

# NORFOLK JOINT MUSEUMS COMMITTEE

## ACCOUNTS APPROVAL AND URGENT BUSINESS SUB-COMMITTEE

**\*Please note the meeting will be preceded by induction training starting at 2 pm in the Cranworth Room**

Under the Council's protocol on the use of media equipment at meetings held in public, this meeting may be filmed, recorded or photographed. Anyone who wishes to do so must inform the Chairman and ensure that it is done in a manner clearly visible to anyone present. The wishes of any individual not to be recorded or filmed must be appropriately respected.

<b>Date</b>	<b>Time</b>	<b>Place</b>
Friday, 26 September 2014	<b>2.30pm*</b>	The Cranworth Room, County Hall, Norwich

### **Membership**

Mr D Bradford  
Mrs S Button  
Mr H Humphrey  
Dr C Kemp  
Mrs E Morgan  
Mr J Ward  
Mr G Williams

## **A g e n d a**

- 1 Election of Chairman**
- 2 Election of Vice-Chairman**
- 3 To Receive Apologies and Details of any Substitute Members Attending**
- 4 Minutes** (PAGE 5 )  
To receive the minutes of the previous meeting held on 30 September 2013
- 5 Members to Declare any Interests**  
If you have a **Disclosable Pecuniary Interest** in a matter to be considered at the meeting and that interest is on your Register of Interests you must not speak or vote on the matter.

If you have a **Disclosable Pecuniary Interest** in a matter to be considered at the meeting and that interest is not on your Register of Interests you must declare that interest at the meeting and not speak or vote on the matter.

In either case you may remain in the room where the meeting is taking place. If you consider that it would be inappropriate in the circumstances to remain in the room, you may leave the room while the matter is dealt with.

If you do not have a Disclosable Pecuniary Interest you may nevertheless have an **Other Interest** in a matter to be discussed if it affects:

- your well being or financial position
- that of your family or close friends
- that of a club or society in which you have a management role
- that of another public body of which you are a member to a greater extent than others in your ward.

If that is the case then you must declare such an interest but can speak and vote on the matter.

**6 To Note Whether any Items Have Been Proposed as Matters of Urgent Business**

**7 Audit Results Report for the year ended 31 March 2014** (PAGE 9 )  
Report by the Interim Head of Finance

**8 Annual Governance Statement 2013/14** (PAGE 23 )  
Report by the Interim Head of Finance

**9 Annual Statement of Accounts 2013/14** (PAGE 42 )  
Report by the Interim Head of Finance

**10 Letter of Representation 2013/14** (PAGE 74 )  
Report by the Interim Head of Finance

Chris Walton  
Head of Democratic Services  
County Hall  
Martineau Lane

Norwich  
NR1 2DH

18 September 2014

Enquiries and names of any Substitute Members to Tim Shaw

Direct Dialling: Norwich (01603) 222948

E-mail: [timothy.shaw@norfolk.gov.uk](mailto:timothy.shaw@norfolk.gov.uk)



**If you need this Agenda in large print, audio, Braille, alternative format or in a different language please contact Tim Shaw 0344 8008020 or 0344 8008011 (textphone) and we will do our best to help.**



**NORFOLK JOINT MUSEUMS & ARCHAEOLOGY COMMITTEE  
ACCOUNTS APPROVAL & URGENT BUSINESS SUB-COMMITTEE**

**Minutes of the Meeting held on 30 September 2013 at 2.30pm in the  
Colman Room at County Hall, Norwich**

**Present:**

Mr J W Bracey  
Mr D Bradford  
Mr A Grey

Mr H Humphrey  
Mr M Sands  
Mr J Ward

**Substitute Member Present:**

Mr J Joyce for Dr C Kemp

**Also Present:**

Mr H Bullen for the Head of Finance  
Ms C Bye for the Head of Finance  
Mr S Jarrett for the Head of Finance  
Mr P King for Ernst and Young, External Auditors  
Mr T Shaw – Committee Officer

**1 Election of Chairman**

Resolved –

That Mr H Humphrey be elected Chairman of the Sub-Committee for the ensuing year.

(Mr H Humphrey in the Chair)

**2 Election of Vice-Chairman**

Resolved –

That Mr D Bradford be elected Vice-Chairman of the Sub-Committee for the ensuing year.

**3 Apologies**

Apologies for absence were received from Dr C Kemp.

**4 Minutes**

The minutes of the previous meeting held on 28 September 2012 were confirmed by the Sub-Committee and signed by the Chairman.

**5 Declarations of Interest**

There were no declarations of interest.

## **6 Urgent Business**

There were no items of urgent business.

## **7 External Auditor's Annual Results Report (ISA260) 2012/2013**

The annexed report by the Head of Finance was received.

The Sub-Committee received a report from the Head of Finance that introduced Ernst and Young's Audit Results Report (ISA260) for the Norfolk Joint Museums and Archaeology Committee for 2012/2013.

Mr Philip King from Ernst and Young presented the External Auditors Audit Results Report (ISA260) for the Joint Committee which was laid on the table.

### **Resolved:**

That the Sub-Committee:

- (a) Note matters raised in the report before Ernst and Young issue their audit opinion.
- (b) Take note of the minor adjustments to the financial statement, handed out to Members with the report laid on the table.
- (c) Note that no further action was required regarding the External Auditor's Report.

## **8 Annual Statement of Accounts and Annual Governance Statement 2012/2013**

The annexed report by the Head of Finance was received.

The Sub-Committee received a report that summarised the Statement of Accounts for the Norfolk Joint Museums and Archaeology Committee for 2012/2013 which had been subject to external audit by Ernst and Young.

Mr Harvey Bullen, speaking for the Head of Finance, anticipated that the Joint Museums and Archaeology Committee would receive an unqualified audit report.

### **Resolved-**

That the Sub-Committee:

- (a) Note that, following annual reviews, the system of internal control and internal audit were considered adequate and effective for the purposes of the relevant regulations.
- (b) Approve the Annual Governance Statement and commend it for signature by the Chairman of the Sub-Committee and the Director of Community Services.
- (c) Approve the Statement of Accounts for 2012/2013

## 9 Letter of Representation 2012/2013

The annexed report by the Head of Finance was received.

The Sub-Committee received a report from the Head of Finance that provided details of the draft Letter of Representation to the external auditors about the audit of the financial statements for 2012/2013 which was sent to Members by email before the start of the meeting.

Resolved –

That the Sub-Committee endorse the Letter of Representation and authorise the Chairman of the Sub-Committee and the Head of Finance to sign it on behalf of the Sub-Committee.

The meeting concluded at 2.45pm.

### Chairman



**If you need these minutes in large print, audio, Braille, alternative format or in a different language please contact Tim Shaw on 0344 8008020 or 0344 8008011 (textphone) and we will do our best to help.**





# Norfolk Joint Museums Committee – Accounts Approval and Urgent Business Sub Committee

Item No 7

<b>Report title:</b>	<b>Norfolk Joint Museums Committee - Audit Results Report for the year ended 31 March 2014</b>
<b>Date of meeting:</b>	<b>26<sup>th</sup> September 2014</b>
<b>Responsible Chief Officer:</b>	<b>Interim Head of Finance</b>
<b>Strategic impact</b>  This report introduces our External Auditor's (Ernst and Young) Audit Results Report for the year ended 31 March 2014.	

## Executive summary

<b>Recommendation:</b>  It is recommended that the Committee should consider the Ernst and Young Audit Results Report for the year ended 31 March 2014, at Appendix A.  Members are invited to: <ul style="list-style-type: none"><li>• Consider the matters raised in the report before Ernst and Young issue their audit opinion.</li></ul>
---

## 1. Proposal (or options)

1.1 The recommendation appears in the Executive summary above.

## 2. Evidence

2.1 Appendix A to this report sets out the Ernst and Young Audit Results Report for the year ended 31 March 2014.

### **3. Financial Implications**

- 3.1. This report is representative of the Committee's finances during 2013-14 as described in the Annual Statement of Accounts.

### **4. Issues, risks and innovation**

#### **4.1. Other resource implications**

There were no other resource implications arising from this report.

#### **4.2. Legal implications**

There were no legal implications arising from this report.

#### **4.3. Risk implications**

There were no risk implications arising from this report.

#### **4.4. Equality implications**

There were no equality implications arising from this report.

#### **4.5. Human rights implications**

There were no human rights implications arising from this report.

#### **4.6. Environmental implications**

There were no environmental implications arising from this report.

#### **4.7. Health and safety**

There were no health and safety issues arising from this report.

### **5. Background**

- 5.1. There is no relevant input or comments from other committees to include within this report.

#### **5.2. Background papers - None**

### **Officer Contact**

If you have any questions about matters contained or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

If you have any questions about matters contained in this paper please get in touch with:

**Officer Name:** Adrian Thompson - Chief Internal Auditor

**Tel No:** 01603 222784

**Email address:** [adrian.thompson@norfolk.gov.uk](mailto:adrian.thompson@norfolk.gov.uk)



If you need this Agenda in large print, audio, Braille, alternative format or in a different language please contact 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.

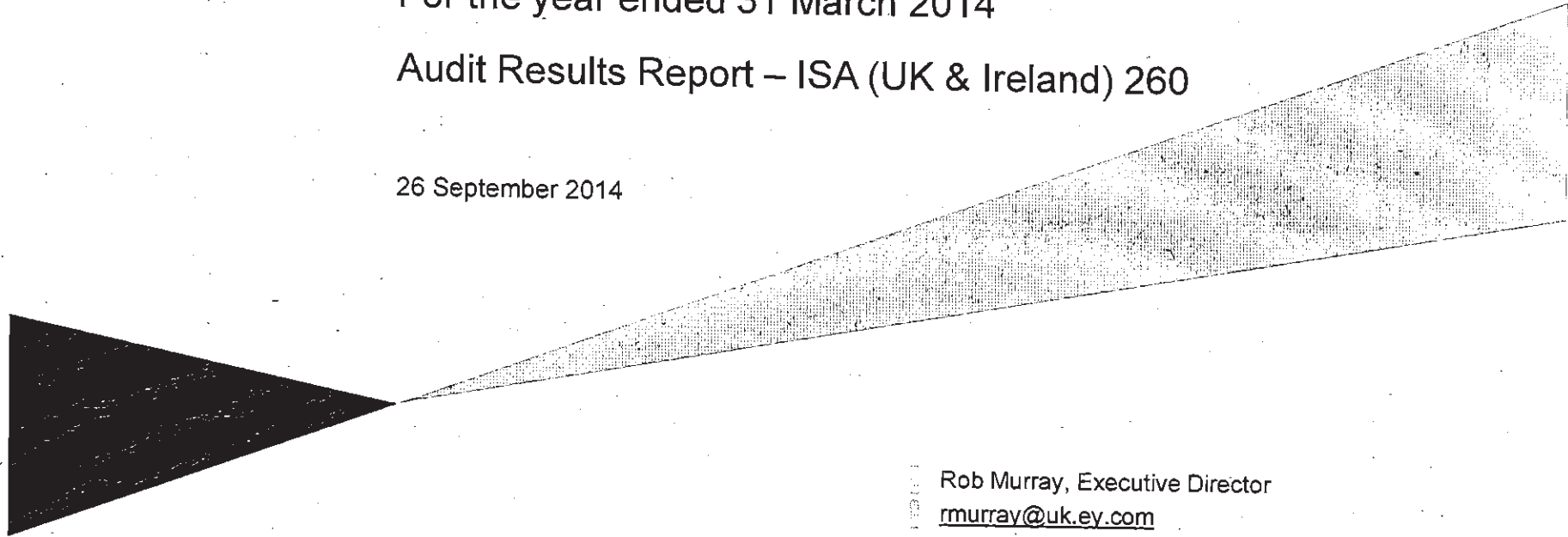
# Norfolk Joint Museums Committee

## Norfolk Joint Museums Committee Accounts Approval and Urgent Business Sub Committee

For the year ended 31 March 2014

Audit Results Report – ISA (UK & Ireland) 260

26 September 2014



Rob Murray, Executive Director  
[rmurray@uk.ey.com](mailto:rmurray@uk.ey.com)

Philip King, Senior Manager  
[pking@uk.ey.com](mailto:pking@uk.ey.com)

# Contents

- ▶ Executive summary
- ▶ Extent and progress of our work
- ▶ Addressing audit risk
- ▶ Financial statements audit – issues and findings
- ▶ Arrangements to secure economy, efficiency and effectiveness
- ▶ Independence and audit fees

---

# Executive summary

## *Key findings*

---

### **Audit results and other key matters**

The Audit Commission's Code of Audit Practice (the Code) requires us to report to those charged with governance – Norfolk Joint Museums Committee Accounts Approval and Urgent Business Sub Committee - on the work we have carried out to discharge our statutory audit responsibilities together with any governance issues identified.

