

Small Bodies in England

Annual return for the year ended

31 March 2013

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 or www.slcc.co.uk) or from the members area of the Association of Drainage Authorities website (www.ada.org.uk).

Section 1 – Accounting statements 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 and 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 and 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 Joint Com + support provided by DCC. Risk officer's
 ② Reliance placed on DCC processes & procedures to support Jc
 ③ Reliance placed on DCC in more detail in 2013/14 To be reviewed

Name of person who carried out the internal audit:

*Aviwaugh
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 31st 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 31st 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.	Budget 2012/2013 £	Actual 2012/2013 £	Variance 2012/2013 £
Gross Expenditure on Services	329,052	432,418	103,366
Income	(599,500)	(738,127)	(138,627)
(Surplus) / Deficit for the year	(270,448)	(305,709)	(35,261)
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
	0	0	0
Memo; Payments to Constituent Authorities			
Durham County Council	(107,178)	(107,178)	0
Gateshead Metropolitan Borough	(57,712)	(57,712)	0
Balance	(164,890)	(164,890)	0

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:-

	£
Gross Expenditure	
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>
Gross Income	
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
TOTAL	445,783	355,769	(214,950)	586,602

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	Income	737,333
963	Interest and Investment income	<u>794</u>
<u>(317,219)</u>	Net Cost of Services	<u>(305,709)</u>
<u><u>(317,219)</u></u>	(Surplus) /Deficit for the year	<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 st March 2012 £	Notes	Year ended 31 st 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/> 0	Constituent Authorities A/c Balance Carried Forward	<hr/> 0

Balance Sheet as at 31 March 2013

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

The Cash Flow Statement

Year ended 31 st March 2012 £		Year ended 31 st March 2013 £
	Revenue Activities	
	<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>	Net cash (inflow)/outflow from revenue activities	<u>(163,476)</u>
	Dividends from Joint Ventures and Associates	
	<i>Cash Inflows</i>	
<u>0</u>	Dividends received	<u>0</u>
<u>0</u>	Net cash (inflow) from Joint Ventures and Associates	<u>0</u>
	Returns on Investments and Servicing of Finance	
	<i>Cash Outflows</i>	
0	Interest paid	0
0	Interest element of finance lease rental payments	0
	<i>Cash Inflows</i>	
(963)	Interest received	(794)
<u>(963)</u>	Net cash (inflow)/outflow from returns on investments	<u>(794)</u>
	Capital Activities	
	<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
0	Other capital cash receipts	0
<u>0</u>	Net cash (inflow)/outflow from capital activities	<u>0</u>
	Management of Liquid Resources	
0	Net (increase)/decrease in short-term deposits	0
0	Net (increase)/decrease in other liquid resources	0
	Financing	
0	<i>Cash Outflows</i>	0
0	<i>Cash Inflows</i>	0
<u>(183,671)</u>	Net (increase)/decrease in cash	<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 st March 2012 £		Durham County Council £	Year ended 31 st March 2013 £	Gateshead Council £	Total £
0	Balance 1 April	0	0	0	0
(164,890)	Payments during year	(107,178)	(57,712)	(164,890)	(164,890)
317,219	Surplus for Year	198,711	106,998	305,709	305,709
0	Capital Accounting Adjustment				
(15,069)	Transfers to Repairs Reserve	(9,825)	(5,291)	(15,116)	(15,116)
0	Transfers from Repairs Reserve	0	0	0	0
(137,260)	Transfers to Cremator Reserve	(81,708)	(43,995)	(125,703)	(125,703)
0	Balance 31 March	0	0	0	0
0	Repaid to Authority	0	0	0	0
0	Balance c/fwd	0	0	0	0

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 st March 2012 £		Year ended 31 st 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>	Net additional amount required by statute and non-statutory proper accounting practices to be debited (or credited) to the Constituent Authorities A/c Balance for the year	<u>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 st March 2012 £		Year ended 31 st 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>	Balance Carried Forward	<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 st March 2012 £		Year ended 31 st 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>	Balance c/fwd	<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 st March 2012 £		Year ended 31 st March 2013 £
0	Balance b/fwd	0
0	Transfer from Cremator Reserve	214,950
<u>0</u>	Balance c/fwd	<u>214,950</u>

6 Debtors & Creditors

Debtors and Payments in Advance

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

Year ended 31 st March 2012 £		Year ended 31 st March 2013 £
	Debtors	
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>	Total	<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 st March 2012 £		Year ended 31 st March 2013 £
	Creditors	
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>	Total	<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 st March 2012 £000s		Year ended 31 st March 2013 £000s
(317,219)	Surplus/(Deficit) from Income and Expenditure Statement	(305,709)
	Non-cash transactions:	
0	Depreciation and Impairment of Fixed Assets	0
	Debtors and Creditors	
(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
	Items classified in another category in cash flow statement	
963	Interest received	794
<u>(182,708)</u>	Net Cash flow from Revenue Activities	<u>(163,476)</u>

Movement in Cash and Cash Equivalents:-

Year Ended 31 st March 2012 £000s		Year ended 31 st 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>	Net Movement	<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 31st 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