

**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**MUNICIPAL YEAR 2013/14**

**COMMITTEE:**

**AUDIT COMMITTEE**

**7<sup>th</sup> May 2014**

<b>Item No. 7</b>
<b>Annual Governance Statement – Llwydcoed Crematorium 2013/14</b>

**REPORT OF:-**

**GROUP DIRECTOR, CORPORATE SERVICES**

**Author: Marc Crumbie (Operational Audit Manager)**

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**1. PURPOSE OF THE REPORT**

This report provides Members with an overview and opinion on the governance arrangements in place at Llwydcoed Crematorium for the financial year 2013/14.

**2. RECOMMENDATIONS**

- 2.1 In order for Audit Committee to discharge the duties as outlined in Section A of its Terms of Reference: *“Review and recommend for certification the Annual Governance Statement”*, it is recommended that Members:

Critically review the Annual Governance Statement for Llwydcoed Crematorium, suggest any material amendments and recommend its certification by the Leader of the Council and the Chief Executive in readiness for inclusion within the Crematorium’s Statement of Accounts for 2013/14.

### 3. **BACKGROUND**

- 3.1 The Accounts and Audit (Wales) Regulations 2005 (regulation 4) state:  
***“Responsibility for internal control and financial management***  
*(1) The local government body shall be responsible for putting in place and ensuring that there is a sound system of internal control which facilitates the effective exercise of that body's functions and which includes*  
*(a) arrangements for the management of risk; and*  
*(b) adequate and effective financial management.*  
*(2) The local government body shall conduct a review at least once in a year of the effectiveness of its system of internal control and shall include a statement on internal control, prepared in accordance with Proper Practices.”*

Proper Practices are deemed to be the Code of Practice for Local Authority accounting which specifies:

*“A local authority shall undertake a review of its system of internal control in accordance with best practice. Delivering Good Governance in Local Government, published by CIPFA and SOLACE, recommends that the review be reported in an Annual Governance Statement.”*

- 3.2 Rhondda Cynon Taf County Borough Council is responsible for ensuring that its business and that of the Joint Committee, for which it has administrative responsibility, is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and is used economically, efficiently and effectively.
- 3.3 A draft Annual Governance Statement for the 2013/14 financial year relating to the activities of Llwydcoed Crematorium is attached at Appendix A.

### 4. **SUMMARY**

- 4.1 The overall governance arrangements at Llwydcoed Crematorium for the financial year 2013/14 are considered to be satisfactory.

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**LOCAL GOVERNMENT ACT, 1972**

**as amended by**

**THE ACCESS TO INFORMATION ACT, 1985**

**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**LIST OF BACKGROUND PAPERS**

**AUDIT COMMITTEE**

**7<sup>th</sup> May 2014**

**Report of the Group Director for Corporate Services**

Author: Marc Crumbie (Operational Audit Manager).

**Item**

**File Ref:**

- 7. Annual Governance Statement – Llwydcoed  
Crematorium 2013/14**

IA / MC

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**APPENDIX A**

**LLYWDCOED CREMATORIUM**  
**ANNUAL GOVERNANCE STATEMENT**

<b>1.</b>	<b>Scope of Responsibility</b>
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- 1.1 Llwydcoed Crematorium is managed and administered by the Llwydcoed Crematorium Joint Committee, under powers conferred by the Local Government (Wales) Act 1994. The Joint Committee is made up of nine members, five from Rhondda Cynon Taf CBC and four from Merthyr Tydfil CBC. Rhondda Cynon Taf CBC became the Host Authority for the Joint Committee in 1996, taking over from the Urban District of Aberdare and the County Borough of Merthyr Tydfil.
- 1.2 In discharging its overall responsibility, the Joint Committee is responsible for putting in place proper governance arrangements.
- 1.3 Rhondda Cynon Taf County Borough Council is responsible for ensuring that its business and that of the Joint Committee, for which it has administrative responsibility, is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and is used economically, efficiently and effectively.
- 1.4 Rhondda Cynon Taf County Borough Council and Llwydcoed Crematorium have several policies and processes that are consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'.
- 1.5 This Annual Governance Statement explains how the Llwydcoed Crematorium has complied with the various elements of 'The Framework'.

