stated in the report with an increase of 146 not 155.

The Bereavement Services Manager went on to detail further performance related data relating to memorial plaques including the number and value of sales in the last quarter of 2012/13, compared to the same period in the previous year.

Moving on to operational matters the Bereavement Services Manager advised that following the last meeting further work had been undertaken to explore options for the replacement of the Superintendent and Registrar. It was reported that since that meeting the Superintendent and Registrar at the Central Durham Crematorium would be leaving his post, with effect from the 31 May 2013. Subsequently a meeting had been convened between the Chairs and Vice-Chairs of both joint committee's, although the Vice Chair of the Mountsett Crematorium Joint Committee could not attend on the day. The following options had been considered:

- i. Joint Management Arrangements over the two Crematorium.
- ii. Support via an SLA with DCC Bereavement Services
- iii. Replacement for the Superintendent and Registrar.

Following those discussions it was proposed that replacements for the Superintendent and Registrar posts be sought independently. In addition it was proposed that an additional Cremator Attendant be appointed at Mountsett to ensure the efficient and effective running of the Crematorium. This would also require an addition of £20,400 to be added to the Employee budget.

Moving on the Bereavement Services Manager advised it had been proposed to appoint a Business Administration Apprentice. Details of the costs of the scheme were outlined within the report.

The Clerk to the Joint Committee then provided an update regarding the Pre-Payment Cremation Bond scheme and FSA registration. It was reported that following further advice which had been sought from specialist consultants – Bovill – the Council's application for FSA registration had been withdrawn due to the potential wider implications regarding Durham County Councils regulated activities.

Full details of Bovill's response, was included in the report. The Head of Finance (Financial Services) advised that the scheme now represented too high a risk and that the Central Durham Crematorium had agreed to withdraw their interest in establishing a scheme at their meeting on 24 April 2013.

The Bereavement Services Manager then went on to advise that the Joint Committee would be making a donation of £4,333 to St Oswald's Hospice, Gosforth from the Recycling of Metal's Scheme. Arrangements would be made for the presentation of the cheque.

Details were then provided regarding proposals to introduce Coffin Footplate's following an incident which had occurred at another crematorium, which resulted in a coffin being cremated in error. The introduction of a footplate would further minimise the risk of such error occurring at Mountsett Crematorium, where procedures would have prevented this occurring in any event. It was noted that this was a small change in operational processes which would add a small / minimal cost to Funeral Directors in the form of a small plaque.

The Bereavement Services Manager then went on to provide an update in respect of the Service Asset Management Plan and works which had been completed during 2012/13. It was reported however that a number of works had not been fully completed during the year however, would be done so by 30 April 2013.

Councillor Charlton asked if the number of cremations had increased due to a higher death rate or due to the popularity of the crematorium. In response the Bereavement Services Manager advised that the current death rate was high, however due to the economic climate families were often looking for the most competitive prices and were using crematoria out of their local area, therefore the increase was likely to be as a result of both as the Mountsett and Durham Crematorium fees were believed to be the lowest in the region.

**Resolved:**

That the recommendations contained in the report be noted and approved.

## **7 Reserves Policy**

The Joint Committee considered a joint report of the Corporate Director Neighbourhood Services and Corporate Director Resources / Treasurer to the Joint Committee which set out a proposed Reserves Policy for the Mountsett Crematorium Joint Committee (for copy see file of Minutes).

The Head of Finance (Financial Services) advised that guidance notes issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) on Reserves and Balances had made recommendations to the determination and to the adequacy of Local Authority Reserves. This had been used as a basis on which to develop the Reserves Policy for the Mountsett Crematorium.

Taking in to account the information published it was proposed that the Reserves Policy of the Mountsett Crematorium Joint Committee be as follows:

1. To set aside sufficient sums in Earmarked reserves (Cremator and Repairs reserves) as is considered prudent for the anticipated known area of future expenditure. As a minimum, the strategy of the Joint Committee should be to increase the value of the Cremator earmarked reserve to circa £1m in the medium term to cover future liabilities.
2. Create and maintain a General Reserve of at least 30% of the Joint Committee's income budget. (This is based on a risk assessment identifying Income as the highest financial risk element to the Joint Committee).

The Head of Finance (Financial Services) then went on to outline that the 2013/14 revenue budget agreed by members incorporated an income budget of £716,500. In line with the proposed reserve policy as indicated above, this would require a General Reserve, balance of £214,950 (30%). He advised therefore in order to create a General Reserve, it was proposed that £214,950 be transferred from the Cremator Reserve as part of the year end accounting for, 2012/13 leaving a revised, balance of £333,243 in the Cremator Replacement Reserve.

Councillor Temple raised a query with regard to point 10 of the report and asked what the current timeframe was for the replacement of cremators and whether the current strategy / contributions to the reserve were in line with this. The Head of Finance (Financial Services) advised that notwithstanding any further capital investments arising from the Asset Management Plan, based upon current performance it was estimated that within 3 to 5 years there would potentially be adequate funds in the cremator replacement reserve and that was well within the life of the existing cremators.

#### **Resolved:**

That the recommendations contained in the report be approved.

### **8 Financial Monitoring Report 2012/13: Provisional Outturn - Revenue**

The Joint Committee considered a joint report of the Corporate Director Neighbourhood Services and Corporate Director Resources / Treasurer to the Joint Committee which set out details of income and expenditure in the period 1 April 2012 to 31 March 2013, together with the provisional outturn position for 2012/13, highlighting areas of over / under spend against the revenue budgets at a service expenditure analysis level.

It further set out details of the funds and reserves of the Joint Committee at 1 April 2012 and the provisional position as at the year ended 31 March 2013 (for copy see file of Minutes).

The Head of Finance advised that the outturn was showing a provisional year end surplus (before transfer to reserves and distribution of surpluses to the partner authorities) of £311,584 at the year end against a budgeted surplus of £270,448, £41,136 more than the budgeted position. Details of the variances by subjective analysis area were contained in the report.

In conclusion he advised that the joint committee were in a strong financial position and could confidently continue to make key capital investments over the forthcoming year.

Councillor Charlton raised a query with regard to the distributable surplus and asked for some clarification regarding the 65% - 35% split. The Head of Finance (Financial Services) advised that the split was determined by the original investment made by each authority and that this was reflected in the Terms of Reference Agreement considered earlier in the Agenda.

**Resolved:**

That the recommendations contained in the report be approved.

**9 Annual Internal Audit Report 2012/13**

The Joint Committee considered a report of the Head of Internal Audit which presented the Annual Internal Audit Report for 2012/13. The report further detailed Internal Audit and Risk Services to be provided in 2013/14.

The Audit Manager advised that based on the work undertaken, a Substantial Assurance opinion had been issued on the adequacy and effectiveness of internal control operating across the Joint Committee in 2012/13. It was also reported that there was no significant weaknesses that warranted inclusion in the 2012/13 Annual Governance Statement.

**Resolved:**

That the recommendations contained in the report be approved.

**10 Response to the 2012/13 Internal Audit Report**

The Joint Committee considered a joint report of the Corporate Director Neighbourhood Services and Corporate Director Resources / Treasurer to the Joint Committee which presented the response to the Mountsett Crematorium Joint Committee Internal Audit Report for 2012/13 (for copy see file of Minutes).

The Head of Finance (Financial Services) reported that whilst the crematorium had received a substantial assurance rating from the Internal Audit service, the Internal Audit report had highlighted 3 issues with low risk rating / classification and 1 advisory recommendation. As such, those recommendations identified had been incorporated in an action plan. Two of the four actions had already been implemented. The other two recommendations were scheduled for completion during May and a further update would be provided to the Joint Committee in June 2013 as part of the Annual Governance Statement.

**Resolved:**

That the recommendations contained in the report be approved.

## **11 Such Other Business.**

Councillor Temple added his thanks to Members and officers of the Joint Committee and wished those standing for re-election the best of luck and to those who were not, his best wishes for the future.



## Mountsett Crematorium Joint Committee



14 June 2013

## Mountsett Crematorium Performance and Operational Report

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### Report of Graham Harrison, Bereavement Services Manager

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#### Purpose of the Report

- To provide Members of the Mountsett Crematorium Joint Committee with an update relating to performance and other operational matters.

#### Performance Update:

##### ***Number of Cremations: for the period 1 April 2013 to 31 May 2013***

- The table below provides details of the number of cremations for the period 1 April 2013 to 31 May 2013 inclusive, with comparative data in the same periods last year:-

	2012/2013	2013/2014	Change
	Period [Apr-May]	Period [Apr-May]	
APRIL	105	112	+7
MAY	110	103	-7
<b>TOTAL</b>	<b>215</b>	<b>215</b>	<b>0</b>

Gateshead	50
Durham	138
Outside Area	27
<b>Total</b>	<b>215</b>

- In summary there were 215 cremations undertaken during 1 April 2013 to 31 May 2013, which is the same as in the comparable period last year.

#### ***Memorials***

- The table below outlines the number and value (exc. VAT) of the memorials sold in the first two months of 2013/14 compared to the same period the previous year (2012/13).

	Period [Apr-May] 2012/2013		Period [Apr-May] 2013/2014	
	Number	£	Number	£
<b>Large Plaques</b>	4	1312.00	3	984.00
<b>Total</b>	<b>4</b>	<b>1312.00</b>	<b>3</b>	<b>984.00</b>

- In summary, in the period 1 April to 31 May the number and value of memorials sold were 4 / £1312.00 in 2012/13, compared to 3 / £984.00 in 2013/14 – a decrease of £ 328.00 over the comparative period last year.