This report summarises the findings from the 2013/14 audit which is substantially complete. It includes the messages arising from our audit of your financial statements and our review of your Annual Report.

#### **Financial statements**

- > As at 15 September 2014, we expect to issue an unqualified opinion on the financial statements. Our audit results demonstrate, through the very few matters we have to communicate, that the Joint Committee has prepared its financial statements to a good standard. There are a small number of areas of our work that are still in progress as at the date of drafting this report, as highlighted on page 7. We expect these to be substantially complete by the date of the Norfolk Joint Museums Committee Accounts Approval and Urgent Business Sub Committee.

#### **Value for money**

- > Our review of your arrangements to secure economy, efficiency and effectiveness in your use of resources is substantially complete. On the basis of the work completed to date, we have no matters to report to the Committee.

#### **Audit certificate**

- > The audit certificate is issued to demonstrate that the full requirements of the Audit Commission's Code of Audit Practice have been discharged for the relevant audit year. We expect to issue the audit certificate at the same time as the audit opinion.

---

# Extent and purpose of our work

---

## The Committee's responsibilities

The Committee is responsible for preparing and publishing its Statement of Accounts accompanied by the Annual Governance Statement. In the Annual Governance Statement, the Committee reports publicly on the extent to which it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

The Committee is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

## Purpose of our work

Our audit was designed to:

- Express an opinion on the 2013/14 financial statements
- Report on any exception on the governance statement or other information included in the foreword
- Consider and report any matters that prevent us being satisfied that the Committee had put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources (the Value for Money conclusion)

In addition, this report contains our findings related to the areas of audit emphasis, our views on the Committee's accounting policies and judgments and significant deficiencies in internal control.

This report is intended solely for the information and use of the Committee. It is not intended to be and should not be used by anyone other than the specified party.

# Addressing audit risks

## Audit risk

We identified the following audit risks during the planning phase of our audit, and reported this to you in our Audit Plan. Here, we set out how we have gained audit assurance over these issues.

Audit risk identified within our Audit Plan	Audit procedures performed	Assurance gained and issues arising
Audit risks (including fraud risks)		
<p><b><u>Fraud and management override risk</u></b></p> <p>As identified in ISA (UK &amp; Ireland) 240, management is in a unique position to perpetrate fraud because of their ability to directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p>	<ul style="list-style-type: none"> <li>• Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;</li> <li>• Reviewed accounting estimates for evidence of management bias; and</li> <li>• Evaluated the business rationale for any significant unusual transactions.</li> </ul>	<p>Our planned procedures in relation to this risk are complete. We have identified no findings that would indicate there is a risk of material misstatement due to fraud or error.</p>
<p><b><u>Risk of material misstatement due to fraud</u></b></p> <p>A significant amount of income is received in cash through the tills at the museum site. The internal audit review undertaken in November 2013 highlights a number of areas of weakness. We have identified that these factors contribute to an environment of increased risk in the potential misappropriation of funds.</p>	<ul style="list-style-type: none"> <li>• Verifying cash income recognised in the accounts back to prime sources of evidence and an analysis of income trends; and</li> <li>• Following up with Internal Audit and management the outcome of the investigation of the weaknesses identified in the Internal Audit report – Museums cash handling, income, banking and reconciliations (Community Services)</li> </ul>	<p>Our planned procedures in relation to this risk are complete. No issues have been identified from the verification testing undertaken or the analysis of income trends.</p> <p>Inquiry with management and Internal Audit identified that the weaknesses have been investigated further leading to a correction in procedures.</p> <p>Our findings do not indicate there is a risk of material misstatement due to fraud.</p>



---

# Financial statements audit

## *Issues and misstatements arising from the audit*

---

### **Progress of our audit**

- > A small number of areas of our work programme remain to be completed. These include:
  - > Final audit closing and review procedures
  - > Receipt of a letter of representation and signed accounts
  - > Final review of the financial statements
- > We will provide Members with an update of progress at the Accounts Approval and Urgent Business Sub Committee meeting.
- > Subject to the completion of our work on the above items, we propose to issue an unqualified audit report on the financial statements.

### **Uncorrected misstatements**

- On the basis of the work completed to date, we have not identified any misstatements within the draft financial statements, which management has chosen not to adjust.

### **Corrected misstatements**

■ Our audit identified a small number of disclosure misstatements which we have highlighted to management for amendment. All of these have been corrected during the course of our work.

■ We identified one numerical misstatement related to the calculation of the contribution from Norfolk County Council. This resulted in an overstatement of the contribution by £303k, an understatement of income of £321k and an understatement of expenditure of £18k within the Comprehensive Income and Expenditure Statement. The statements have been amended to correct for this misstatement.

---

# Financial statements audit (continued)

## *Other matters, Internal control and Written Representations*

---

### **Other matters**

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we are required to communicate to you significant findings from the audit and other matters that are significant to your oversight of the Committee's financial reporting process including the following:

- Qualitative aspects of your accounting practices; estimates and disclosures;
- Matters specifically required by other auditing standards to be communicated to those charged with governance. For example, issues about fraud, compliance with laws and regulations, external confirmations and related party transactions; and,
- Any significant difficulties encountered during the audit; and
- Other audit matters of governance interest,

□ We have no matters we wish to report.

### **Request for written representations**

We have requested a management representation letter to gain management's confirmation in relation to a number of matters. We have not requested any specific representations.

### **Internal control**

It is the responsibility of the Committee to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Committee has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

We have not tested the controls of the Committee as we have adopted a fully substantive approach to our audit. We are therefore not expressing an opinion on the overall effectiveness of internal control.

We have reviewed the Annual Governance Statement and can confirm that:

- It complies with the requirements of CIPFA/SOLACE Delivering Good Governance in Local Government Framework; and
- It is consistent with other information that we are aware of from our audit of the financial statements.

Our work on the AGS and assessment of VFM arrangements did not identify any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements.

---

# Arrangements to secure economy, efficiency and effectiveness

---

*The Code of Audit Practice (2010) sets out our responsibility to satisfy ourselves that the Norfolk Joint Museums Committee has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In examining the Committees arrangements to secure economy, efficiency and effectiveness, we have regard to the following key areas:*

## **Key Area 1 – Review of the Annual Governance Statement**

- > *“Whether the results of the Auditors review of the annual governance statement, undertaken as part of their work on the financial statements, indicate any matters of concern relating to proper arrangements.”*
- > No matters of concern were identified from the review of the annual governance statement.
- > We have no issues to report in relation to this key area.

## **Key Area 2 – Considering the work of the Commission and other relevant regulatory bodies or inspectorates**

- > *“Whether the results of work undertaken by other relevant regulatory bodies or inspectorates has an impact on value for money responsibilities.”*
- > No matters of concern were identified from the review of the other relevant regulatory bodies or inspectorates.
- > We have no issues to report in relation to this key area.

---

# Arrangements to secure economy, efficiency and effectiveness (continued)

---

## Key Area 3 – Local risk based work

- The Audit Commission has not mandated any Value for Money work at other local government bodies, which the Committee is defined as, for 2013/14.
- No risks were identified from our local risk assessment relating to proper arrangements for securing economy, efficiency and effectiveness.
- We have no issues to report in relation to this key area.

# Independence and audit fees

## Independence

- We confirm there are no changes in our assessment of independence since our confirmation in our Audit Plan dated April 2014.
- We complied with the Auditing Practices Board's Ethical Standards for Auditors and the requirements of the Audit Commission's Code of Audit Practice and Standing Guidance. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.
- We confirm that we are not aware of any relationships that may affect the independence and objectivity of the firm that we are required by auditing and ethical standards to report to you.
- We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that you consider the facts of which you are aware and come to a view.
- If you wish to discuss any matters concerning our independence, we will be pleased to do so at the meetings of the Norfolk Joint Museums Committee Accounts Approval and Urgent Business Sub Committee.

- We confirm that we have met the reporting requirements to the Sub Committee, as 'those charged with governance' under International Standards on Auditing (UK&I) 260. Our communication plan to meet these requirements were set out in our Audit Plan of April 2014.

## Audit fees

The table below sets out the scale fee and our final proposed audit fees.

	Proposed final fee 2013-14	Scale fee 2013-14	Variation comments
	£s -	£s	
Total audit fee - Code work	10,440	10,440	None

- Our actual fee is in line with the agreed fee at this point in time, subject to the satisfactory clearance of the outstanding audit work.
- We confirm that we have not undertaken any non-audit work outside of the Audit Commission's Audit Code requirements.

---

EY | Assurance | Tax | Transactions | Advisory

Ernst & Young LLP

---

© Ernst & Young LLP. Published in the UK.  
All Rights Reserved.

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, EC1 2AF.

ey.com

In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

**Our Complaints Procedure** – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

---



# Norfolk Joint Museum – Accounts Approval and Urgent Business Sub Committee

Item No 8

<b>Report title:</b>	<b>Norfolk Joint Museum Committee Annual Governance Statement 2013-14</b>
<b>Date of meeting:</b>	<b>26 September 2014</b>
<b>Responsible Chief Officer:</b>	<b>Interim Head of Finance</b>
<b>Strategic impact</b>  This report introduces the proposed Annual Governance Statement for 2013-14 and provides assurance that the Norfolk Joint Museum Committee's governance framework, including the system of internal control, is adequate and effective.	

## Executive summary

<p><b>Recommendations:</b></p> <p>The Committee should</p> <ul style="list-style-type: none"><li>- note that the Chief Internal Auditor has reviewed the effectiveness of the system of internal control, including the arrangements for the management of risk</li><li>- note that there were no findings from the review of the effectiveness of the system of internal control</li><li>- consider that the statement provides sufficient assurance and approve the Annual Governance Statement and require that the Chair and Director of Community Services should sign off the statement</li><li>- Require the Interim Head of Finance to ensure that the Annual Governance Statement accompanies the Annual Statement of Accounts for the Committee.</li></ul>
--

## 1. Proposal (or options)

- 1.1 The recommendations are set out in the Executive Summary above.
- 1.2 The Head of Norfolk Museums Service has been consulted in the preparation of this report.

## 2. Evidence

- 2.1 The Chief Internal Auditor reviews the effectiveness of the system of internal control throughout the year and reports annually to the Committee. The Chief Internal Auditor's report was reported to the Committee in June 2014. His opinion on the system of internal control including the arrangements for the management of risk for 2013-14 was that it was "acceptable" and therefore considered sound. There were no findings with respect to his review of the effectiveness of the system of internal control.
- 2.2 An Annual Governance Statement is proposed at **Appendix A**. The Cipfa/SOLACE guidance has been followed in the preparation of this Annual Governance Statement, including the Addendum published in 2012. It is commended to the Committee for consideration that the statement provides sufficient assurance and for their approval.
- 2.3 The regulations require that the Annual Governance Statement should accompany the annual statement of accounts and the Interim Head of Finance will ensure that this happens.
- 2.4 The draft statements were provided to the external auditors per the regulations, and were published in draft on the Council's website at that time.