<b>2.</b>	<b>The purpose of the governance framework</b>
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- 2.1 The governance framework comprises the systems, processes, and cultural values, by which an organisation is directed and controlled. It enables an organisation to monitor the achievement of its objectives and to consider whether those objectives have led to the delivery of appropriate services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risks to the achievement of objectives so can therefore only provide reasonable and not absolute assurance of effectiveness.

- 2.3 The system of internal control is an ongoing process designed to identify and prioritise the risks to the achievement of aims and objectives, to evaluate the likelihood and impact of those risks materialising, and to manage them efficiently, effectively and economically.
- 2.4 The following paragraphs summarise the overall governance framework and the system of internal control, which has been in place for Llwydcoed Crematorium for the year ended 31<sup>st</sup> March 2014.

<b>3.</b>	<b>The Governance Framework</b>
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- 3.1 The CIPFA/SOLACE governance framework sets out six fundamental principles of corporate governance:-
- Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area.
  - Members and officers working together to achieve a common purpose with clearly defined functions and roles.
  - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
  - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
  - Developing the capacity and capability of members and officers to be effective.
  - Engaging with local people and other stakeholders to ensure robust public accountability.
- 3.2 This Governance Statement has used these principles to demonstrate how the overall governance arrangements at Llwydcoed Crematorium during 2013/14 were deemed to be satisfactory. The Governance Statement does not document policies, procedures and working practices under each of the six principles, but instead provides an overview of the governance and internal control processes and systems.
- 3.3 **Rhondda Cynon Taf County Borough Council's Constitution**  
The Constitution of Rhondda Cynon Taf County Borough Council, which has the financial stewardship of the Joint Committee, allocates functions and responsibility within the Authority. It also regulates the behaviour of individuals (Members & Officers) and groups through codes of conduct, protocols and rules of procedures.
- 3.4 **Joint Committee's Constitution**  
Llwydcoed Crematorium operates under a Memorandum of Agreement between the former County Borough of Merthyr Tydfil and the former Urban District Council of Aberdare signed on 31<sup>st</sup> May 1969. Although these organisations have been superseded by Rhondda Cynon Taf County Borough Council and Merthyr Tydfil County Borough Council,

the constitution of the committee has remained largely unchanged; the two Councils taking on the responsibilities of their predecessors.

3.5 The Memorandum of Agreement covers the constitution of a committee, the "Llwydcoed Crematorium Joint Committee", which has the overall responsibility for the operation, management and finance of the Crematorium. Both Councils have delegated their functions as Burial Authorities to the Joint Committee.

3.6 The Joint Committee's Constitution sets out how the Committee operates, how decisions are made and the procedures which are followed. The Joint Committee has adopted the Financial Procedure Rules and Contract Procedure Rules of Rhondda Cynon Taf County Borough Council.

**3.7 Officer & Member Conduct**

3.8 All Officers at Llwydcoed Crematorium are subject to Rhondda Cynon Taf County Borough Council's Terms and Conditions of Employment.

3.9 The Council takes fraud, corruption and maladministration very seriously and has the following policies, which aim to prevent or deal with such occurrences;

- Financial Procedure Rules
- Contract Procedure Rules
- Anti-Fraud, Bribery and Corruption Policy & Procedure
- Whistleblowing Policy
- Human Resources policies regarding the disciplining of staff involved in such incidents.

*NOTE: All of the above policies apply to staff working at the Llwydcoed Crematorium.*

3.10 The conduct of Officers at Llwydcoed Crematorium is also dictated and monitored via the Institute of Cemetery & Crematorium Management 'Charter for the Bereaved'.

3.11 Members of the Joint Committee are governed by the Code of Conduct of their relevant Council.

3.12 The Public Service Ombudsman and the relevant Councils' Standards Committee investigate allegations of misconduct by Members and monitor the conduct of Members.

**3.13 Financial Management**

Section 4(ii) of the Joint Committee's Constitution requires the Committee to hold regular meetings throughout the year. The Joint Committee has determined to hold quarterly meetings. Standard agenda items include a report from the Treasurer to the Crematorium and also a performance/statistical report from the Superintendent and Registrar.