## **Institute of Cemetery and Crematorium Management ICCM Learning Convention and Exhibition 2013**

6. The Institute of Cemetery and Crematorium Management ICCM Learning Convention and Exhibition is to be held at Forest Pines Hotel, North Lincolnshire on 30 September to 2 October 2013. It is proposed that the Bereavement Services Manager and the Chair attend this conference to represent Mountsett Crematorium Joint Committee.

### **Operational Matters**

#### ***Staffing***

7. As Members will recall, at the meeting held on 25 April 2013, it was agreed that a replacement for the Superintendent and Registrar be advertised/progressed.
8. Members should note that an updated job description has been completed and arrangements made to advertise the post both locally / regionally and nationally via the appropriate trade press. Recruitment will be undertaken during June/early July.
9. It is proposed that once the Superintendant post is filled, then the additional Crematorium Attendant post approved at the previous meeting also will be advertised.
10. I am pleased to announce that recently one of the trainee cremator operators has passed their training and examination scheme for crematorium technician and are now fully qualified cremator operator.
11. Members will also recall that, at the meeting held on 25 April 2013, it was agreed (to further ensure business continuity for the longer term) to the employment of a Business Administration Apprentice.
12. Members should note that a job description has now been completed and forwarded to Human Resources in order to advertise the post and take advantage of the new school leavers. Recruitment will be undertaken during July for this post.

#### **Service Asset Management Plan (SAMP) Update**

15. I am pleased to report that all of the urgent / essential works identified in the SAMP have now been completed namely:-
  - Provision of x1 additional accessible car parking bay
  - Adjustment to paving to office entrance to overcome 30mm step
  - Improvements to signage in the chapel lobby
  - Assess means of escape strategy
  - Provision of additional seating with arm rests and differing heights within public and clergy rooms
  - Removal of timber threshold on exit route doors
  - Provision of accessible WC for public that can be accessed internally
  - Upgrade to existing ambulant WC's with contrasting grab rails
  - The installation of the BACAS computer software system
  - Assess means of escape strategy
  - Install Emergency Lighting System
  - Install Fire Alarm System (L2 standard).

16. During the coming year, further SAMP related works are scheduled for completion namely:-

- Repair to paths and external pedestrian paved areas
- Upgrade and paint handrail
- Renew South perimeter (main road) fence
- Renew hot water heaters
- Replacement of carpets throughout
- Replacement of curtains in chapel area
- Replacement of blinds
- Provide order of service from Wesley music system
- Provide tribute screen for services.

### **Recommendations and Reasons**

17. It is recommended that Members of the Mountsett Joint Committee consider and agree:

- The content of this report with regards to current performance of the crematorium.
- The current situation with regards to the sale of Memorial Plaques
- To agree to the attendance of The Bereavement Services Manager and the chair at the yearly Institute of Cemetery and Crematorium Management Conference
- Note the current situation with regards to the various Staffing issues outlined in the report
- Note the update in terms of works completed and 2013/14 works underway with regards to the Service Asset Management Plan.

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## **Appendix 1: Implications**

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### **Finance**

As identified in the report.

### **Staffing**

There are no implications.

### **Risk**

There are no implications

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

There are no implications.

### **Accommodation**

There are no implications.

### **Crime and Disorder**

There are no implications.

### **Human Rights**

There are no implications.

### **Consultation**

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

### **Procurement**

There are no implications

### **Disability Issues**

There are no implications

### **Legal Implications**

As outlined in the report

**Mountsett Crematoria Joint Committee**

**14 June 2013**

**Forward Plan 2013 / 2014**



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**Joint Report of Terry Collins – Corporate Director: Neighbourhood Services; Don McLure – Corporate Director: Resources & Treasurer to the Joint Committee**

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**Purpose of the Report**

1. The purpose of this report is to set out proposals with regards to a suggested forward plan of meetings of the Joint Committee for the remainder of 2013 / 14.

**Forward Plan 2013 / 2014**

2. Members will be aware that meetings of the Joint Committee have traditionally been held on a quarterly basis. The purpose of the meetings in year being to monitor financial and other performance data and provide effective governance over the Mountsett Crematorium.
3. A proposed schedule of meetings for the remainder of 2013 / 14, showing a forward plan of proposed reports that will be considered at these meetings, is attached at Appendix 2.

**Recommendations**

4. It is recommended that:
  - Members approve the proposed schedule of meetings as set out at Appendix 2.

**Background Papers**

- None

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**Contact: Paul Darby, Head of Finance – Financial Services**  
**Tel: 03000 261 930**

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## **Appendix 1: Implications**

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### **Finance**

There are no financial implications associated with this report. Routine monitoring of budgetary control information and annual budget and fees and charges setting processes are factored into the Forward Plan.

### **Staffing**

There are no staffing implications associated with this report.

### **Risk**

There are no risk implications associated with this report.

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

There are no equality and diversity implications associated with this report. Equality Impact Assessments, where appropriate, are undertaken as a matter of routine part of the development of any new policy or policy change.

### **Accommodation**

There are no Accommodation implications associated with this report.

### **Crime and Disorder**

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

### **Human Rights**

There are no implications associated with this report.

### **Consultation**

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

### **Procurement**

There are no implications associated with this report.

### **Disability Discrimination Act**

There are no implications associated with this report.

### **Legal Implications**

There are no implications associated with this report.

**Appendix 2: Forward Plan : 2013 / 2014 Meetings**

<b>Meeting Date</b>	<b>Location</b>	<b>Reports to Consider</b>	<b>Report of</b>
4/10/13	Civic Centre, Gateshead	External Auditors Report: 2012/13 Accounts	Report of Corporate Director of Resources + Treasurer to the Joint Committee
		Response to the External Audit Report	Report of Corporate Director of Resources + Treasurer to the Joint Committee
		Quarterly Report of the Superintendant & Registrar	Report of Corporate Director of Neighbourhood Services
		Service Asset Management Plan	Report of Corporate Director of Neighbourhood Services
		Budget Revision 2013/14	Report of Corporate Director of Resources + Treasurer to the Joint Committee
		Risk Register 2013/14 - Update	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee
		Financial Monitoring Report 2013/14: Spend to 31/08/13 and Projected Outturn to 31/03/14	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee
30/01/14	Committee Room 1A, County Hall, Durham	Quarterly Report of the Superintendant & Registrar	Report of Corporate Director of Neighbourhood Services
		Risk Register 2013/14 - Update	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee
		Financial Monitoring Report 2013/14: Spend to 31/12/13 and Projected Outturn to 31/03/14	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee
		Fees and Charges 2014/15	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee
		2014/15 Revenue and Capital Budgets	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee
		Review of the Effectiveness of Internal Audit	Report of Corporate Director of Resources + Treasurer to the Joint Committee

<b>Meeting Date</b>	<b>Location</b>	<b>Reports to Consider</b>	<b>Report of</b>
24/04/14	Civic Centre, Gateshead	Quarterly Report of the Superintendant & Registrar	Report of Corporate Director of Neighbourhood Services
		Financial Monitoring Report 2013/14: Provisional Outturn – Revenue and Capital	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee
		Annual Internal Audit Report 2013/14	Report of Corporate Director of Resources + Treasurer to the Joint Committee
		Response to the 2013/14 Internal Audit report	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee
13/06/14 ( <i>tbc</i> )  (Annual General Meeting)	Mountsett Crematorium Meeting Room	Quarterly Report of the Superintendant & Registrar	Report of Corporate Director of Neighbourhood Services
		Annual Governance Statement 2013/14	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee
		Revenue Outturn Report for Year Ended 31 March 2014	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee
		Small Bodies Annual Return and Statement of Accounts 2013/14	Joint Report of Corporate Director of Neighbourhood Services & Resources + Treasurer to the Joint Committee



**Mountsett Crematorium Joint Committee**

**14 June 2013**

**2012/2013 Annual Governance Statement**



**Joint Report of Terry Collins – Corporate Director: Neighbourhood Services; Don McLure – Corporate Director: Resources & Treasurer to the Joint Committee**

**Purpose of the Report**

- 1 The purpose of this report is to provide details of the Annual Governance Statement (AGS) for the year April 2012 to March 2013. 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 2012/13 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 2007 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 2011 in relation to an annual review of the effectiveness of its system of internal control.
- 5 Under the Accounts and Audit (England) Regulation 4(3), the AGS will need to be formally signed by the Chair and Treasurer (Durham County Council's 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 by no later than the 30 June 2013.

## **The Annual Governance Statement (AGS)**

- 6 The format and structure of the AGS is prescribed in guidance contained within the Code of Practice on Local Authority Accounting 2012/2013 (the CODE) 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, processes and Financial Management by which the Joint Committee directs and controls its functions, including the formulation of strategy, its objectives and how it delivers services 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 Bereavement Services Manager, external auditors and other review agencies and inspectorates
  - Significant Governance Issues – the Mountsett Crematorium Joint Committee must identify any areas of significant internal control weaknesses, including what action is being taken to address them
  - Signature by the leading member (Chair) & Treasurer to the Joint Committee.
- 7 The statement is initially compiled by the Head of Finance (Financial Services), in accordance with guidance contained within the CODE.

The statement reflects the current position within the Joint Committee.

- 8 The statement is evidence based and relies upon the review of the effectiveness of internal audit undertaken by the Head of Finance (Financial Services) along with written assurances from the Bereavement Services Manager (who prepares a standardised comprehensive assurance statement on an annual basis), Internal Audit's views, having carried out 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 LLP within 7 days.