## 3. Financial Implications

- 3.1. The expenditure for the Museums Service falls within the parameters of the Annual Budget agreed by the Council.

## 4. Issues, risks and innovation

- 4.1. Under Section 17 of the Crime and Disorder Act 1998, the Council has a statutory general duty to take account of the crime and disorder implications of all its work, and do all that it reasonably can to prevent crime and disorder in Norfolk.
- 4.2. The Council has in place an Anti Fraud and Corruption Strategy which is actively promoted.
- 4.3. Internal Audit work helps with the aim of prevention of crime in Norfolk in that its work results in the likelihood of detection and prosecution increasing. After consideration of the risks from the economic downturn my assessment is that the Anti Fraud plan and resources were considered sufficient for the financial year 2013-14.
- 4.4. Internal Audit's work is planned in order to cover the higher risk areas including those areas where weaknesses in controls might increase the risk of theft, fraud



or corruption. An action plan is agreed on a risk assessed basis for any control weaknesses that are identified during audits.

4.5. This report has fully taken into account any relevant issues arising from the Council's policy and strategy for risk management and any issues identified in the risk register.

4.6. **Other resource implications**

There were no other resource implications arising from this report.

4.7. **Legal implications**

There were no legal implications arising from this report.

4.8. **Risk implications**

There were no risk implications arising from this report.

4.9. **Equality implications**

There were no equality implications arising from this report.

4.10. **Human rights implications**

There were no human rights implications arising from this report.

4.11. **Environmental implications**

There were no environmental implications arising from this report.

4.12. **Health and safety**

There were no health and safety issues arising from this report.

## 5. Background

5.1 The Accounts and Audit (England) Regulations 2011 came into force on 31 March 2011 and apply to accounting statements ending on this date. These regulations require that

- the Committee must conduct a review at least once a year of the effectiveness of its system of internal control,
- findings of this review should be considered by the Committee,
- the Committee must approve an Annual Governance Statement and
- the Annual Governance Statement must accompany the Statement of Accounts.

5.2 Guidance for the preparation, review and reporting of the Annual Governance Statement has been issued by Cipfa /SOLACE. For best practice the Committee should consider what assurances it requires from the statement and consider if that assurance has been fulfilled. It has been the practice to adopt the framework

issued by Cipfa/Solace. The new requirements have been fulfilled. The key differences are:

- An increased spotlight on partnerships and their governance arrangements
- The introduction of sections on the governance of the delivery of statutory responsibilities
- A new focus on outcome and accountabilities, decision making and change management
- New sections on the risk management framework and counter-fraud and anti-corruption arrangements

5.3 The Council has approved and adopted a Code of Corporate Governance and the Committee adopts that Code.

## Officer Contact

If you have any questions about matters contained in this paper please get in touch with:

**Officer Name:** Adrian Thompson - Chief Internal Auditor

**Tel No:** 01603 222784

**Email address:** [adrian.thompson@norfolk.gov.uk](mailto:adrian.thompson@norfolk.gov.uk)



If you need this Agenda in large print, audio, Braille, alternative format or in a different language please contact 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.

**Norfolk Joint Museums Committee  
Annual Governance Statement 2013-14**

**1 Scope of responsibility**

- 1.1 The Norfolk Joint Museums Committee (NJMC) 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 is used economically, efficiently and effectively. The NJMC also has a duty 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. In discharging this overall responsibility, the NJMC is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including the arrangements for the management of risk.
- 1.2 The County Council's Historic Environment Service advises the NJMC upon archaeological matters as they relate to the museums service following the transfer of archaeological services to the Department of Environment, Transport and Development.
- 1.3 The NJMC follows Norfolk County Council's Constitution and relies on its governance, practices and procedures.
- 1.4 The NJMC has adopted the County Council's Code of Corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* including the addendum issued in 2012. A copy of the code is on our website at [www.norfolk.gov.uk](http://www.norfolk.gov.uk) or can be obtained from Mr. P Timmins, Interim Head of Finance, NCC, County Hall, Martineau Lane, NR1 2DW.
- 1.5 For best practice, the Committee should consider what assurances it requires from the statement and consider if that assurance has been fulfilled. It has been the practice to adopt the framework issued by Cipfa/Solace. This statement explains how the Committee has complied with the code and also meets the requirements of regulation 4 of the Accounts and Audit (England) Regulations 2011.

**2 The purpose of the governance framework**

- 2.1 The governance framework comprises the systems and processes, and culture and values by which the Committee is directed and controlled, and 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.

- 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 risk of failure to achieve policies, aims and objectives, and 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 Committee's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at NJMC for the year ended 31 March 2014 and up to the date of approval of this Statement.

<b>The key elements of the systems and processes that comprise the Committee's governance arrangements, include arrangements for:</b>	
<ul style="list-style-type: none"> <li>Identifying and communicating the Committee's vision of its purpose and intended outcomes for citizens and service users.</li> </ul>	<p>The Norfolk Museums Service (NMS) presented its Service Plan 2012-15 to the Committee in April 2012 and this was approved by the Committee at the same meeting. The development strategy was presented at the same Committee meeting.</p> <p>This can be found on the Council's website at the <a href="#">Committee papers</a> webpage.</p>
<ul style="list-style-type: none"> <li>Reviewing the Committee's vision and its implications for the Committee's governance arrangements.</li> </ul>	<p>Medium term plans of the County Council, including those for this service, are reviewed annually.</p> <p>Agendas and minutes for all County Council meetings, including the NJMC, are accessible on the County Council's website. <a href="http://www.norfolk.gov.uk/Council%20and%20democracy/Committees/index.htm">http://www.norfolk.gov.uk/Council and democracy/Committees/index.htm</a></p> <p>The Committee considers its governance arrangements, set out in this statement, are sufficient to fully meet its vision.</p>
<ul style="list-style-type: none"> <li>Translating the vision into objectives for the Committee and its partnerships.</li> </ul>	<p>The Service Plan approved by the Committee included the overarching goals and guiding principles, but also a detailed set of operational objectives for the next three years. Each objective was cross referenced back to NMS Goals for the next three years and the County Council Strategic Ambitions.</p>
<ul style="list-style-type: none"> <li>Measuring the quality of services for users, for ensuring they are</li> </ul>	<p>In order to measure the quality of services we provide in trying to achieve our</p>

<p>delivered in accordance with the committee's objectives and for ensuring that they represent the best use of resources and value for money.</p>	<p>objectives, the Committee adopts relevant County Council performance indicators.</p> <p>Each objective in the Service Plan has been further broken down into tasks, with associated timescales and performance measures. Performance against these tasks are monitored by the management team, in line with the County Council corporate performance management framework.</p> <p>Current year performance for the service is published on the County Council's website.</p> <p>Performance indicators are monitored and reported to the Community Services Overview &amp; Scrutiny Panel quarterly.</p> <p>NMS has delivered its scheduled £145k efficiency savings in 2013-14 (as part of County Council budget savings).</p>
<ul style="list-style-type: none"> <li>Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions with clear delegation arrangements and protocols for effective communication in respect of the Committee and partnership arrangements.</li> </ul>	<p>The Chief Officers of the NMS have the same powers of management that are given to all Chief Officers of the County Council.</p> <p>The NJMC follows the County Council's Constitution, which sets out how the service operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. The law requires us to have some of these processes, whilst others are a matter for the County Council to choose.</p>
<ul style="list-style-type: none"> <li>Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff.</li> </ul>	<p>The NJMC follows the County Council's Constitution, which includes a Code of Conduct for members including this Committee. Our Corporate Human Resources (HR) Shared Services produces a HR Practices Manual in which there is also a Standards of Conduct and Behaviour Policy for staff.</p> <p><a href="http://www.peoplenet.norfolk.gov.uk/view/NCC069208">http://www.peoplenet.norfolk.gov.uk/view/NCC069208</a></p> <p>The NJMC also adheres to the Museums Association's Code of Ethics (see</p>

	<p><a href="http://www.museumsassociation.org">www.museumsassociation.org</a>)</p> <p>The County Council has an Anti Fraud and Corruption Strategy which includes roles of members and staff. The NJMC adopts this strategy.  <a href="http://www.norfolk.gov.uk/view/ncc102043">http://www.norfolk.gov.uk/view/ncc102043</a></p>
<ul style="list-style-type: none"> <li>• Reviewing the effectiveness of the Committee's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality.</li> </ul>	<p>A review of Museum Services was lead by a Cabinet working group and reviewed governance and management arrangements for the service. Its conclusions and recommendations were presented to the NJMC at the 15 February 2013 meeting. The Joint Committee unanimously agreed to note the recommendations contained in the Review.</p> <p>All the NMS museums are accredited as part of Arts Council England's UK Museum Accreditation Scheme. This involves a full assessment of all matters relating to museum governance, organisation, management, operations and customer service. Accreditation is renewed approximately every 5 years and position reports are required every 2 years.</p> <p>Accreditation was confirmed in 2010 following the last position statement. Under the scheduled programme of Accreditation renewals, Accreditation was renewed for Cromer, Ancient House Museum and Lynn Museum in 2012. Other NMS sites will be reviewed during the period 2014-15.</p> <p>The Committee received an update on NMS documentation policy in June 2012, with aims to be compliant with the above UK Museums Accreditation scheme.</p> <p>The Committee will be presented with an update of all Collections Management policies in June 2014 ahead of the formal Accreditation process in the autumn.</p>
<ul style="list-style-type: none"> <li>• Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability.</li> </ul>	<p>The NJMC identifies and manages risk and is accountable for the service. The County Council's Audit Committee's Terms of Reference set out its duties with respect to the governance arrangements for risk management within the Council, including</p>

DRAFT

	<p>this Committee. The Committee receives quarterly reports with respect to risk management, including regular reports and reviews of the corporate risk register. The NJMC follows the County Council's Risk Management Framework and Policy which are reviewed annually by the Audit Committee and significant changes are reported to and approved by the Council. Risk Management for Museums falls under this framework.</p> <p>The Head of Museums regularly reports with respect to Risk Management within Integrated Performance, Finance and Risk reports including the service risk register and in conjunction with the County Council Strategic Risk Manager.</p> <p>Agendas and minutes for all public County Council meetings, including Cabinet, are accessible on the Council's website.</p>
<ul style="list-style-type: none"> <li>Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained.</li> </ul>	<p>The Council has an Anti Fraud and Corruption Strategy which includes roles of members and staff. The NJMC adopt this strategy.</p> <p><a href="http://www.norfolk.gov.uk/view/ncc102043">http://www.norfolk.gov.uk/view/ncc102043</a></p>
<ul style="list-style-type: none"> <li>Ensuring effective management of change and transformation.</li> </ul>	<p>As part of the County Council, the NJMC are part of the County Council's Transformation Programme (Norfolk Forward) portfolio, overseen by the Chief Officer Group. The Programme encompasses change to transform the way we work and to deliver the budget savings that were agreed by Council in February 2011 and 2012. A new programme of work will be derived from the current comprehensive review, which will encompass the programme of change for the period 2014-17.</p> <p>The Corporate Programme Office supports Chief Officers, programme managers and project managers in delivering good governance at all levels within the Transformation Programme.</p> <p>"Managing Change" is one of the four themes of the Performance Management Framework. Local Performance Indicators have been established and targets agreed, which are both reported monthly to Cabinet.</p>
<ul style="list-style-type: none"> <li>Reviewing and updating standing</li> </ul>	<p>NMS follows The County Council's</p>