3.14 The Rhondda Cynon Taf County Borough Council's Financial Procedure Rules provide clear guidance in relation to all financial matters. As stated, the Joint Committee has adopted Rhondda Cynon Taf's Financial Procedure Rules and Contract Procedure Rules.

3.15 The Wales Audit Office audits Llwydcoed Crematorium's annual statement of accounts, the report of which is presented to the Joint Committee.

**3.16 Roles & Responsibilities – Members & Officers**

The Joint Committee has overall responsibility for the provision and maintenance of the crematorium. In discharging its responsibility the Joint Committee:

- Receives information regarding the performance of the Crematorium, including statistics on services provided, financial statements and any proposals for major capital schemes / investment and direct the Superintendent and Registrar accordingly.
- Determines the fees & charges for services provided following receipt of a report and recommendation from the Superintendent and Registrar.
- Receives any audit reports and recommendations contained therein and instruct the Superintendent and Registrar accordingly.
- Receives an annual report on service complaints, comments and feedback and instruct the Superintendent and Registrar accordingly.
- Is consulted on any significant policy or procedural change that materially affects the provision of services at the Crematorium.

3.17 In order to strengthen further the internal control environment in place at the Crematorium, in March 2012 the Joint Committee approved a scheme of delegation for the Superintendent and Registrar. There is a clear and transparent record of roles and responsibilities at the Crematorium.

**3.18 Scrutiny**

The terms of reference of the Llwydcoed Crematorium Joint Committee is set out in the Crematorium's Constitution. The Joint Committee comprises of five members from Rhondda Cynon Taf County Borough Council and four Members of Merthyr Tydfil County Borough Council.

3.19 The Crematorium's financial and operational performance is monitored and scrutinised by the Joint Committee. The Joint Committee receives quarterly reports from:

- The Treasurer to the Crematorium, and;
- The Superintendent and Registrar.

In addition to these regular reports, the Joint Committee also receives ad-hoc reports relevant to the operation of the Service.

## Review of Effectiveness

- 4.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness is informed by the work of Internal Audit and Chief Officers within the Authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates. The requirement to undertake an annual review also extends to Joint Ventures where this Council has lead responsibility.
- 4.2 **Reports of the Superintendent and Registrar**  
Regular 'Superintendent and Registrar' reports were provided to the Joint Committee during 2013/14 providing Members of the Committee with updates on performance and statistical information.
- 4.3 In addition to these 'standard' agenda items, items specific to the operational running of the site were also reported to the Joint Committee throughout the year.
- 4.4 **Financial Management**  
During 2013/14 the Joint Committee received regular finance reports from the Treasurer to Llwydcoed Crematorium.
- 4.5 During 2013/14 the role of the Chief Financial Officer at Rhondda Cynon Taf County Borough Council was compliant with the principles of the CIPFA Statement – Role of the Chief Financial Officer in Local Government 2010.
- 4.6 **Llwydcoed Crematorium Joint Committee**  
During 2013/14 the Joint Committee received regular finance reports from the Treasurer to Llwydcoed Crematorium and in addition to this; they received regular performance reports from the Superintendent and Registrar. The Committee also received reports relevant to the service being provided at the Crematorium.
- Internal Audit**
- 4.7 Internal Audit has not undertaken a specific review of the internal control environment at Llwydcoed Crematorium during 2013/14 however; Internal Audit has reviewed the reports provided to the Joint Committee along with the Constitution.
- External Audit**
- 4.8 In September 2013 the External Auditor issued an unqualified Auditor's Report on the financial statements and related notes of Llwydcoed Crematorium for the 2012/13 statement of accounts.

- 4.9 **Institute of Cemetery & Crematorium Management (ICCM)**  
Llwydcoed Crematorium holds the ICCM Gold Standard in the Charter for the Bereaved Assessment Process for Cremation.

<b>Significant Governance Issues</b>
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To the best of our knowledge, no significant governance issues have been identified in relation to Llwydcoed Crematorium during 2013/14.

**Certification of Annual Governance Statement**

Leader

Chief Executive