### **Recommendations and Reasons**

- 10 It is recommended that:-

The Mountsett Crematorium Joint Committee examines the content of the 2012/2013 Annual Governance Statement and approve it for consideration within the Statement of Accounts and Annual Return.

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**Contact: Paul Darby Head of Finance (Financial Services) 03000 261930**

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## **Appendix 1 - Implications**

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### **Finance**

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

### **Staffing**

Ensuring staff are adequately trained and professionally competent to meet the core principles of the CIPFA/SOLACE guidance.

### **Risk**

Risk is intrinsic to the system of internal audit and governance.

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

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**

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

### **Human Rights**

There are no Human Rights implications associated with this report.

### **Consultation**

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

### **Procurement**

None

### **Disability Discrimination Act**

None

### **Legal Implications**

The Accounts and Audit Regulations and Code of Practice set out the legal and regulatory framework in which the accounts of the Joint Committee are prepared. The proposals within this report seek to strengthen the Joint Committees compliance with these regulations.

## Appendix 2

### 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 established in 1964 by the Urban District Councils of Stanley and Consett (transferred to Derwentside District Council, 1976) and the Urban District Councils of Blaydon and Whickham (transferred to Gateshead Metropolitan Borough Council, 1976).

Following Local Government Reorganisation in 2009, as successor to Derwentside District Council, Durham County Council acts as the lead authority.

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 a code of corporate governance consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' and operates under the 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 2011.

#### 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 31 March 2013 and up to the date of approval of the Statement of Accounts and Small Bodies 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 and Vice Chair with defined executive responsibilities
- The Mountsett Crematorium Joint Committee Constitution which clearly describes the roles of the Chair and Vice Chair. The original constitution (dated 7 September 1976) has now been updated and considered/approved by members during the year. Arrangements are in place for a review to be undertaken at the Annual General Meeting of the Joint Committee in June of each year

- 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 nomination by the constituent authorities
- Making Durham County Council's nominated Responsible Financial Officer (under S151 of the Local Government Act 1972) 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
- Formally adopting the Member Code of Conduct of the Lead Authority
- Formal/written declarations of Member Personal Interest.

### **Identifying and communicating Mountsett Crematorium Joint Committee's vision of its purpose and intended outcomes for citizens and service users.**

The vision for Mountsett Crematorium is set out within the Treasurer's Report to the Statement of Accounts. The vision encompasses the lead Authority's 'Altogether Better Durham' focus reflecting the aim to improve service provision and make a real difference to service users.

The vision for the Mountsett Crematorium Joint Committee takes the following format:-

- To provide a sensitive, respectful and valued service fitting for the bereaved and their families
- To ensure sympathetic, supportive and confidential advice is given to the recently bereaved on funeral service arrangements and give assistance in co-ordinating the funeral process if required

- To provide consistent high quality standards of maintenance in Mountsett Crematorium, working to maximise value for money
- To fully comply with all environmental and regulatory standards and requirements
- To ensure the proper respect of Mountsett Crematorium with fair Rules and Regulations are fully explained to all visitors.

The Mountsett Crematorium Joint Committee considered its Service Asset Management Plan in September 2012 and commissioned urgent works as a result. The delivery of the Joint Committee's vision will be further demonstrated by:-

- Continuing to identify the property needs of the service to enable it to deliver its vision
- Continuing to assess the condition, sufficiency, suitability, accessibility and energy performance of the crematorium and looking at their appropriateness to deliver the future service
- Identifying the portfolio gaps and appraising the options and priorities to close the gaps between future needs and current provision
- Mapping a way forward to deliver the changes needed which takes in to consideration available funding streams and opportunities.

#### **Reviewing Mountsett Crematorium Joint Committee's vision and its implication for its governance arrangements**

Mountsett Crematorium Joint Committee reviews its vision and its implication for its governance arrangements on an annual basis. This is achieved by:-

- Reviewing its Code of Corporate Governance, ensuring that it remains consistent with the principles of the CIPFA/SOLACE Framework – Delivering Good Governance in Local Government
- Reviewing the Mountsett Crematorium Joint Committee Constitution on an annual basis.

#### **Measuring the quality of service for users, ensuring they are delivered in accordance with the Mountsett Crematorium Joint Committee's objectives and ensuring they represent best use of resources**

Mountsett Crematorium Joint Committee measures the quality of service for users, ensures that they are delivered in line with service objectives and that they represent the best use of resources. This is achieved by:-

- Aligning the annual budget to the Joint Committee's performance management arrangements and continuing to report under its framework of quarterly budgetary control reporting
- Undertaking Performance Management Reviews through comparative statistics with other crematoria. These are produced monthly and incorporated into the Bereavement Services Managers report considered by the Joint Committee on a quarterly basis
- Consideration and acknowledgement of Letters of Appreciation by the Joint Committee and also via the Direct Services Management Team within Durham County Council
- Logging and recording complaints in line with the lead authority's policy, indicating the type of complaint, response time and outcomes. The process also identifies how the crematorium has changed practices, procedures and policies as a result of any such complaint
- Adopting the lead authority's employee performance appraisal arrangements, designed around a number of competencies. This is a key method of assessing the individual performance of officers and addressing any areas for improvement
- The Joint Committee's overall approach to the management of the Crematorium assets enabling the best possible service delivery. The Joint Committee considers its assets in the widest sense, driving forward continual service improvement and investments
- The adoption of a Service Asset Management Plan which prioritises investment in the Facilities to maintain and improve the service offered to users
- The application and award of the Green Flag, which recognises service quality and environmental cleanliness at Mountsett.

**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 the 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 Bereavement Services Manager is advised by the



Corporate Risk Management Working Group where strategic and operational risks are considered

- Involves Risk Register reviews reported on a six monthly basis for consideration by the Joint Committee
- Involves regular reports by internal audit to those charged with governance, to standards defined in the CIPFA Code of Practice, and in accordance with the Accounts and Audit Regulations 2006. 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 LLP with the recommended outcome of these reviews actioned and undertaken
- Ensures Financial Management is undertaken by the Head of Finance (Financial Services) 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
- Has comprehensive monthly budgetary control systems including income and expenditure reconciliations and 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
- Includes SMART targets which are set to measure financial and other performance
- Ensures clearly defined capital expenditure guidelines are adhered to.

**Ensure the Joint Committee's financial management arrangements conform with the governance requirements of the CIPFA statement on the Role of the Chief Finance Officer**

Mountsett Crematorium Joint Committee ensures that its financial management arrangements conform to the CIPFA statement by:-

- Appointing as its Treasurer, the Corporate Director: Resources and Chief Finance Officer (CFO) from the lead authority along with the Head of Finance (Financial Services) under the scheme of delegated responsibilities by the Treasurer. The Corporate Director and Head of Finance are professionally qualified and possess the necessary skills, knowledge and experience to perform effectively in both a financial and non financial role
- Ensuring the finance function in support to the Treasurer is adequately resourced to fulfil its duties and a structure is in place that provides a line of professional accountability for the finance staff

- Ensuring that key CIPFA Codes such as the Prudential Framework for Local Authority Capital Finance and the Treasury Management code are complied with where required
- Having a clearly activated Medium Term Financial Plan/Reserves Strategy and Policy
- Producing Monthly Budgetary Control Reports which are considered on a quarterly basis by the Joint Committee
- Ensuring proper Internal Audit, Risk and Governance arrangements are in place.
- Maintaining a Service Asset Management Plan.

#### 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 Managers within the authority who have responsibility for the development and maintenance of the internal control environment. The review is also informed 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 are established and embedded following the consideration and approval of the Mountsett Crematorium Joint Committee Internal Audit Charter
- Strengthened Internal Audit arrangements through a formally approved Service Level Agreement (SLA) covering the following areas:-
  - Management and Assurance
  - Fundamental Accounting Systems
  - Crematorium Review
  - Advice and Assistance.
- Strengthened Support Services provision through a formally approved Service level agreement (SLA) with Durham County Council covering the following areas:-
  - Management Services
  - Financial Services
  - Administration Services
  - Payroll Services

- Creditor Services
  - Human Resources Services.
- Strengthened Internal Audit arrangements through the production of an Annual Audit Report and Audit Opinion to inform the Annual Governance Statement
  - Risk based assessments of key financial systems (as approved in the SLA) 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 Bereavement Services Manager along with action plan reports produced and approved where necessary. Full details are reported to the Joint Committee on a six monthly basis
  - Robust year end procedures for producing financial statements and the Small Bodies Annual Return with the production of a closedown timetable including risk assessment and control, ensuring those involved in the closedown process are fully aware of the closedown requirements for 2012/13
  - Robust budget setting processes to support its decision making process. Comprehensive monthly budgetary control systems including income and expenditure reconciliations and 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
  - Membership to the Federation of Burial and Cremation Authorities, which requires that each year a signed declaration, is made so that the Codes of Practice have been strictly adhered to. The Crematorium is also subject to bi annual inspection by the regulator (DCC) who has to be satisfied that all Environmental Legislation is being implemented
  - Performance monitoring undertaken through the use of comparative statistics with other crematoria and across years
  - The Internal Audit Section is also subject to an annual review of its activities and performance by the Head of Finance (Financial Services) under the scheme of delegated responsibilities by the Treasurer to the Joint Committee in order to meet the requirements of the Accounts and Audit Regulations 2011. This review is undertaken drawing on the CIPFA Self Assessment Checklist based on the Code of Practice which sets out the minimum standards required to maintain an effective Internal Audit Service. A formal report and completed checklist regarding the Review of the Effectiveness of Internal Audit is presented to, considered by and minuted by the Joint Committee on an annual basis
  - Robust Service Asset Management Plan to drive investment need/resources to ensure the facility continues to flourish

- Completion of an Internal Audit Satisfaction Survey following the completion of each Audit Assignment to measure further the effectiveness of the Internal Audit service
- Formal Adoption of the FOI Act Publication Scheme approved and minuted by the Joint Committee
- Formalised Treasury Management Arrangements through the production of an annual written agreement between the Joint Committee and the lead authority Durham County Council
- Use of Green Flag Awards to measure and recognise service/environmental excellence at the site.