<p>orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks.</p>	<p>Financial Procedures and Financial Regulations.</p> <p>The County Council produces both Financial Regulations and Financial Procedures. The Financial Regulations form part of the Constitution and are required to be reviewed annually to ensure they incorporate the current practises. Corporate Finance is responsible for updating the Financial Regulations and the accompanying Financial Procedures. Changes to the Financial Regulations are considered by both the Audit Committee and Cabinet prior to approval by the County Council on an annual basis.</p> <p>Agendas and minutes for all County Council meetings, including the NJMC, are accessible on the County Council's website. <a href="http://www.norfolk.gov.uk/Council_and_democracy/Committees/index.htm">http://www.norfolk.gov.uk/Council_and_democracy/Committees/index.htm</a></p>
<ul style="list-style-type: none"> <li>• Ensuring the Committee's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) and, where they do not, explain why and how they deliver the same impact.</li> </ul>	<p>The County Council's Chief Financial Officer (CFO) is the Interim Head of Finance who also acts as the CFO for the NJMC.</p> <p>The Annual Governance Statement for County Council, available on the website, sets out in detail how the CFO fulfils the requirements of the CIPFA statement.</p>
<ul style="list-style-type: none"> <li>• Ensuring the Committee's assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact.</li> </ul>	<p>The NJMC is included in the work programme of the County Council's Internal Audit service. The Chief Internal Auditor conducted his own self assessment following the publication of the CIPFA Statement on the Role of Internal Audit (2010) and concluded that the governance arrangements, the role and the personal attributes of the Chief Internal Auditor are compliant with all five principles as set out in the Statement.</p> <p>The Chief Internal Auditor receives all papers addressed to the Chief Officer Group and has a right to attend their meeting, on a need basis.</p>



	<p>The Internal Audit Plan, which includes audits that will impact directly or indirectly on the NJMC, as agreed annually with the Audit Committee, fully supports the Chief Internal Auditor in delivering his duties in compliance with the statement, both in terms of the coverage provided through audit work and through time being allocated to ad hoc advice and support to Chief Officers.</p> <p>An in-depth review was undertaken by a contractor of Norfolk Audit Services on compliance with the above statement as well as compliance with the new industry standards, the UK Public Sector Internal Auditing Standards. No significant exceptions were noted.</p>
<ul style="list-style-type: none"> <li>Ensuring effective arrangements are in place for the discharge of the monitoring officer function.</li> </ul>	<p>The Head of Law is the Monitoring Officer for the NJMC. An annual report from the Monitoring Officer is reported to the Audit Committee.</p> <p>The Head of Law is also given the duty of being the Monitoring Officer for the County Council. This means that they are responsible for ensuring compliance with relevant laws and regulations. A protocol covering the role and functions of a Monitoring Officer is contained within the Constitution.</p>
<ul style="list-style-type: none"> <li>Ensuring effective arrangements are in place for the discharge of the head of paid service function.</li> </ul>	<p>All the NMS museums are accredited as part of Arts Council England's UK Museum Accreditation Scheme. This involves a full assessment of all matters relating to museum governance, organisation, management, operations and customer service. Accreditation is renewed approximately every 5 years and position reports are required every 2 years. Accreditation was confirmed in 2010 following the last position statement. Under the scheduled programme of Accreditation renewals, Accreditation was renewed for Cromer, Ancient House Museum and Lynn Museum in 2012. Other NMS sites will be reviewed during the period 2014/15.</p>
<ul style="list-style-type: none"> <li>Undertaking the core functions of an Audit Committee, as identified</li> </ul>	<p>Norfolk County Council Audit Committee provides the core functions of an audit</p>

<p>in CIPFA's Audit Committees – Practical Guidance for Local Authorities.</p>	<p>committee on behalf of the NJMC.</p> <p>Norfolk Audit Services strategy for the delivery of the audit service provides for delivery of work for the NJMC for instance in reporting to the NJMC and facilitation of the delivery of the Annual Governance Statement.</p> <p>The County Council Audit Committee approves an annual audit plan for Norfolk Audit Services which includes audits which relate directly to the NMS and also indirectly to the whole internal control environment on which the NMS relies</p> <p>The minutes and agendas from the Audit Committee's quarterly meetings are available on the County Council's website. There is also general information on the website about the Audit Committee, including which councillors sit on the committee.</p> <p>The Internal Audit Annual Report for the NJMC places reliance on the effectiveness of the governance arrangements for the County Council which is reported within the Chief Internal Auditor's County Council Annual Internal Audit Report.</p>
<ul style="list-style-type: none"> <li>• Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.</li> </ul>	<p>The Head of Law is given the duty of being the Monitoring Officer for the County Council and the NJMC. This means that they are responsible for ensuring compliance with relevant laws and regulations. A protocol covering the role and functions of a Monitoring Officer is contained within the Constitution.</p> <p>An annual report from the Monitoring Officer is reported to the Audit Committee.</p>
<ul style="list-style-type: none"> <li>• Whistle-blowing and for receiving and investigating complaints from the public.</li> </ul>	<p>NJMC adopts the County Council's Complaints and Compliments procedures. Both of these are available on the County Council's website.  <a href="http://www.norfolk.gov.uk/view/NCC104061">http://www.norfolk.gov.uk/view/NCC104061</a></p> <p>Whenever a member of the public contacts</p>

	<p>the County Council to either complain or praise the council the contact will be dealt with in accordance with our Complaints &amp; Compliments Policy and procedures.</p> <p>The NJMC has adopted the County Council's Anti Fraud &amp; Corruption Strategy, which is linked to the Whistle blowing policy. These are internal policies, which all staff are expected to follow.  <a href="http://www.norfolk.gov.uk/view/ncc102043">http://www.norfolk.gov.uk/view/ncc102043</a>  <a href="http://intranet.norfolk.gov.uk/whistleblowing/whispol.doc">http://intranet.norfolk.gov.uk/whistleblowing/whispol.doc</a></p> <p>There were no instances of Whistle blowing with respect to the NMS during 2013-14.</p>
<ul style="list-style-type: none"> <li>Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.</li> </ul>	<p>NJMC members have access to the County Council's Member Support Officer who is part of the Democratic Services team. It is their job to look after the pastoral needs of the County Councillors, arranging training, keeping an updated register of interests, and also a hospitality register. They arrange travel and conference attendance and also deal and resolve IT queries for Members.</p> <p>On-line training for Members and staff is available.</p> <p>The County Council also ensures appropriate training for all senior officers through corporate programmes or as identified through the annual appraisal process. Officers supporting NJMC are included with these programmes.</p>
<ul style="list-style-type: none"> <li>Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation</li> </ul>	<p>The NMS maintains a website which contains useful information for its users including news, details of collections and online exhibitions. The NMS also produce a quarterly newsletter which is available on the Council's website.</p> <p><a href="http://www.museums.norfolk.gov.uk/WhatsOn/index.htm">http://www.museums.norfolk.gov.uk/WhatsOn/index.htm</a></p> <p>NMS maintains a database of users who are regularly contacted by either post or email. NMS also operates the Museums</p>

DRAFT

	<p>Pass membership scheme, communicating with members on a regular basis. NMS sites actively use social media to engage with users.</p> <p>NMS operates a number of consultative forums, including ones involving young people, and undertakes regular programmes of evaluation and consultation.</p>
<ul style="list-style-type: none"> <li>• Enhancing the accountability for service delivery and effectiveness of other public service providers</li> </ul>	<p>All the NMS museums are accredited as part of Arts Council England's UK Museum Accreditation Scheme.</p> <p>This involves a full assessment of all matters relating to museum governance, organisation, management, operations and customer service. Accreditation is renewed approximately every 5 years and position reports are required every 2 years.</p> <p>Accreditation was confirmed in 2010 following the last position statement. Under the scheduled programme of Accreditation renewals, Accreditation was renewed for Cromer, Ancient House Museum and Lynn Museum in 2012. Other NMS sites will be reviewed during the period 2013-14.</p> <p>An annual report was presented to the Joint Museum Committee in June 2012 on the annual visitor performance and the Committee receives regular updates on commercial performance across the whole operation.</p>
<ul style="list-style-type: none"> <li>• Incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the Committee's overall governance arrangements.</li> </ul>	<p>The NJMC works in partnership with district councils and Norwich City Council. NMS also manages a National Trust property and the collections of the Royal Norfolk Regimental Museum Trust as partnership arrangements.</p> <p>The Audit Commission produced a report suggesting some points to ensure good control within partnerships and the NJMC follow these guidelines with all partnerships.</p>

### 3 Review of effectiveness

- 3.1 The NJMC 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 effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's Annual Internal Audit report, and also by comments made by the external auditors and other review agencies and inspectorates.
- 3.2 All the NMS museums are accredited as part of Arts Council England's UK Museum Accreditation Scheme. This involves a full assessment of all matters relating to museum governance, organisation, management, operations and customer service. Accreditation is renewed approximately every 5 years and position reports are required every 2 years. Accreditation was confirmed in 2010 following the last position statement. Under the scheduled programme of Accreditation renewals, Accreditation was renewed for Cromer, Ancient House Museum and Lynn Museum in 2012. Other NMS sites will be reviewed during the period 2014/15.
- 3.3 The Annual NMS plan relating to Major Partner Museum/Renaissance, a government funding stream made available through Arts Council England, is audited by the Arts Council.

<p><b>The process that has been applied in maintaining and reviewing the effectiveness of the governance framework include:</b></p>	
<p><b>The Authority &amp; the Executive</b></p>	
<ul style="list-style-type: none"> <li>Statutory roles of Council's Monitoring Officer and Section 151 Officer to ensure internal control procedures are efficient and effective and are being complied with on a routine basis to ensure legality and sound financial standing.</li> <li>Risk Management policies and procedures are in place to ensure that the risks facing the committee in achieving its objectives are evaluated, regularly reviewed and mitigation strategies developed. These</li> </ul>	<p>The Committee has, where appropriate, received the full range of professional officer advice and support to enable it to carry out its functions effectively and in compliance with statutory requirements.</p> <p>The NJMC Agreement in 2006 stated that the Section 151 Officer would be the treasurer of the Joint Committee.</p> <p>The NJMC has adopted the County Council's Risk Management Framework and Policy which is reviewed annually by the Audit Committee and significant changes are reported to and approved by the County Council. The embedding of risk</p>

arrangements are approved and reviewed by Cabinet following advice from the Chief Executive and all Chief Officers.

management into business activity is continuing. Action is being taken throughout the NMS to ensure Risk management is fully embedded.

Corporate and departmental risk registers, including Community Services and NMS functions, are in place and being used as a management tool. Reporting of risk management activity to Members is embedded within risk registers being reported six monthly to the Review Panel. The NJMC have a risk register which is reviewed monthly and reported at each meeting. Further communications and training to members and staff are planned; with the objective of ensuring risk management and awareness are embedded in the service's practices and procedures.

Insurance policies and funds are in place and are regularly reviewed, at least annually, to ensure NJMC is adequately safeguarded.

- Provision of effective, efficient and responsive systems of financial management.
- Delivery of services by trained, skilled and experienced personnel.
- Performance monitoring processes are in place to measure progress against objectives and to provide for remedial action where appropriate.

The NMS presented a report on the Service and Budget Planning 2012-15 to the Committee on 15 February 2013 and this was approved by the Committee at the same meeting.

This can be found on the Council's website. Reports on budgetary positions are taken to each NJMC meeting for discussion and review.