In summary, the governance framework and the system of internal control in place at the Mountsett Crematorium for the year ended 31 March 2013 and up to the date of approval of the Small Bodies Annual Return and Statement of Accounts 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.

The Internal Audit Section sought further assurance, via its annual plan of work and review of key systems.

As a result, Internal Audit has provided **Substantial** Assurance on the Joint Committee's System of Internal Control, highlighting only 4 very minor governance and internal control issues (categorised as low (3) /advisory (1)), with none of these issues warranting comment within the Annual Governance Statement.

## 6 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:

Chair to the Joint Committee

Don McLure, CPFA

Corporate Director of Resources and Treasurer to the Joint Committee

14 June 2013

**Mountsett Crematorium Joint Committee**

**14 June 2013**

**Revenue Outturn & Statement of Accounts  
for the Year Ended 31 March 2013**



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**Joint Report of Terry Collins – Corporate Director: Neighbourhood Services; Don McLure – Corporate Director: Resources**

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**Purpose of the Report**

- 1 The purpose of this report is to seek approval of the Small Bodies in England Annual Return (attached at Appendix 2) and supporting Statement of Accounts (attached at Appendix 3) for Mountsett Crematorium Joint Committee for the financial year ended 31 March 2013. The report also includes details of the outturn position against the approved budgets for 2012/13.

**Background**

- 2 The Annual Return will be subject to external audit by the Joint Committee's appointed external Auditors – BDO LLP. The audit will commence 8 July 2013. On completion, the auditor's report will be reported to the Joint Committee and will be incorporated into a published Statement of Accounts document, which will be made available online.
- 3 The attached Annual Return is the statutory requirement for the Mountsett Crematorium Joint Committee.

**The Statement of Accounts**

- 4 The Annual Return and Statement of Accounts have been prepared considering the requirements of the 2012/13 'Code of Practice on Local Authority Accounting in Great Britain' as updated and published by the Chartered Institute of Public Finance and Accountancy (CIPFA), and in accordance with the Governance and Accountability for Local Councils in England – Practitioners Guidance.
- 5 There are five 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
  - The Annual Governance Statement.

## Financial Outturn 2012 / 13

- 6 Members will recall that regular (quarterly) budgetary control reports have been considered throughout the year, which incorporated forecast year end outturn positions. A provisional outturn report was presented to Members at the meeting of 25 April 2013.
- 7 The following table shows the final outturn position (as incorporated into the Statement of Accounts), together with comparative data against the provisional outturn report considered 25 April 2013:-

Subjective Analysis	Original Base Budget 2012/13 £	Outturn 2012/13 £	Variance Over/ (Under) £	MEMO - Provisional Outturn [25.4.13] 2012/13 £
Employees	108,900	131,454	22,554	127,242
Premises	124,609	196,490	71,881	195,636
Transport	300	289	(11)	300
Supplies & Services	59,828	70,074	10,246	68,248
Agency & Contracted	11,915	10,611	(1,304)	10,611
Central Support Costs	23,500	23,500	0	23,500
<b>Gross Expenditure</b>	<b>329,052</b>	<b>432,418</b>	<b>103,366</b>	<b>425,537</b>
<b>Income</b>	<b>(599,500)</b>	<b>(738,127)</b>	<b>(138,627)</b>	<b>(737,121)</b>
<b>Net Income</b>	<b>(270,448)</b>	<b>(305,709)</b>	<b>(35,261)</b>	<b>(311,584)</b>
<b>Transfer to Reserves</b>				
- Repairs Reserve	15,000	15,116	116	15,000
- Cremator Reserve	90,558	125,703	35,145	131,694
<b>Distributable Surplus</b>	<b>(164,890)</b>	<b>(164,890)</b>	<b>0</b>	<b>(164,890)</b>
<b>35% Gateshead Council</b>	<b>57,712</b>	<b>57,712</b>	<b>0</b>	<b>57,712</b>
<b>65% Durham County Council</b>	<b>107,178</b>	<b>107,178</b>	<b>0</b>	<b>107,178</b>

Mountsett Crematorium Earmarked Reserves	Balance @ 1 April 2012 £	Transfers to Reserve ® £	Transfers From Reserve £	Estimated Balance @ 31 March 2013 £
Repairs Reserve	(29,284)	(15,116)	0	(44,400)
Cremator Reserve	(416,499)	(125,703)	214,950	(327,252)
General Reserve	0	(214,950)	0	(214,950)
<b>Total</b>	<b>(445,783)</b>	<b>(355,769)</b>	<b>214,950</b>	<b>(586,602)</b>

NB: Realign in line with the Reserves Policy adopted at the previous meeting.

- 8 The final outturn position is broadly in line with the provisional outturn reported to the Joint Committee on 25 April 2013 with only a minor change (£5,875 reduction) in the overall net income for the year.
- 9 The following sections outline the reasons for significant variances by subjective analysis area (most of which was disclosed in the provisional outturn report), comparing the outturn position against the budget and highlighting the reasons for variances between the actual and provisional outturn position previously reported:-

### ***Employees***

- 9.1 The outturn shows an overspend of **£22,554**. This over spend is mainly as a result of revised employee terms and conditions agreed in the latter part of 2011/12. The review had not been undertaken in time for the 2012/13 budget setting process thus resulting in a **£13,706** variance to budget. Overtime and additional cover undertaken to ensure business continuity (including staff transfers from Central Durham Crematorium) during the Superintendent & Registrar's long term sickness absence has totalled **£17,928**. The Superintendent & Registrar's employment ended on 19 December 2012 resulting in a saving of **(£9,080)**. As Members will recall the Committee have agreed the recruitment of a replacement Superintendent and Registrar and an additional Cremator Assistant in 2013/14.

### ***Premises***

- 9.2 The final outturn shows a **£71,881** under spend in relation to premises expenditure. The main variances to budget are detailed below:-
  - Additional works (including DDA works of £10,426) of **£60,828**, as highlighted in the Service Asset Management Plan reported to members in September 2012
  - Higher utility costs of gas, electricity and water than those budgeted have resulted in an over spend of **£6,843**
  - NNDR charges were **£4,210** higher than budget. This is due to a revaluation during 2012/13 and subsequent increase in the rateable value of the Crematorium.

### ***Supplies and Services***

- 9.3 The **£10,246** over spend on the supplies and services budget is mainly due to a combination of the following factors:-
  - Book of Remembrance costs are higher than budgeted by **£3,626** due to the purchase of the new Book of Remembrance Quarterly Volume
  - Medical referee costs were higher than budgeted by **£2,837** due to the increased number of cremations carried out during the year

- The requirements of the Cremation Abatement of Mercury Emissions Organisation (CAMEO) did not come into place until 1 January 2013. This has resulted in a saving on budget during 2012/13 of **(£7,185)**. Members should note again that the first charge will be levied by CAMEO in arrears during January 2014. The 2012/2013 outturn considers 50% of budgeted cremations at an estimated charge of £50 per cremation for the period January to March 2013 in lieu of the estimated payment requirement
- Overspend on equipment purchases and repairs totalling **£10,968**, £4,000 of this over spend is due to the BACAS installation, the remaining £6,968 is in relation to grasscutting equipment repairs, cremator replacement parts, flower display units and flagpoles (required for the Green Flag Award).

### ***Agency and Contracted***

9.4 The (£1,304) under spend in relation to Agency and Contracted services related to two issues:-

- The actual cost of the Independent Testing of the Cremator & Abatement Equipment was higher than budget by **£495**
- The payment to FSA in connection with the Prepayment Bond application was **(£750)** less than budgeted as the charge was made to both Mountset and Durham Joint Committees resulting in a shared cost
- Actual external audit fees for the year were received at **(£50)** less than budgeted
- Grounds Maintenance charges were **(£999)** less than budgeted.

### ***Income***

9.5 Members will recall the 2012/13 budget was set on a prudent basis of 1,150 cremations, however due to the significant increased demand for cremations during this financial year, additional income has been realised totalling **(£138,627)**. This income is shown by the following elements:-

- The actual cremation numbers were 1413, (including non chargeable cremations) during 2012/13, this is an additional 263 from the original budgeted numbers (1,150) resulting in an additional income of **(£130,151)**
- The sale of plaques have exceeded budgeted expectations resulting in an additional income of **(£9,407)**
- Miscellaneous sales, including Organ Fees and Urns, have very slightly exceeded those budgeted by **(£301)**
- Offsetting these additional income amounts however, is a reduction in the Book of Remembrance entries, resulting in reduced income of **£2,026**
- Interest earned on investment of surplus funds with Durham County Council was **(£794)** more than budgeted.