The NJMC and the County Council has demonstrated its commitment through its IIP accreditation, which was successfully reassessed during September 2007.

Regular reports on Performance Indicators, including those for the NMS, are presented to the Chief Officers Group via PRISM (the County Council's corporate performance and risk management system) and Cabinet. This is against the Corporate Improvement Plan, which highlights the key areas for improvement. The NJMC receive half yearly reports to

	measure progress.
<b>The Audit Committee/Overview and Scrutiny Committee/Risk Management Committee</b>	
<ul style="list-style-type: none"> <li>The audit and scrutiny function is carried out and developed through the Cabinet Scrutiny Committee, the Audit Committee.</li> </ul>	<p>The NJMC is included in the scope of the Cabinet Scrutiny Committee, The Community Services Overview and Scrutiny Panel and the Audit Committee which have continued to carry out reviews across a wide range of topics. From June 2014 onwards NJMC will fall under the new Committee system and will sit under the Communities Committee.</p>
<b>The Standards Committee</b>	
<ul style="list-style-type: none"> <li>The role of the Standards Committee is to promote and maintain high standards of conduct by councillors and co-opted members.</li> </ul>	<p>The Committee met during 2013-14. Its business included:</p> <ul style="list-style-type: none"> <li>Standards performance and Monitoring report from the Monitoring Officer</li> </ul> <p>Co-opted members follow the same NCC standards as other members. The Monitoring Officer also reports annually to the June Audit Committee, which covers NMS, as part of NCC.</p>
<b>Chief Financial Officer</b>	
<ul style="list-style-type: none"> <li>The Interim Head of Finance is the Chief Finance Officer (CFO) for the County Council and the NJMC.</li> </ul>	<p>The financial management arrangements for the NJMC conform to the CIPFA 2010 statement on the role of the CFO and these are espoused by the NJMC. Further details are included within the County Council Annual Governance Statement, available on the Council's website.</p>
<b>Internal Audit</b>	
<ul style="list-style-type: none"> <li>Internal Audit provide independent and objective assurances across</li> </ul>	<p>The External Auditor is able to place reliance on the work of Norfolk Audit</p>

<p>the whole range of the Committee's financial and non-financial activities</p>	<p>Services (NAS) and has assessed that Internal Audit provides an effective service overall.</p> <p>NAS is continuing to develop its work programme such that resources are allocated based on a systematic assessment of all areas of risk facing the Council in carrying out its functions.</p> <p>Follow up work undertaken in 2013-14 confirmed that satisfactory action had been taken or planned following a review of security arrangements. The follow up work covered both recommendations made through internal audit work and through the independent security assessment commissioned by the Head of Museums from Consort Securities Ltd.</p> <p>Further details are provided within the Chief Internal Auditor's Annual Internal Audit Report which also includes reference to the effectiveness of the Governance arrangements for the NMS.</p>
--	--

**Other explicit review/assurance mechanisms**

<ul style="list-style-type: none"> <li>• External Audit provide a further source of assurance by reviewing and reporting upon the Council's internal control processes and any other matters relevant to their statutory functions and codes of practice.</li> <li>• Codes of practice are issued by external bodies in respect of Council services and processes, with which the Council is expected to comply.</li> </ul>	<p>Ernst &amp; Young issued a final Annual Governance Report for 2012-13 in September 2013 for the-NJMC. The report</p> <ul style="list-style-type: none"> <li>• gave an unqualified audit opinion,</li> <li>• stated that the internal control environment was adequate and</li> <li>• gave an unqualified opinion with respect to the arrangements to secure value for money.</li> </ul> <p>The NJMC, through the County Council, has adopted the CIPFA Treasury Management in Public Services Code from November 2002.</p> <p>The NJMC has complied with the Accounts and Audit (England) Regulations 2011.</p> <p>NAS has implemented the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006</p>
---	--



<ul style="list-style-type: none"> <li>• Reviews by external agencies and inspectorates, which would encompass most major services, and other specific external evaluations, for example, the Local Government Ombudsman and Health &amp; Safety inspectorates.</li> </ul>	<p>for its work that supports the service.</p> <p>See section 3.2 .</p>
--	---

**Significant governance issues**

There were no significant governance issues reported during the year.

Chairman

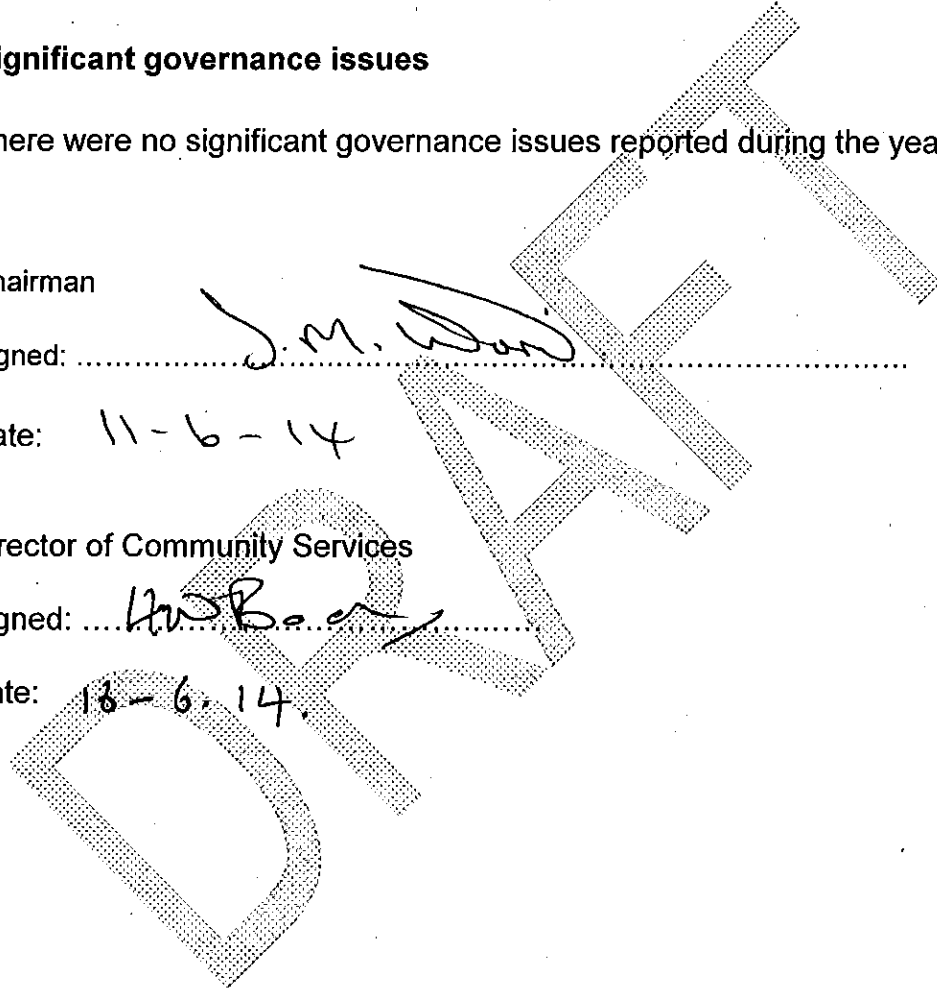
Signed: ..... *J.M. Don* .....

Date: 11-6-14

Director of Community Services

Signed: ..... *H.W. Boer* .....

Date: 18-6-14



# Norfolk Joint Museums Accounts Approval and Urgent Business Sub-Committee

Item No 9

<b>Report title:</b>	<b>Annual Statement of Accounts 2013-14</b>
<b>Date of meeting:</b>	<b>26 September 2014</b>
<b>Responsible Chief Officer:</b>	<b>Interim Head of Finance</b>
<b>Strategic impact</b> This report summarises the Statement of Accounts of Norfolk Joint Museums Committee for 2013-14.	

## Executive summary

This report summarises the Statement of Accounts of Norfolk Joint Museums Committee for 2013-14 which has been subject to external audit by Ernst & Young. The Interim Head of Finance anticipates that the Committee will receive an unqualified audit opinion.

The Statement of Accounts is presented in the format required for statutory external reporting requirements. The report summarises changes to the Accounts as a result of the implementation of revised financial reporting requirements, and summarises changes which have been made as a result of audit and officer review during the audit period.

A narrative summary of the accounts is at Appendix 1.

### Recommendations

The Norfolk Joint Museums Committee is requested to:

- note that, following annual reviews, the system of internal control and internal audit are considered adequate and effective for the purposes of the relevant regulations
- consider and approve the 2013-14 Statement of Accounts (Appendix 2).

## 1. Introduction

This report summarises the Statement of Accounts of Norfolk Joint Museums Committee for 2013-14.

## 2. Evidence

The following appendices are attached:

- Appendix 1: a narrative summary of the accounts
- Appendix 2: 2013-14 Statement of Accounts

### 3. Financial Implications

There are no financial implications arising from this report.

### 4. Issues, risks and innovation

#### Risk implications

Officers have considered all the implications which members should be aware of. Apart from those listed in the report and summarised above, there are no other implications to take into account.

### 5. Background

Further details are in the attached annex.

#### Officer Contact

If you have any questions about the matters contained in this paper please get in touch with:

Name	Telephone Number	Email address
Peter Timmins	01603 222400	<a href="mailto:peter.timmins@norfolk.gov.uk">peter.timmins@norfolk.gov.uk</a>
Howard Jones	01603 222832	<a href="mailto:howard.jones@norfolk.gov.uk">howard.jones@norfolk.gov.uk</a>



If you need this Agenda in large print, audio, Braille, alternative format or in a different language please contact 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.

## **Summary of Annual Statement of Accounts 2013-14**

### **1. Introduction**

- 1.1 As part of the formal process of closing the Committee's 2013-14 accounts, Members are required to consider and approve the Statement of Accounts ("the accounts"), attached as Appendix 2, by 30 September. This process of approval is included within the Committee's terms of reference.
- 1.2 The Committee's external auditor, Ernst & Young, has examined the accounts and. Their examination is now substantially complete and there is a separate report from them on this agenda. Ernst & Young expect to be able to issue an unqualified audit opinion
- 1.3 This report summarises the contents of the accounts, and highlights any significant issues arising from the audit or as a result of officer review during the audit period.

### **2. Background**

- 2.1 The Accounts and Audit (England) Regulations 2011 issued by the Secretary of State set out the requirements for the preparation and publication of final accounts. These regulations include the requirement for the formal approval, by a full Committee, of the Committee's Statement of Accounts.
- 2.2 The Interim Head of Finance is satisfied that the Statement of Accounts has been prepared in accordance with both the current Code of Practice on Local Authority Accounting in Great Britain (the Code) and the Service Reporting Code of Practice for Local Authorities (SeRCOP) supported by International Financial Reporting Standards (IFRS) and other statutory guidance. The Statement of Accounts is required to present a true and fair view of the Committee's financial position at 31 March 2014 and also the income and expenditure for the financial year.
- 2.3 The Committee continues to prepare the 2013-14 Statement of Accounts under International Financial Reporting Standards.
- 2.4 There have been no changes in accounting policy since 2012-13.
- 2.5 A four week public inspection period commencing Monday 7 July was publicised in accordance with the relevant regulations, with a press advertisement and information on the Norfolk County Council web site. No queries were received during this period.
- 2.6 In accordance with good practice, the draft 2013-14 Statement of Accounts has been publicly available on the Council's web site since

14 July.

- 2.7 Ernst & Young started their detailed examination of the accounts in August and will present their Audit Results Report to this meeting. They will only be able to formally conclude the audit, and issue their report and certificate once they have received a copy of the Statement of Accounts as approved by this Committee.
- 2.8 Any further audit amendments to these accounts between the date of this report and the meeting will be notified to members of the Committee at the meeting.
- 2.9 The Accounts and Audit Regulations require that the 2013-14 Statement of Accounts must be published by 30 September.