## **Earmarked Reserves**

- 10 The provisional outturn showed an additional net income (over the budgeted contribution to reserves) to transfer to the Cremator Reserve of **£41,136**. The actual outturn shows a slightly lower net income transfer of **£35,261**.

The additional transfer to the Repairs Reserve is **£116**. This additional amount represents the Interest receivable relative to the reserve.

The retained reserves of the Joint Committee as at 31 March 2013, is **£586,602**. This represents an in year increase of **£140,819** (approximately 32% over the balances held at 31 March 2012).

## **Recommendations and Reasons**

- 11 It is recommended that:-

- Members of the Joint Committee note the April 2012 to March 2013 Income and Expenditure within the Revenue Financial Monitoring Report and subsequent year balance of reserves.

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**Contact: Paul Darby, Head of Finance – Financial Services**  
**Tel: 03000 261 930**

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## **Appendix 1: Implications**

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### **Finance**

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

### **Staffing**

There are no staffing implications associated with this report.

### **Risk**

The figures contained within this report have been extracted from the General Ledger, and have been scrutinised and supplemented with information supplied by the Superintendent and Registrar. The outturn has been produced taking into consideration all spend to date and year end accounting requirements. This, together with the information supplied by the Superintendent and Registrar, should mitigate any risks with regards to challenge and review of the financial outturn position of the Joint Committee.

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

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

### **Accommodation**

There are no Accommodation implications associated with this report.

### **Crime and Disorder**

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

### **Human Rights**

There are no Human Rights implications associated with this report.

### **Consultation**

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

### **Procurement**

None

### **Disability Discrimination Act**

None

### **Legal Implications**

The outturn contained within this report has been prepared in accordance with standard accounting policies and procedures.

# Small Bodies in England

## Annual return for the year ended

### 31 March 2013

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**Small relevant bodies in England with an annual turnover of £6.5 million or less must complete an annual return in accordance with proper practices summarising their annual activities at the end of each financial year.**

The annual return on pages 2 to 5 is made up of four sections:

- Sections 1 and 2 are completed by the person nominated by the body.
- Section 3 is completed by the external auditor appointed by the Audit Commission.
- Section 4 is completed by the body's internal audit provider.

**Each body must approve this annual return no later than 30 June 2013.**

#### **Completing your annual return**

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

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

Send the annual return, together with your bank reconciliation as at 31 March 2013, an explanation of any significant year on year variances in the accounting statements and any additional information requested, to your external auditor by the due date.

Your auditor will identify and ask for any additional documents needed for audit. Therefore, unless requested, 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. You must publish or display the audited annual return by 30 September 2013.

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](http://www.nalc.gov.uk) or [www.slcc.co.uk](http://www.slcc.co.uk)) or from the members area of the Association of Drainage Authorities website ([www.ada.org.uk](http://www.ada.org.uk)).

# Section 1 – Accounting statements 2012/13 for:

Enter name of reporting body here:

MOUNTSETT CREMATORIUM JOINT COMMITTEE

	Year ending		Notes and guidance
	31 March 2012 £	31 March 2013 £	
1 Balances brought forward	293,454	445,783	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 local taxation and/or levy	0	0	Total amount of local tax and/or levy received or receivable in the year including funding from a sponsoring body.
3 (+) Total other receipts	622,652	738,127	Total income or receipts as recorded in the cashbook less income from taxation and/or levy (line 2). Include any grants received here.
4 (-) Staff costs	(126,529)	(131,454)	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 (-) All other payments	(343,794)	(465,854)	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	445,783	586,602	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	440,596	604,866	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 plus other long term investments and assets	0	0	The original Asset and Investment Register value of all fixed assets, plus other long term assets owned by the body as at 31 March
10 Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

I certify that for the year ended 31 March 2013 the accounting statements 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.

Signed by Responsible Financial Officer:

Date

I confirm that these accounting statements were approved by the body on:

and recorded as minute reference:

Signed by Chair of meeting approving these accounting statements:

Date

## Section 2 – Annual governance statement 2012/13

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 accounting statements for the year ended 31 March 2013, that:

	Agreed –		'Yes' means that the body:
	Yes	No*	
1 We approved the accounting statements 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 maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption <b>and</b> reviewed its effectiveness.	✓		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3 We 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 that 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 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 carried out an assessment of the risks facing the body <b>and</b> took 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 maintained throughout the year an adequate and effective system of internal audit of the body's accounting records and control systems.	✓		arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of the body.
7 We took 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 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 by:

Chair \_\_\_\_\_

dated \_\_\_\_\_

Signed by:

Clerk \_\_\_\_\_

dated \_\_\_\_\_

**\*Note:** Please provide explanations to the external auditor on a separate sheet for each 'No' response. Describe how the body will address the weaknesses identified.

## Section 3 – External auditor certificate and opinion 2012/13

### Certificate

We certify that we have completed the audit of the annual return for the year ended 31 March 2013 of:

### 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 in accordance with proper practices which:

- summarises the accounting records for the year ended 31 March 2013; 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 report

(Except for the matters reported below)\* on the basis of our review, in our opinion the information in the annual return is in accordance with proper practices 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 signature

External auditor 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 2012/13 to

## MOUNTSETT CREMATORIUM JOINT COMMITTEE

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 2013.

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 one of the following		
	Yes	No*	Not covered**
A Appropriate accounting records have been kept properly throughout the year.	✓		
B The body's financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these. <i>Dequar</i>	①/✓		
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.			② ✓
E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F Petty cash payments were properly supported by receipts, all expenditure was approved and VAT appropriately accounted for.	✓		
G Salaries to employees and allowances to members were paid in accordance with body approvals, and PAYE and NI requirements were properly applied.	✓		
H Asset and investments registers were complete and accurate and properly maintained.			② ✓
I Periodic and year-end bank account reconciliations were properly carried out.	✓		
J Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, were supported by an adequate audit trail from underlying records, and, where appropriate, debtors and creditors were properly recorded.			② ✓

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

① Not covered in annual review report on site, but observed from reports to Smt's cost support provided by DCC. Risk officer's  
 ② Reliance placed on DCC processes & procedures to support Jc  
 ③ Reliance placed on DCC *To be reviewed in more detail in 2013/14*

Name of person who carried out the internal audit:

*Aviwahege  
H of IA*

Signature of person who carried out the internal audit:

Date: *15.4.13*

**\*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 2012/13 annual return

- 1 You must apply proper practices for preparing this annual return. Proper practices are found in the *Practitioners' Guides\** which are updated from time to time and contain everything you should need to prepare successfully for your financial year-end and the subsequent audit. Both NALC and SLCC have helplines if you want to talk through any problem you may encounter.
- 2 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 drawn to the attention of and approved by the body, properly initialled and an explanation is provided to the external auditor. Annual returns containing unapproved or unexplained amendments will be returned unaudited and may incur additional costs.
- 3 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 to the external auditor.
- 4 Do not send the external auditor any information not specifically asked for. Doing so is not helpful. However, you must notify the external auditor of any change of Clerk, Responsible Financial Officer or Chair.
- 5 Make sure that the copy of the bank reconciliation which you send to your external auditor with the annual return covers **all** your bank accounts. If your body holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree your bank reconciliation to Box 8 on the Accounting statements. **You must provide an explanation for any difference between Box 7 and Box 8.** More help on bank reconciliation is available in the *Practitioners' Guides\**.
- 6 **Explain fully** significant variances in the accounting statements on page 2. Do not just send in a copy of your detailed accounting records instead of this explanation. The external auditor wants to know that **you** understand the reasons for all variances. Include a complete analysis to support your explanation. There are a number of examples provided in the *Practitioners' Guides\** to assist you.
- 7 If the external 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.
- 8 Make sure that your accounting statements add up and the balance carried forward from the previous year (Box 7 of 2012) equals the balance brought forward in the current year (Box 1 of 2013).
- 9 **Do not complete section 3.** The external auditor will complete it at the conclusion of their audit.

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 2013 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' Guides*, is available from NALC and SLCC representatives or *Governance and Accountability for Internal Drainage Boards in England – A Practitioners' Guides*, is available from the ADA at The Association of Drainage Authorities, 12 Cranes Drive, Surbiton, Surrey, KT5 8AL or from the NALC, SLCC or ADA websites - see page 1 for addresses.



# Statement of Accounts 2012/13

Mountsett Crematorium Joint Committee



# Explanatory Foreword

The purpose of this foreword is to provide a guide to the Statement of Accounts for Mountsett Crematorium Joint Committee for the financial year 2012/13 and assist in the interpretation of the accounting statements.

The Statement of Accounts comprises:

## 1 Report of the Treasurer

This outlines the main financial results for the year ended 31<sup>st</sup> March 2013. It summarises the income and expenditure incurred by the Joint Committee and highlights any change against the original budget that occurred during the year and the reasons for this.

## 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 8-9

## 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 the functions for which the Crematorium is responsible, and demonstrates how that cost has been financed.

The Crematorium's Income and Expenditure Account is shown on page 10.

### 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 11.

## Balance Sheet

The Balance Sheet is fundamental to the understanding of the Joint Committee's financial position at the year-end. It shows the balances and reserves of the Joint Committee and along with net current assets employed in the operation. There are no Fixed Assets held by the Joint Committee.

The Balance Sheet is shown on page 12.

## 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 13.

## 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 14 -18.

## 4 Annual Governance Statement

The preparation and publication of an Annual Governance Statement in accordance with the CIPFA/ SOLACE Framework is necessary to meet the statutory requirement set out in the Accounts and Audit Regulations 2007 as amended by the Accounts and Audit (amendment) (England) regulations 2011 in 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'

In addition, The Delivering Good Governance in Local Government framework urges relevant bodies to prepare a governance statement in order to report publicly on the extent to which they comply with their own code of governance on an annual basis including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period. The process of preparing the governance statement should itself add value to the corporate governance and internal control framework of an organisation.

This is shown on pages 19 - 27.

## Report of the Treasurer

The Mountsett Crematorium Joint Committee aims:

- To provide a sensitive, respectful and valued service fitting for the bereaved and their families
- To ensure sympathetic, supportive and confidential advice is given to the recently bereaved on funeral service arrangements and give assistance in co-ordinating the funeral process if required
- To provide consistent high quality standards of maintenance in Mountsett Crematorium, working to maximise value for money
- To fully comply with all environmental and regulatory standards and requirements
- To ensure the proper respect of Mountsett Crematorium with fair Rules and Regulations, that are fully explained to all visitors.

### Overview of Financial Performance in 2012/2013

Each year the Joint Committee approves a budget and schedule of fees and charges for the forthcoming year. This report outlines the main financial results for the year ended 31<sup>st</sup> March, 2013. 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 2012/13 budget anticipated that the Joint Committee would achieve a surplus of £270,448. This was based on a forecast contribution to reserves of £105,558 and a distribution of surplus of £164,890 to the constituent partner authorities.

The table below summarises the budget and actual income and expenditure for 2012/13. Variations are shown alongside.	<b>Budget 2012/2013</b>	<b>Actual 2012/2013</b>	<b>Variance 2012/2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Gross Expenditure on Services	329,052	432,418	103,366
Income	(599,500)	(738,127)	(138,627)
<b>(Surplus) / Deficit for the year</b>	<b>(270,448)</b>	<b>(305,709)</b>	<b>(35,261)</b>
Contribution to Reserves	105,558	140,819	35,261
Transfer from Reserves	0	0	0
To Constituent Authorities A/c	164,890	164,890	0
	<b>0</b>	<b>0</b>	<b>0</b>
<b>Memo; Payments to Constituent Authorities</b>			
Durham County Council	(107,178)	(107,178)	0
Gateshead Metropolitan Borough	(57,712)	(57,712)	0
<b>Balance</b>	<b>(164,890)</b>	<b>(164,890)</b>	<b>0</b>

The table above shows an increase in gross expenditure of **£103,366** and an increase in income of **£138,627**. The main reasons for these variances are as follows:-

	<b>£</b>
<b>Gross Expenditure</b>	
Staffing	22,554
Non Domestic rates	4,210
General Grounds Maintenance	415
Additional Works	60,414
Utility Costs	6,843
Book of Remembrance Calligraphy	3,626
Medical Referees Fees	2,837
Mercury Abatement	(7,185)
Grounds Maintenance	(999)
Independent Testing	495
FSA Registration	(750)
Equipment, stationery, postages	10,906
	<u>103,366</u>
<b>Gross Income</b>	
Increased number of Cremations	(130,151)
Book of Remembrance	2,026
Plaques	(9,407)
Miscellaneous sales	(301)
Interest	(794)
	<u>(138,627)</u>

### Surplus Distribution

The surplus is distributed to the constituent authorities in the following percentages;

Durham CC	65%
Gateshead MBC	35%

### Capital Expenditure

The Mountsett Crematorium has a deminimus level for the capitalisation of assets. This level is set at £10,000. No Capital Expenditure was incurred during 2012/13.

### Major Fixed Asset Acquisitions and disposals

Fixed assets of Land, Buildings and fixtures and fittings are owned by the Constituent Authorities in accordance with Mountsett Crematorium Joint Committee Constitution (dated 25 April 2013) in the following percentages:

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

As such, fixed assets are not recorded within the Mountsett Crematorium Joint Committee's Balance Sheet.

### Reserves

The Crematorium Committee holds various reserves and balances earmarked 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 Service in the Income and Expenditure Account. The reserve is then appropriated back into the Constituent Authorities Account Statement so that there is no net charge.

During the year the Mountsett Crematorium Committee adopted a revised Policy on Reserves. The Policy of the Committee is as follows:-

- 1 To set aside sufficient sums in Earmarked reserves (Cremator and Repairs reserves) as is considered prudent for the anticipated known areas of future expenditure. As a minimum, the strategy of the Joint Committee should be to increase the value of the Cremator earmarked reserve to circa £1m in the medium term to cover future liabilities.
- 2 Create and maintain a General Reserve of at least 30% of the Joint Committee's Income budget. (This is based on a risk assessment identifying Income as the highest financial risk element to the Joint Committee).

The 2013/14 revenue budget approved by members at the January meeting incorporated an Income budget of £716,500. In line with the reserve policy this would represent a General Reserve requirement of balance of £214,950 at 31/03/13.

In 2012/2013 there was no expenditure financed via the Repairs Reserve:

The table below highlights the movement between the Earmarked Reserves and Balances of the Mountsett Crematorium Joint Committee:-

Reserve	Balance at 1.4.12 £	Contribution to Reserves £	Use of reserve / Transfer between reserves £	Balance at 31.3.13 £
Repairs Reserve	29,284	15,116	0	44,400
Cremator Reserve	416,499	125,703	(214,950)	327,252
General Reserve	0	214,950	0	214,950
<b>TOTAL</b>	<b>445,783</b>	<b>355,769</b>	<b>(214,950)</b>	<b>586,602</b>

#### Material and unusual charges and credits

There are no unusual charges or credits within the 2012/2013 Statement of Accounts.

#### Significant Changes in Accounting Policies

During the year the Mountsett Crematorium Committee adopted a Reserves Policy as set out above. This has been applied in the completion of these Statements and a General Reserve has now been created.

## Significant Changes to Statutory Functions

There were no changes in statutory function of the Mountsett Crematorium Joint Committee in 2012/2013 that had a significant impact on the Statement of Accounts.

SIGNED:

Don McLure CPFA  
Treasurer to the Joint Committee

Date: 14 June 2013

# 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 (CIPFA) in documents such as the (Code of Practice on Local Authority Accounting in the United Kingdom 2012/13) and the (Service Reporting Code of Practice) and the accompanying Guidance Notes for Practitioners. Elements of the CIPFA Guidance Notes on the Code of Practice on Local Authority Accounting in the United Kingdom 2012-2013 have also been considered in preparing the 2012-2013 Statement of Accounts.

## 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 may 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 Service Reporting Code of Practice 2012/13 (2012). The total absorption costing principle is used – the full costs of support services are shared between users in proportion to the benefits. Mountsett Crematorium Joint Committee is subject to an element of the Support Service Allocation, and has been considered and approved via a Support Service and Audit SLA, which is shown within the Income and Expenditure Account under Management and Support Services Recharges.

## Interest

Surplus monies are invested externally by Durham County Council on behalf of the Mountsett Crematorium Joint Committee, which receives the interest earned on a quarterly basis at the average 7 day LIBID rate.

Interest receivable on investment income is 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 classified as Revenue Expenditure Funded from Capital under Statute and is charged to revenue as it is incurred.

During 2009/10, investigations 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 1976, revised January 2013) in the following percentages:-

Durham CC	60%
Gateshead Council	40%

As a result, any such fixed assets previously recorded within the Mountsett Crematorium Joint Committee's Balance Sheet prior to 2009/2010 are now shown within the Balance Sheets of the Constituent Authorities.

#### Current Assets - Stock

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

This practice conflicts with IAS 2 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.

#### Revenue Expenditure funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non current asset has been charged as expenditure in the Income and expenditure Account in the year. Where the Crematorium Joint Committee has determined to meet the cost of this expenditure from existing capital resources, a transfer from the Statement of Movement on Constituent Authorities Account Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the constituent Authorities.

#### Reserves

During the year the Mountsett Crematorium Committee adopted a revised Policy on Reserves. The Policy of the Committee is as follows:-

- 1 To set aside sufficient sums in Earmarked reserves (Cremator and Repairs reserves) as is considered prudent for the anticipated known areas of future expenditure. As a minimum, the strategy of the Joint Committee should be to increase the value of the Cremator earmarked reserve to circa £1m in the medium term to cover future liabilities.
- 2 Create and maintain a General Reserve of at least 30% of the Joint Committee's Income budget. (This is based on a risk assessment identifying Income as the highest financial risk element to the Joint Committee).

The 2013/14 revenue budget approved by members at the January meeting incorporated an Income budget of £716,500. In line with the reserve policy this would represent a General Reserve requirement of balance of £214,950 at 31/03/13.