### **3. Changes to the Presentation of the Accounts**

- 3.1 Each year the Code of Practice on Local Authority Accounting is revised and updated to ensure accounts produced by local authorities comply, where relevant, with the latest accounting standards.

### **4. Statement of Accounts – Content**

- 4.1 The accounts are set out in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2013-14. There have been no significant changes to generally recognised accounting practices affecting the Committee since 2012-13.
- 4.2 The Statement of Accounts includes the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, a Balance Sheet and Cash Flow Statement.

### **5. Accounting Adjustments**

- 5.1 There has been one material adjustment to the accounts since the draft dated 30 June. This relates to an adjustment in the Income and Expenditure statement to show building maintenance reserve movements as contributions from NCC. The adjustment to the Committee income line was not adjusted correctly. There is no change to the deficit on Provision of Services or to the Balance Sheet.
- 5.2 Prior to and during the audit, officers and Ernst & Young have identified a number of adjustments to correct non-material errors or to enhance disclosures within the financial statements and associated notes. With the agreement of the auditors, adjustments and corrections have been made accordingly.
- 5.4 The Statement of Accounts is attached as Appendix 2. It is commended to the Committee for approval

## Appendix 2 - Statement of Accounts 2013-14

# **Norfolk Joint Museums Committee**

## **Statement of Accounts**

**2013-14**

# Contents

OVERVIEW OF THE NORFOLK JOINT MUSEUMS COMMITTEE .....	2
EXPLANATORY FOREWORD .....	4
ANNUAL GOVERNANCE STATEMENT FOR NORFOLK JOINT MUSEUMS COMMITTEE 2013-14 .....	7
INDEPENDENT AUDITORS' REPORT TO MEMBERS OF NORFOLK JOINT MUSEUMS COMMITTEE ...	9
MOVEMENT IN RESERVES STATEMENT .....	10
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT .....	11
BALANCE SHEET .....	12
CASH FLOW STATEMENT .....	12
NOTES TO THE ACCOUNTS .....	13
1 Accounting Policies .....	13
2 Critical Judgements in Applying Accounting Policies .....	16
3 Assumptions made about the future and other major sources of estimation uncertainty .....	16
4 Events After the Balance Sheet Date .....	16
5 Transfers to/from earmarked reserves .....	17
6 Financial Instruments .....	17
7 Debtors .....	18
8 Creditors .....	18
9 Inventories .....	18
10 Cash and Cash Equivalents .....	18
11 Heritage Assets .....	19
12 Amounts reported for resource allocation decisions .....	19
13 Members' Allowances .....	21
14 Officers' Remuneration .....	22
15 External Audit Costs .....	23
16 Grant Income .....	23
17 Related Parties .....	23
18 Defined Benefits Pension Schemes .....	24
19 Nature and Extent of Risks Arising from Financial Instruments .....	24
GLOSSARY OF TERMS .....	25



# Overview of the Norfolk Joint Museums Committee

The County Council and all the District Councils within Norfolk have made joint arrangements, under Section 101(5) of the Local Government Act 1972, for the exercise of the functions of the participating local authorities under Section 12 of the Public Libraries and Museums Act 1964.

The Norfolk Joint Museums Committee (the Joint Committee) is responsible for:

- Monitoring the effective operation of the Norfolk Museums Service within the available budget
- Advising all the participating Councils on the strategic framework for museums and archaeology in Norfolk
- Agreeing policies for the Norfolk Museums Service in accordance with national and local guidelines
- Acting as a forum for developing future strategy
- Agreeing the service plan in the light of the available budget
- Receiving the minutes of the Norfolk Museums Service Board for information

The Joint Committee has established Area Committees for Breckland, King's Lynn and West Norfolk, and Norwich. The Area Committees report back to the joint committee and any issues are discussed.

The Area Committees:

- Provide a detailed view of local museums issues
- Agree the local service plan within the available budget and county-wide service plan
- Advise on the terms of any Service Level Agreement (SLA) with Norfolk Museums Service
- Monitor the local SLA
- Recommend proposals to the Joint Committee, e.g. museums development projects
- Agree an area museum strategy within the context of an approved Norfolk Museums Service strategy as far as possible to be consistent with and complementary to all other relevant strategies, e.g. heritage, leisure, tourism, arts, economic development.

## Joint Committee and Area Committees Structures

The Joint Committee consists of members from each participating Council: Norfolk County Council appoints 9 members, Norwich City Council appoints 3 members; and the remaining District Councils appoint 1 member each. Each of these appointees is a voting member, and each is a member of their appointing authority. The Joint Committee also has three co-opted non-voting members, one from Arts Council England, one from Museum Friends and one from the Museums in Norfolk Group.

The rules of Norfolk County Council apply to the conduct and proceedings of the Joint Committee. Joint Committee meetings are held in public in accordance with Local Government legislation.

Each Area Committee has a membership of 4 County Councillors and 4 members appointed by the relevant District Council, with power to co-opt up to 5 non-voting members.

The rules of the relevant District Council apply to the conduct and proceedings of the Area Committee. Area Committee meetings are held in public in accordance with Local Government legislation.

## Staff

Norfolk County Council employs all the staff working for the Norfolk Joint Museums Committee, and processes all financial transactions through its bank accounts. However, within the Accounts and Audit Regulations, the Norfolk Joint Museums Committee is a separate statutory body from the County Council and District Councils.

The number of people directly employed by the County Council on behalf of the Joint Committee as at 31 March 2014 was 144 full time equivalents (FTE) (144 at 31 March 2013). In addition to these staff,

the County Council also employs a significant number of people on a seasonal or temporary basis. These people are not included in the FTE figure due to the temporary nature of their contracts.

**Further information sources:**

The Joint Committee's meetings, reports and minutes can be accessed via Norfolk County Council's website at <http://www.norfolk.gov.uk/> under Council and Democracy, and then Committees.

DRAFT

# Explanatory Foreword

This report presents the statutory financial statements of Norfolk Joint Museums Committee for the period from 1 April 2013 to 31 March 2014.

The accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2013-14 ("the Code") which is based on International Financial Reporting Standards (IFRSs) and defines the content and layout of the accounts.

Information within the accounts is presented as simply and clearly as possible. However, due to the technical nature of the accounts, the use of accounting terms is required. A glossary of the meaning of these terms is provided at the end of this document to help the reader's understanding.

The Code is prepared on the basis that the published Statement of Accounts gives interested parties, including members of the public and committee members, clear information about the Joint Committee's finances. Publication of the accounts is an essential feature of public accountability, since the accounts provide the stewardship report on the use of funds raised from the public and business ratepayers.

## The Main Accounting Statements

The accounting statements in this section show the results of the Joint Committee and comprise:

### 1. The core financial statements

- **The Movement in Reserves Statement**  
This statement shows the movement in the year on the different reserves held by the Joint Committee. The surplus or deficit on the Provision of Services line shows the true economic cost of providing the Joint Committee's services, more details of which can be found in the Comprehensive Income and Expenditure Statement. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Joint Committee.
- **The Comprehensive Income and Expenditure Statement**  
This statement analyses the Joint Committee's day to day operations. It shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices and measured in terms of the resources consumed and generated.
- **The Balance Sheet**  
This statement shows the value of the assets and liabilities recognised by the Joint Committee at 31 March 2014. The net assets of the Joint Committee (assets less liabilities) are matched by the reserves held by the Joint Committee. The Joint Committee's reserves are usable reserves, ie those reserves that the Joint Committee may use to provide services, subject to the need to maintain prudent level of reserves and any statutory limitations on their use.
- **The Cash Flow Statement**  
This shows the changes in cash and cash equivalents of the Joint Committee during the reporting period. The statement shows how the Joint Committee generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Joint Committee are funded by way of taxation and grant income or from the recipients of services provided by the Joint Committee. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Joint Committee's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the Joint Committee.

### 2. Notes to the Accounts

Supporting information on the figures included in each of the Core Statements is shown in the accompanying notes, together with details of the Joint Committee's accounting policies. The accounting policies explain the main principles used in producing the figures in the accounts. Many of the accounting principles are specified by the Code and this ensures that the accounts of local authorities (including Joint Committees) across the country are prepared on a consistent and comparable basis.

### 3. Glossary of financial terms.

## Sources of funding

In 2013-14 Norfolk County Council was the primary source of funding for the Norfolk Joint Museums Committee. The Joint Committee's other income included contributions from some of the District Councils, funding from ear-marked reserves and monies received from external sources, including other public authorities, donations, government grants and charges to users of services.

## Pension Contributions

Actual pension contributions in respect of employees delivering the Joint Committee's activities have been charged to the Comprehensive Income and Expenditure Statement. The statutory requirements of International Accounting Standard 19 in respect of these staff have been complied with in the accounts of Norfolk County Council. The underlying commitment that Norfolk County Council has in the long term to pay retirement benefits to their employees has been incorporated within its own Statement of Accounts.

## Revenue Budget and Outturn

The net revenue budget for the Joint Committee for 2013-14 was £4.050m (£3.444m in 2012-13)

Spending against the cash limited budget has been monitored regularly throughout the year, and reports have been received at each of the Joint Committee's meetings.

The final outturn position for the year against the revised budget is set out in the table below, together with the sources of income from which the Joint Committee's net revenue expenditure was financed.

Service Expenditure includes all costs incurred in providing the services of the Committee; for example - salaries, premises related expenditure and supplies & services.

	<b>Budget</b> <b>£000s</b>	<b>Outturn</b> <b>£000s</b>	<b>Variance</b> <b>£000s</b>
Service Expenditure	8,314	8,721	407
Transfers To Reserves		87	87
<b>Gross Expenditure</b>	<b>8,314</b>	<b>8,808</b>	<b>494</b>
<b>Funded by:</b>			
Contributions	265	176	(89)
Grant Income	2,069	2,565	496
Other Sources	1,599	1,712	113
Transfers From Reserves	331	305	(26)
<b>Total Funding</b>	<b>4,264</b>	<b>4,758</b>	<b>494</b>
<b>Net Outturn Position</b>	<b>4,050</b>	<b>4,050</b>	<b>0</b>

### Capital Expenditure

The Norfolk Joint Museums Committee does not own any fixed assets, as Norfolk County Council, the District Councils, or other organisations own all of the assets that the Norfolk Joint Museums Committee uses. As a result the Joint Committee accounts do not include capital expenditure.

As set out in the Joint Museums and Archaeology Agreement 2006, the Committee recognises the revenue maintenance costs of these assets in lieu of a charge for the use of the assets unless otherwise set out in agreements with the District Councils.

Actual capital expenditure on assets used by the Joint Committee in 2013-14 was £347,503 in comparison with the planned expenditure of £510,972, resulting in an underspend of £163,469, of which £155,908 was slippage on schemes.

Projects undertaken on behalf of member authorities in 2013-14 included:

£	Scheme
91,499	Gressenhall Eco Buildings
79,570	Museums Stock system
65,000	Acquisitions including painting by Joseph Stannard
111,434	Other Small Schemes
<hr/>	
347,503	

### Further Information

Interested members of the public have a statutory right to inspect the accounts before the audit is completed. This has been advertised in the local press. The Joint Committee complies with the Freedom of Information Act 2005 requirements in responding to queries from the general public.

Further information about the financial statements and accounts is available from the Interim Head of Finance, P. Timmins, Norfolk County Council, County Hall, Martineau Lane, Norwich, NR1 2DW.

## **Annual Governance Statement for Norfolk Joint Museums Committee 2013-14**

The Joint Committee is required to conduct a review of the effectiveness of its system of internal control at least once a year. This Statement is presented to, and approved by, the Joint Committee. The Statement contains a review of the Committee's governance framework and the effectiveness of the Committee's internal control and risk management systems.

A copy of the Statement is available on the County Council's website at [http://www.norfolk.gov.uk/Council and democracy/Council tax and finance/Statement of accounts/Joint committees/index.htm](http://www.norfolk.gov.uk/Council%20and%20democracy/Council%20tax%20and%20finance/Statement%20of%20accounts/Joint%20committees/index.htm)

DRAFT

# Statement of Responsibilities

## The Joint Committee's Responsibilities

The Joint Committee is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. The Joint Committee has agreed that this officer is Norfolk County Council's Head of Finance (hereafter referred to as the Head of Finance).
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to approve the Statement of Accounts.

J. Ward

Chairman of Norfolk Joint Museums and Archaeology Committee

Date: 26 September 2014

## The Head of Finance's Responsibilities

The Head of Finance is responsible for the preparation of the Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) and Local Authority (Scotland) Accounts Advisory Committee Code of Practice on Local Authority Accounting in the United Kingdom ("the Code").

In preparing this Statement of Accounts, the Head of Finance has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code.

The Head of Finance has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

## Certificate by the Head of Finance

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Joint Committee at 31 March 2014 and its income and expenditure for the year ended 31 March 2014.

P. Timmins

Interim Head of Finance

Date: 26 September 2014

# Independent Auditors' Report to Members of Norfolk Joint Museums Committee

Once given, the auditors' opinion will be inserted here.

DRAFT



## Movement in Reserves Statement

	Note	General Fund £000	Earmarked Reserves £000	Total Usable Reserves £000
<b>Balance at 31 March 2012</b>		<b>0</b>	<b>970</b>	<b>970</b>
<b>Movement in reserves during 2012-13</b>				
Surplus or (Deficit) on the provision of services		82	0	82
<b>Total Comprehensive Income and Expenditure</b>		<b>82</b>	<b>0</b>	<b>82</b>
<b>Net Increase / (Decrease) before Transfers to Earmarked Reserves</b>		<b>82</b>	<b>0</b>	<b>82</b>
Transfers to / (from) Earmarked Reserves	5	(82)	82	0
<b>Increase / (Decrease) in Year</b>		<b>0</b>	<b>82</b>	<b>82</b>
<b>Balance at 31 March 2013</b>		<b>0</b>	<b>1,052</b>	<b>1,052</b>
<b>Movement in reserves during 2013-14</b>				
Surplus or (Deficit) on the provision of services		(217)	0	(217)
<b>Total Comprehensive Income and Expenditure</b>		<b>(217)</b>	<b>0</b>	<b>(217)</b>
<b>Net Increase / (Decrease) before Transfers to Earmarked Reserves</b>		<b>(217)</b>	<b>0</b>	<b>(217)</b>
Transfers to / (from) Earmarked Reserves	5	217	(217)	0
<b>Increase / (Decrease) in Year</b>		<b>0</b>	<b>(217)</b>	<b>(217)</b>
<b>Balance at 31 March 2014</b>		<b>0</b>	<b>835</b>	<b>835</b>

## Comprehensive Income and Expenditure Statement

2012-13			2013-14		
Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
£000s	£000s	£000s	£000s	£000s	£000s
8,151	4,140	4,011	8,273	4,520	3,753
11	0	11	9	0	9
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
8,162	4,140	4,022	8,282	4,520	3,762
		(4,104)			(3,545)
		<hr/>			<hr/>
		(82)			217
		0			0
		<hr/>			<hr/>
		(82)			217
		<hr/>			<hr/>

## Balance Sheet

31 March 2013 £000s		Notes	31 March 2014 £000s
0	<b>Long Term Assets</b>		0
105	Inventories	9	129
1,853	Short Term Debtors	7	1,437
7	Cash and Cash Equivalents	10	6
<u>1,965</u>	<b>Current Assets</b>		<u>1,572</u>
(913)	Short Term Creditors	8	(737)
<u>(913)</u>	<b>Current Liabilities</b>		
0	<b>Long Term Liabilities</b>		0
<u>1,052</u>	<b>Net Assets</b>		<u>835</u>
1,052	Usable Reserves	5	835
<u>1,052</u>	<b>Total Reserves</b>		<u>835</u>

## Cash Flow Statement

2012-13 £000s		Notes	2013-14 £000s
(82)	Net (surplus) or deficit on the Provision of Services		217
83	Adjustments to net surplus or deficit on the provision of services for non-cash movements		(218)
<u>1</u>	Net (increase) or decrease in cash and cash equivalents		<u>(1)</u>
(8)	Cash and cash equivalents at the beginning of the reporting period	10	7
(7)	Cash and cash equivalents at the end of the reporting period	10	6

# Notes to the Accounts

## 1 Accounting Policies

### i. General Principles

The Statement of Accounts summarises the Joint Committee's transactions for the 2013-14 financial year and its position at the year-end of 31 March 2014. The Joint Committee is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011, in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013-14 ("the Code") and the Service Reporting Code of Practice (SeRCOP), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Local Government Act 2003.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

#### Accounting Principles

##### Relevance

The objective of financial statements is to provide information about a Joint Committee's financial performance and position that is useful for assessing the stewardship of public funds and for making economic decisions.

##### Reliability

Financial information is reliable if it can be depended on to represent faithfully what it either purports to represent or what it can be reasonably expected to represent and is free from deliberate, systematic or material error.

##### Comparability

The information in the accounts is more useful if it can be compared with information for some other period or point in time. This depends upon consistency in the application of the accounting policies, unless it can be shown that a new policy would introduce improved accounting practices.

##### Understandability

The accounting principles on which the Code is based include accounting concepts, treatments and terminology which require reasonable knowledge of accounting and local government, and reasonable diligence in reading the financial statements if they are to be properly understood. However all reasonable efforts have been taken in the preparation of the financial statements to ensure they are as easy to understand as possible.

##### Materiality

Strict compliance with the Code, both as to disclosure and accounting principles, is not necessary where the amounts involved are not material to the fair presentation of the financial position and transactions of the Joint Committee and to the understanding of the Statement of Accounts by a reader.

##### Accruals

This requires the non-cash effects of transactions (debtors and creditors) to be reflected in the financial statements for the accounting period in which those effects are experienced and not in the period in which any cash is received or paid.

##### Going Concern

A Joint Committee's Statement of Accounts should be prepared on a going concern basis, that is, the accounts should be prepared on the assumption that the Joint Committee will continue in operational existence for the foreseeable future. This means in particular that the income and expenditure accounts and balance sheet assume no intention to curtail significantly the scale of the operation.

### ii. 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:

- Revenue from the sale of goods is recognised when the Joint Committee transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Joint Committee.
- Revenue from the provision of services is recognised when the Joint Committee can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Joint Committee.
- 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 Inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- 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 debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### iii. **Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Joint Committee's cash management.

### iv. **Exceptional Items**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Joint Committee's financial performance.

### v. **Prior period adjustments, changes in accounting policies and estimates and errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, ie in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Joint Committee's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### vi. **Employee Benefits**

#### **Benefits Payable During Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (eg cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Joint Committee.

The Joint Committee does not directly employ staff, but the expenditure costs in the Comprehensive Income and Expenditure Account will include any material accruals for staff charged to the Joint Committee.

#### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Joint Committee to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate line in the

Comprehensive Income and Expenditure Statement when the Joint Committee is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

**vii. Events After the Balance Sheet Date**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

**viii. Financial Instruments**

**Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Joint Committee becomes a party to the contractual provisions of a financial instrument and are measured at fair value - this is deemed to be the invoiced or billed amount. The Joint Committee does not have any long term financial liabilities.

**Financial Assets**

Financial assets recognised by the Joint Committee consist solely of receivables – assets that have fixed or determinable payments but are not quoted in an active market. These are measured at fair value which is deemed to be the invoiced or billed amount.

**Loans and Receivables**

Receivables are recognised on the Balance Sheet when the Joint Committee becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value – this is deemed to be the invoiced or billed amount. The Joint Committee is not party to any loans.

**ix. Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Joint Committee when there is reasonable assurance that:

- the Joint Committee will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Joint Committee are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the Gross Income line in the Comprehensive Income and Expenditure Statement.

**x. Inventories**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula.

**xi. Overheads and support services**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of

Practice (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Joint Committee’s status as a multifunctional, democratic organisation.

This cost category is defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Cost of Services.

#### **xii. Reserves**

The Joint Committee sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

#### **xiii. Property, Plant and Equipment**

The Committee is given the rights to use assets owned by the constituent members, including Museums premises and collections, under the Joint Museums and Archaeology Agreement (“the Agreement”), which sets out the operation of the Committee.

The Agreement states that the ownership of these assets remains with the Councils. Therefore, the Committee does not recognise these assets in its Balance Sheet and is not subject to charges for their depreciation and impairment.

The Committee recognises revenue maintenance costs for the assets and rental costs, where agreed through a lease with the owner, in its Comprehensive Income and Expenditure Statement. This is consistent with the Agreement underpinning the relationship between the Committee and its constituent bodies. The Committee recognises no other costs in relation to the use of these assets.

#### **xiv. VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty’s Revenue and Customs. VAT receivable is excluded from income.

## **2 Critical Judgements in Applying Accounting Policies**

In applying the accounting policies set out in Note 1, the Joint Committee has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Joint Committee has determined that this uncertainty is not yet sufficient to provide an indication that the operations of the Joint Committee might be reduced as a result of a need to close facilities and reduce levels of service provision.

## **3 Assumptions made about the future and other major sources of estimation uncertainty**

The Statement of Accounts contains some estimated figures that are based on assumptions made by the Joint Committee about the future or that are otherwise uncertain. None of these estimates are material to the accounts.

## **4 Events After the Balance Sheet Date**

The Statement of Accounts was authorised for issue by the Head of Finance on 30 June 2014. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2014, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## 5 Transfers to/from earmarked reserves

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and expenditure in 2013-14.

	Balance at 31 March 2012 £000s	Transfers In 2012-13 £000s	Transfers Out 2012-13 £000s	Balance at 31 March 2013 £000s	Transfers In 2013-14 £000s	Transfers Out 2013-14 £000s	Balance at 31 March 2014 £000s
Museums Income Reserve	79	0	0	79	0	(39)	40
Repairs and Renewals Fund	337	99	(96)	340	18	(134)	224
Unspent Grants and Contributions Reserve	554	455	(376)	633	348	(410)	571
<b>TOTAL</b>	<b>970</b>	<b>554</b>	<b>(472)</b>	<b>1052</b>	<b>366</b>	<b>(583)</b>	<b>835</b>

Details of earmarked reserves:

### Museums Income Reserve

This reserve is to assist with the budget management of fluctuations in income from visitors due to unpredictable seasonal variations. In years of unfavourable weather conditions, visitor numbers can decrease which would result in a service overspend.

### Repairs and Renewals Reserve

This reserve is to fund the maintenance and development of collections and premises.

### Unspent Grants and Contributions Reserve

This reserve contains the balances on the Joint Committee's unconditional grants and contributions.

## 6 Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

	31 March 2013 £000s	31 March 2014 £000s
Debtors		
Loans and receivables	1,853	1,437
<b>Total Debtors</b>	<b>1,853</b>	<b>1,437</b>
Creditors		
Financial liabilities carried at contract amounts	913	641
<b>Total Creditors</b>	<b>913</b>	<b>641</b>

The fair value of short term debtors and creditors is taken to be the invoiced or billed amount and excludes non contractual items (e.g. amounts owed to HMRC) as these are not financial instruments.