## 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 31st March 2012		Year ended 31st March 2013
£	Expenditure	£
126,529	Employees	131,454
99,209	Premises	196,490
142	Transport	289
47,408	Supplies and Services	70,074
9,445	Agency & Contract Services	10,611
22,700	Establishment Expenses	23,500
0	Capital charges	0
<u>305,433</u>		<u>432,418</u>
621,689	<b>Income</b>	737,333
963	Interest and Investment income	794
<u>(317,219)</u>	Net Cost of Services	<u>(305,709)</u>
<u><u>(317,219)</u></u>	<b>(Surplus) /Deficit for the year</b>	<u><u>(305,709)</u></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 <sup>st</sup> March 2012 £	Notes	Year ended 31 <sup>st</sup> March 2013 £
(317,219)	(Surplus)/Deficit for the year on the Income and Expenditure Account	(305,709)
317,219	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	305,709
<hr/> 0	(Increase)/Decrease in the Constituent Authorities A/c Balance for the year	<hr/> 0
0	Constituent Authorities A/c Balance Brought Forward	0
<hr/> <b>0</b>	<b>Constituent Authorities A/c Balance Carried Forward</b>	<hr/> <b>0</b>

## Balance Sheet as at 31 March 2013

Year ended 31 <sup>st</sup> March 2012 £		Note	Year ended 31 <sup>st</sup> March 2013 £
	<b>Fixed Assets</b>		
	<i>Operational Assets</i>		
0	Operational Land & Buildings		0
0	Other operational assets		0
<u>0</u>	<b>Total Fixed Assets</b>		<u>0</u>
	<b>Current Assets</b>		
440,596	Cash in Hand		604,866
0	Petty Cash		0
359	Stock		341
50,186	Debtors	6	4,889
<u>491,141</u>	<b>Total Current Asset</b>		<u>610,096</u>
	<b>Current Liabilities</b>		
45,358	Creditor	6	23,494
<u>45,358</u>	<b>Total Current liabilities</b>		<u>23,494</u>
<u><b>445,783</b></u>	<b>Total assets less Current Liabilities</b>		<u><b>586,602</b></u>
	<b>Financed By</b>		
0	<b>Constituent Authorities A/c</b>	1	0
29,284	<b>Repairs Reserve</b>	5	44,400
416,499	<b>Cremator Reserve</b>	5	327,252
0	<b>General Reserve</b>	5	214,950
<u><b>445,783</b></u>	<b>Total Net Worth</b>		<u><b>586,602</b></u>

## The Cash Flow Statement

Year ended 31 <sup>st</sup> March 2012 £		Year ended 31 <sup>st</sup> March 2013 £
	<b>Revenue Activities</b>	
	<i>Cash Outflows</i>	
164,890	Cash paid to Constituent Authorities	164,890
126,529	Cash paid to and on behalf of employees	131,454
149,756	Other operating cash payments	322,810
	<i>Cash Inflows</i>	
(623,883)	Cash received for goods and services	(782,630)
	Other operating cash receipts	
<u>(182,708)</u>	<b>Net cash (inflow)/outflow from revenue activities</b>	<u>(163,476)</u>
	<b>Dividends from Joint Ventures and Associates</b>	
	<i>Cash Inflows</i>	
<u>0</u>	Dividends received	<u>0</u>
<u>0</u>	<b>Net cash (inflow) from Joint Ventures and Associates</b>	<u>0</u>
	<b>Returns on Investments and Servicing of Finance</b>	
	<i>Cash Outflows</i>	
0	Interest paid	0
0	Interest element of finance lease rental payments	0
	<i>Cash Inflows</i>	
<u>(963)</u>	Interest received	<u>(794)</u>
<u>(963)</u>	<b>Net cash (inflow)/outflow from returns on investments</b>	<u>(794)</u>
	<b>Capital Activities</b>	
	<i>Cash Outflows</i>	
0	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
<u>0</u>	Other capital cash receipts	<u>0</u>
<u>0</u>	<b>Net cash (inflow)/outflow from capital activities</b>	<u>0</u>
	<b>Management of Liquid Resources</b>	
0	Net (increase)/decrease in short-term deposits	0
0	Net (increase)/decrease in other liquid resources	0
	<b>Financing</b>	
0	<i>Cash Outflows</i>	0
<u>0</u>	<i>Cash Inflows</i>	<u>0</u>
<u>(183,671)</u>	<b>Net (increase)/decrease in cash</b>	<u>(164,270)</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 <sup>st</sup> March 2012 £		Durham County Council £	Year ended 31 <sup>st</sup> March 2013 £	Gateshead Council £	Total £
0	Balance 1 April	0	0	0	0
(164,890)	Payments during year	(107,178)	(57,712)	(164,890)	
317,219	Surplus for Year	198,711	106,998	305,709	
0	Capital Accounting Adjustment				
(15,069)	Transfers to Repairs Reserve	(9,825)	(5,291)	(15,116)	
0	Transfers from Repairs Reserve	0	0	0	
(137,260)	Transfers to Cremator Reserve	(81,708)	(43,995)	(125,703)	
<u>0</u>	Balance 31 March	<u>0</u>	<u>0</u>	<u>0</u>	
<u>0</u>	Repaid to Authority	<u>0</u>	<u>0</u>	<u>0</u>	
<u><b>0</b></u>	<b>Balance c/fwd</b>	<u><b>0</b></u>	<u><b>0</b></u>	<u><b>0</b></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 Constituent Authorities Account Balance provides this necessary reconciliation. The full significance of the Statement for the Constituent Authorities local taxation purposes 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 <sup>st</sup> March 2012 £		Year ended 31 <sup>st</sup> March 2013 £
	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	
0	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	
15,069	Transfers to Repairs Reserve	15,116
0	Transfers from Repairs Reserve	0
137,260	Transfers to Cremator Reserve	125,703
107,178	Transfers to/ Durham County Council	107,178
57,712	Transfers to Gateshead Council	57,712
<u>317,219</u>	<b>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</b>	<u>305,709</u>

### 4 Movement on Fixed Assets

#### Ownership of Assets

The Mountsett Crematorium Joint Committee does exert any direct ownership over the assets that are held for use in the provision of the Crematorium business.

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%

### 5 Reserves

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

## Usable Reserves

### Repairs Reserve

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

A summary of the movements during the year is shown below:-

Year ended 31 <sup>st</sup> March 2012 £		Year ended 31 <sup>st</sup> March 2013 £
14,215	Balance Brought Forward	29,284
15,069	Contribution from Constituent Authorities Account	15,116
0	Use of Fund	0
<u>29,284</u>	<b>Balance Carried Forward</b>	<u>44,400</u>

### Cremator Reserve

A Cremator 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 <sup>st</sup> March 2012 £		Year ended 31 <sup>st</sup> March 2013 £
279,239	Balance b/fwd	416,499
137,260	Contribution from Constituent Authorities Account	125,703
0	Transfer to General Reserve	(214,950)
<u>416,499</u>	<b>Balance c/fwd</b>	<u>327,252</u>

### General Reserve

A General Reserve has been created in accordance with the Mountsett Crematorium Joint Committee's Reserve's Policy as a working balance to help cushion the impact of uneven cash flow and avoid unnecessary temporary borrowing.

A summary of the newly created reserve is shown below:-

Year ended 31 <sup>st</sup> March 2012 £		Year ended 31 <sup>st</sup> March 2013 £
0	Balance b/fwd	0
0	Transfer from Cremator Reserve	214,950
<u>0</u>	<b>Balance c/fwd</b>	<u>214,950</u>



## 6 Debtors & Creditors

### Debtors and Payments in Advance

A summary of amounts receivable (not received) as at 31<sup>st</sup> March 2013 is shown below:-

Year ended 31 <sup>st</sup> March 2012 £		Year ended 31 <sup>st</sup> March 2013 £
	<b>Debtors</b>	
49,135	Funeral Directors - Cremations	2,529
633	Book of Remembrance	1,667
328	Masterplan	633
90	Ashes	60
0	Urns	0
<u>50,186</u>	<b>Total</b>	<u>4,889</u>

Historically the amounts receivable have been paid during the initial months of the following year. Risk assessments undertaken on the probability of 'bad debt' have identified no requirement for a provision for bad debts to be made and thus reporting via the Financial Statement.

### Creditors and Receipts in Advance

A summary of amounts payable (not paid) as at 31 March 2013 is shown below:-

Year ended 31 <sup>st</sup> March 2012 £		Year ended 31 <sup>st</sup> March 2013 £
	<b>Creditors</b>	
39,187	Rates	0
24	General Repairs	138
0	Equipment	4,764
2,054	Medical Referees fees	2,164
552	Book of Remembrance	1,500
106	Telephone	180
3,435	Electricity & Gas	320
0	Gateshead Council	14,428
<u>45,358</u>	<b>Total</b>	<u>23,494</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 <sup>st</sup> March 2012 £000s		Year ended 31 <sup>st</sup> March 2013 £000s
(317,219)	Surplus/(Deficit) from Income and Expenditure Statement	(305,709)
	<b>Non-cash transactions:</b>	
0	Depreciation and Impairment of Fixed Assets	0
	<b>Debtors and Creditors</b>	
(30,971)	Net movement in Revenue Debtors and Creditors	(23,434)
(30)	Movement on Petty Cash	0
(341)	Movement on Stocks	(18)
164,890	Movement on Provisions and Reserves	164,890
	<b>Items classified in another category in cash flow statement</b>	
963	Interest received	794
<u>(182,708)</u>	<b>Net Cash flow from Revenue Activities</b>	<u>(163,476)</u>

Movement in Cash and Cash Equivalents:-

Year Ended 31 <sup>st</sup> March 2012 £000s		Year ended 31 <sup>st</sup> March 2013 £000s	
		Balance 31.3.13 £000s	Movement in Year £000
440,596	Cash and Bank Balances	604,866	164,270
<u>440,596</u>	<b>Net Movement</b>	<u>604,866</u>	<u>164,270</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 established in 1964 by the Urban District Councils of Stanley and Consett (transferred to Derwentside District Council, 1976) and the Urban District Councils of Blaydon and Whickham (transferred to Gateshead Metropolitan Borough Council, 1976).

Following Local Government Reorganisation in 2009, as successor to Derwentside District Council, Durham County Council acts as the lead authority.

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 a code of corporate governance consistent with the principles of the CIPFA / SOLACE Framework 'Delivering Good Governance in Local Government' and operates under the 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 2011.

## 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 31<sup>st</sup> March 2013 and up to the date of approval of the Statement of Accounts and Small Bodies 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 and Vice Chair with defined executive responsibilities
- The Mountsett Crematorium Joint Committee Constitution which clearly describes the roles of the Chair and Vice Chair. The original constitution (dated 7 September 1976) has now been updated and considered/approved by members during the year. Arrangements are in place for a review to be undertaken at the Annual General Meeting of the Joint Committee in June of each year

- 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 nomination by the constituent authorities
- Making Durham County Council's nominated Responsible Financial Officer (under S151 of the Local Government Act 1972) 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
- Formally adopting the Member Code of Conduct of the Lead Authority
- Formal/written declarations of Member Personal Interest.

**Identifying and communicating Mountsett Crematorium Joint Committee's vision of its purpose and intended outcomes for citizens and service users**

The vision for Mountsett Crematorium is set out within the Treasurers Report to the Statement of Accounts. The vision encompasses the lead Authority's `Altogether Better Durham` focus reflecting the aim to improve service provision and make a real difference to service users.

The vision for the Mountsett Crematorium Joint Committee takes the following format:-

- To provide a sensitive, respectful and valued service fitting for the bereaved and their families
- To ensure sympathetic, supportive and confidential advice is given to the recently bereaved on funeral service arrangements and give assistance in co-ordinating the funeral process if required

- To provide consistent high quality standards of maintenance in Mountsett Crematorium, working to maximise value for money.
- To fully comply with all environmental and regulatory standards and requirements
- To ensure the proper respect of Mountsett Crematorium with fair Rules and Regulations are fully explained to all visitors.

The Mountsett Crematorium Joint Committee considered its Service Asset Management Plan in September 2012 and commissioned urgent works as a result. The delivery of the Joint Committee's vision will be further demonstrated by:

- Continuing to identify the property needs of the service to enable it to deliver its vision
- Continuing to assess the condition, sufficiency, suitability, accessibility and energy performance of the crematorium and looking at their appropriateness to deliver the future service
- Identifying the portfolio gaps and appraising the options and priorities to close the gaps between future needs and current provision
- Mapping a way forward to deliver the changes needed which takes in to consideration available funding streams and opportunities.

#### **Reviewing Mountsett Crematorium Joint Committee's vision and its implication for its governance arrangements**

Mountsett Crematorium Joint Committee reviews its vision and its implication for its governance arrangements on an annual basis. This is achieved by:-

- Reviewing its Code of Corporate Governance, ensuring that it remains consistent with the principles of the CIPFA/ SOLACE Framework – Delivering Good Governance in Local Government
- Reviewing the Mountsett Crematorium Joint Committee Constitution on an annual basis.

#### **Measuring the quality of service for users, ensuring they are delivered in accordance with the Mountsett Crematorium Joint Committee's objectives and ensuring they represent best use of resources**

Mountsett Crematorium Joint Committee measures the quality of service for users, ensures that they are delivered in line with service objectives and that they represent the best use of resources. This is achieved by:-

- Aligning the annual budget to the Joint Committee's performance management arrangements and continuing to report under its framework of quarterly budgetary control reporting

- Undertaking Performance Management Reviews through comparative statistics with other crematoria. These are produced monthly and incorporated into the Bereavement Services Managers report considered by the Joint Committee on a quarterly basis
- Consideration and acknowledgement of Letters of Appreciation by the Joint Committee and also via the Direct Services Management Team within Durham County Council
- Logging and recording complaints in line with the lead authority's policy, indicating the type of complaint, response time and outcomes. The process also identifies how the crematorium has changed practices, procedures and policies as a result of any such complaint
- Adopting the lead authority's employee performance appraisal arrangements, designed around a number of competencies. This is a key method of assessing the individual performance of officers and addressing any areas for improvement
- The Joint Committee's overall approach to the management of the Crematorium assets enabling the best possible service delivery. The Joint Committee considers its assets in the widest sense, driving forward continual service improvement and investments
- The adoption of a Service Asset Management Plan which prioritises investment in the Facilities to maintain and improve the service offered to users
- The application and award of the Green Flag, which recognises service quality and environmental cleanliness at Mountsett.

**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 the 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 Bereavement Services Manager is advised by the Corporate Risk Management Working Group where strategic and operational risks are considered
- Involves Risk Register reviews reported on a six monthly basis for consideration by the Joint Committee

- Involves regular reports by internal audit to those charged with governance, to standards defined in the CIPFA Code of Practice, and in accordance with the Accounts and Audit Regulations 2006. 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 LLP with the recommended outcome of these reviews actioned and undertaken
- Ensures Financial Management is undertaken by the Head of Finance (Financial Services) 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
- Has comprehensive monthly budgetary control systems including income and expenditure reconciliations and 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
- Includes SMART targets which are set to measure financial and other performance
- Ensures clearly defined capital expenditure guidelines are adhered to.

**Ensure the Joint Committee's financial management arrangements conform with the governance requirements of the CIPFA statement on the Role of the Chief Finance Officer**

Mountsett Crematorium Joint Committee ensures that its financial management arrangements conform to the CIPFA statement by:-

- Appointing as its Treasurer, the Corporate Director: Resources and Chief Finance Officer (CFO) from the lead authority along with the Head of Finance (Financial Services) under the scheme of delegated responsibilities by the Treasurer. The Corporate Director and Head of Finance are professionally qualified and possess the necessary skills, knowledge and experience to perform effectively in both a financial and non financial role
- Ensuring the finance function in support to the Treasurer is adequately resourced to fulfil its duties and a structure is in place that provides a line of professional accountability for the finance staff.
- Ensuring that key CIPFA Codes such as the Prudential Framework for Local Authority Capital Finance and the Treasury Management code are complied with where required.
- Having a clearly activated Medium Term Financial Plan/Reserves Strategy and Policy
- Producing Monthly Budgetary Control Reports which are considered on a quarterly basis by the Joint Committee
- Ensuring proper Internal Audit, Risk and Governance arrangements are in place
- Maintaining a Service Asset Management Plan.



#### 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 Managers within the authority who have responsibility for the development and maintenance of the internal control environment. The review is also informed 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 are established and embedded following the consideration and approval of the Mountsett Crematorium Joint Committee Internal Audit Charter
- Strengthened Internal Audit arrangements through a formally approved Service Level Agreement (SLA) covering the following areas:-
  - Management and Assurance
  - Fundamental Accounting Systems
  - Crematorium Review
  - Advice and Assistance.
- Strengthened Support Services provision through a formally approved Service level agreement (SLA) with Durham County Council covering the following areas:-
  - Management Services
  - Financial Services
  - Administration Services
  - Payroll Services
  - Creditor Services
  - Human Resources Services.
- Strengthened Internal Audit arrangements through the production of an Annual Audit Report and Audit Opinion to inform the Annual Governance Statement
- Risk based assessments of key financial systems (as approved in the SLA) 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 Bereavement Services Manager along with action plan reports produced and

approved where necessary. Full details are reported to the Joint Committee on a six monthly basis.

- Robust year end procedures for producing financial statements and the Small Bodies Annual Return with the production of a closedown timetable including risk assessment and control, ensuring those involved in the closedown process are fully aware of the closedown requirements for 2012/13
- Robust budget setting processes to support its decision making process. Comprehensive monthly budgetary control systems including income and expenditure reconciliations and 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
- Membership to the Federation of Burial and Cremation Authorities, which requires that each year a signed declaration, is made so that the Codes of Practice have been strictly adhered to. The Crematorium is also subject to bi annual inspection by the regulator (DCC) who has to be satisfied that all Environmental Legislation is being implemented
- Performance monitoring undertaken through the use of comparative statistics with other crematoria and across years
- The Internal Audit Section is also subject to an annual review of its activities and performance by the Head of Finance (Financial Services) under the scheme of delegated responsibilities by the Treasurer to the Joint Committee in order to meet the requirements of the Accounts and Audit Regulations 2011. This review is undertaken drawing on the CIPFA Self Assessment Checklist based on the Code of Practice which sets out the minimum standards required to maintain an effective Internal Audit Service. A formal report and completed checklist regarding the Review of the Effectiveness of Internal Audit is presented to, considered by and minuted by the Joint Committee on an annual basis
- Robust Service Asset Management Plan to drive investment need/resources to ensure the facility continues to flourish
- Completion of an Internal Audit Satisfaction Survey following the completion of each Audit Assignment to measure further the effectiveness of the Internal Audit service
- Formal Adoption of the FOI Act Publication Scheme approved and minuted by the Joint Committee.
- Formalised Treasury Management Arrangements through the production of an annual written agreement between the Joint Committee and the lead authority Durham County Council
- Use of Green Flag Awards to measure and recognise service/environmental excellence at the site.

In summary, the governance framework and the system of internal control in place at the Mountsett Crematorium for the year ended 31 March 2013 and up to the date of approval

of the Small Bodies Annual Return and Statement of Accounts 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.

The Internal Audit Section sought further assurance, via its annual plan of work and review of key systems.

As a result, Internal Audit has provided **Substantial** Assurance on the Joint Committee's System of Internal Control, highlighting only 4 very minor governance and internal control issues (categorised as low (3) /advisory (1)), with none of these issues warranting comment within the Annual Governance Statement.

## 6 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:

Chair to the Joint Committee

Don McLure, CPFA

Corporate Director of Resources and Treasurer to the Joint Committee

14 June 2013

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