## 7 Debtors

	31 March 2013 £000s	31 March 2014 £000s
Central government bodies	175	223
Other local authorities	62	109
Prepayments	26	7
Other entities and individuals	30	8
Cash debtor adjustment	1,560	1,090
Less: Bad debt provision	0	0
<b>Total</b>	<b>1,853</b>	<b>1,437</b>

## 8 Creditors

	31 March 2013 £000s	31 March 2014 £000s
Central government bodies	79	44
Other local authorities	0	0
Receipts in advance	85	93
Public corporations and trading funds	0	0
Other entities and individuals	749	600
<b>Total</b>	<b>913</b>	<b>737</b>

## 9 Inventories

	<b>Consumable Stores</b>	
	2012-13 £000s	2013-14 £000s
Balance outstanding at start of year	79	105
Purchased	346	330
Recognised as an expense in year	(316)	(306)
Written off balances	(4)	0
Reversals of write offs in previous years	0	0
<b>Balance outstanding at year end</b>	<b>105</b>	<b>129</b>

## 10 Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of cash held in imprest accounts by the Joint Committee. The Committee does not operate any bank accounts.

31 March 2013 £000s		31 March 2014 £000s
7	Cash held by the Joint Committee	6
<b>7</b>	<b>Total Cash and Cash Equivalents</b>	<b>6</b>

## 11 Heritage Assets

The Joint Committee is required to disclose any Heritage Assets which it holds. Although the Joint Committee is given use of assets which are held by Norfolk County Council, District Councils within Norfolk and other third parties, it does not recognise any long term assets of its own.

Detailed below are the premises at which the main collections of Heritage Assets are housed and the owners of those collections in accordance with the 2006 Joint Museums & Archaeology Agreement. Details of these collections may be obtained from the financial statements of the relevant parties.

Premises At Which Collections Housed	Collection Ownership
Gressenhall Farm & Workhouse	Norfolk County Council
Norwich Castle Museum	Trustees of the Royal Norfolk Regimental Museum
Norwich Castle Museum Norwich Castle Study Centre Bridewell Museum Strangers' Hall	Norwich City Council
Elizabethan House Tolhouse Time & Tide	Great Yarmouth Borough Council
Lynn Museum Aickman's Yard Store	Borough Council of Kings Lynn & West Norfolk
Cromer Museum	North Norfolk District Council
Ancient House Museum	Breckland Council

Further to the above, there are a number of collections which have been lent to the Museums Service by other third parties who are not subject to the Joint Museums and Archaeology Agreement.

## 12 Amounts reported for resource allocation decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Service Reporting Code of Practice*. However, decisions about resource allocation are taken by the Joint Committee on the basis of budget reports analysed across the Museums and Archaeology Service. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- capital charges relating to assets that the Committee uses are included in the reports provided to the Committee. However, these charges are removed from the Comprehensive Income and Expenditure Statement, in accordance with the policy on Property, Plant and Equipment.
- expenditure on some support services is budgeted for within the County Council accounts and not charged to the Museums and Archaeology Service.

Joint Committee income and expenditure recorded in the budget reports for the year is as follows:

Income and Expenditure Analysis	2012-13 £000s	2013-14 £000s
Fees, charges and other service income	(2,884)	(2,359)
Government grants	(2,159)	(2,399)
<b>Total Income</b>	<b>(5,043)</b>	<b>(4,758)</b>
Employee expenses	4,102	4,451
Other support expenses	4,384	4,357
Support service recharges	0	0
<b>Total Expenditure</b>	<b>8,486</b>	<b>8,808</b>
<b>Net Expenditure</b>	<b>3,443</b>	<b>4,050</b>

## Reconciliation of Income and Expenditure Analysis to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2012-13 £000s	2013-14 £000s
Net expenditure reported to committee	3,443	4,050
Net expenditure of support services not included in the analysis	470	509
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the analysis	(62)	(9)
Amounts in the analysis not included in the Comprehensive Income and Expenditure Statement	171	(788)
<b>Cost of Services in the Comprehensive Income and Expenditure Statement</b>	<b>4,022</b>	<b>3,762</b>

## Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of income and expenditure relate to a subjective analysis of the Surplus or Deficit on the provision of Services included in the Comprehensive Income and Expenditure Statement

2013-14

	Reported to The Joint Committee	Support Service Recharge	Amounts Not Included in I&E	Amounts Not Reported To Management	Total
	£000s	£000s	£000s	£000s	£000s
Fees charges & other service income	(2,359)		238	0	(2,121)
Government Grants	(2,399)				(2,399)
<b>Total Income</b>	<b>(4,758)</b>	<b>0</b>	<b>238</b>	<b>0</b>	<b>(4,520)</b>
Employee expenses	4,451	0	0	9	4,460
Other service expenses	4,357		(181)	(18)	4,158
Support service recharges	0	509	0	0	509
Depreciation, Amortisation and Impairment	0	0	(845)	0	(845)
<b>Total Expenditure</b>	<b>8,808</b>	<b>509</b>	<b>(1026)</b>	<b>(9)</b>	<b>8,282</b>
<b>Net Expenditure</b>	<b>4,050</b>	<b>509</b>	<b>(788)</b>	<b>(9)</b>	<b>3,762</b>
NCC Contribution	0	0	0	(3,545)	(3,545)
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>4,050</b>	<b>509</b>	<b>(788)</b>	<b>(3,554)</b>	<b>217</b>

	Reported to The Joint Committee	Support Service Recharge	Amounts Not Included in I&E	Amounts Not Reported To Management	Total
	£000s	£000s	£000s	£000s	£000s
Fees charges & other service income	(2,884)	0	900	3	(1,981)
Government Grants	(2,159)	0	0	0	(2,159)
<b>Total Income</b>	<b>(5,043)</b>	<b>0</b>	<b>900</b>	<b>3</b>	<b>(4,140)</b>
Employee expenses	4,102	0	0	11	4,113
Other service expenses	4,384	0	(621)	(76)	3,687
Support service recharges	0	470	0	0	470
Depreciation, Amortisation and Impairment	0	0	(108)	0	(108)
<b>Total Expenditure</b>	<b>8,486</b>	<b>470</b>	<b>(729)</b>	<b>(65)</b>	<b>8,162</b>
<b>Net Expenditure</b>	<b>3,443</b>	<b>470</b>	<b>171</b>	<b>(62)</b>	<b>4,022</b>
NCC Contribution	0	0	0	(4,104)	(4,104)
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>3,443</b>	<b>470</b>	<b>171</b>	<b>(4,166)</b>	<b>(82)</b>

### 13 Members' Allowances

Norfolk Joint Museums Committee does not pay members' allowances. The Chairman of Norfolk Joint Museums Committee is entitled to a Special Responsibility Allowance, which is paid by Norfolk County Council.

## 14 Officers' Remuneration

The remuneration paid to the Norfolk Museums Service senior employees is as follows:

Position	Head of Norfolk Museums Service	
	Vanessa Trevelyan	Steven Miller
	<b>2012-13</b>	<b>2013-14</b>
	<b>£s</b>	<b>£s</b>
Salary	75,439	53,553
<b>Total Remuneration (excluding Pension Contributions)</b>	<b>75,439</b>	<b>53,553</b>
Pension Contributions	10,417	8,301
<b>Total Remuneration (including Pension Contributions)</b>	<b>85,856</b>	<b>61,854</b>

Vanessa Trevelyan retired as Head of Norfolk Museums Service on 31 March 2013. Her replacement, Steven Miller, took up his appointment on 17 June 2013.

There are no other employees earning £50,000 or more.

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below.

Exit Package cost band	Number of Compulsory Redundancies		Number of Other Agreed Departures		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14
							£000s	£000s
£0 – £20,000	1	0	0	3	1	3	0	26
£20001 - £40000	0	0	0	1	0	1	0	31
<b>Total</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>1</b>	<b>4</b>	<b>0</b>	<b>57</b>

The above note has been prepared on the basis of exit packages paid during 2013-14. The Code requires the disclosure of exit packages agreed rather than paid.

## 15 External Audit Costs

The Joint Committee has incurred the following costs in relation to the audit of the Statement of Accounts:

	2012-13 £000s	2013-14 £000s
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	10	10
<b>Total</b>	<b>10</b>	<b>10</b>

The Joint Committee incurred no costs in relation to certification of grant claims, statutory inspections and to non audit services provided by the Joint Committee's external auditors.

## 16 Grant Income

The Joint Committee credited the following grants, contributions and donations to the Cost of Service within the Comprehensive Income and Expenditure Statement:

	2012-13 £000s	2013-14 £000s
<b>Grant Income:</b>		
MLA Council Grant	0	0
Heritage Lottery Fund	224	637
Arts Council England	1,871	1,762
Department for Culture, Media & Sport	64	0
<b>Sub-total government grants (note 12)</b>	<b>2,159</b>	<b>2,399</b>
Medway Council	25	101
Esme Fairbairn Foundation	71	0
Other Small Grants	28	52
<b>Total Grant Income</b>	<b>2,283</b>	<b>2,552</b>
<b>Contributions:</b>		
Great Yarmouth Borough Council	42	43
Borough Council of King's Lynn and West Norfolk	31	60
North Norfolk District Council	40	40
Norwich City Council	14	14
National Trust	18	20
Costumes and Textiles Association	10	0
Other Small Contributions	22	13
<b>Total Contribution Income</b>	<b>177</b>	<b>190</b>
<b>Total Grant and Contribution Income</b>	<b>2,460</b>	<b>2,742</b>

## 17 Related Parties

The Joint Committee is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Joint Committee or to be controlled or influenced by the Joint Committee. Disclosure of these transactions allows readers to assess the extent to which the Joint Committee might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Joint Committee.

### Central Government

Central government has effective control over the general operations of the Joint Committee – it is responsible for providing the statutory framework within which the Joint Committee operates, provides

the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Joint Committee has with other parties. Grants received from government departments are set out in the subjective analysis in Note 12 on reporting for resources allocation decisions.

### **Other Public Bodies**

The Joint Committee is comprised of a number of constituent Authorities as set out in the Overview. The material transactions between the Committee and the constituent Authorities are set out within the Accounts and the Explanatory Foreword.

### **Members**

Members of the Joint Committee have direct control over the Joint Committee's financial and operating policies. During 2013-14, there were no related party transactions in relation to Members.

### **Officers**

During 2013-14, there were no related party transactions in relation to Officers.

## **18 Defined Benefits Pension Schemes**

Staff employed by Norfolk County Council in undertaking the Joint Committee's activities can participate in the Local Government Pension Scheme, a defined benefit statutory scheme, administered by Norfolk County Council. This is a funded scheme, meaning that the Councils and staff pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

The Fund's Actuary based on triennial actuarial valuations determines employer's contribution rates. The review carried out by the Fund's Actuary at 31 March 2010 applies to the financial years 2011-12 to 2013-14. Under Pension Fund Regulations contribution rates are set to meet the overall liabilities of the Fund.

In 2013-14, Norfolk Joint Museums Committee's expenditure includes employer's contributions, including unfunded benefits, of £457,853 representing 15.5% of employees' pensionable pay. This has been paid into the Norfolk Pension Fund. (In 2012-13, this was £400,689, representing 15.5% of pensionable pay).

## **19 Nature and Extent of Risks Arising from Financial Instruments**

The Joint Committee's activities expose it to financial risks.

The key risks are:

Credit risk – the possibility that other parties might fail to pay amounts due to the Committee.

Liquidity risk – the possibility that the Committee might not have funds available to meet its commitments to make payments. This risk is borne by the County Council per the financial arrangements set out in section 8 of the 2006 Joint Museums and Archaeology Agreement.

These risks are mitigated by the Joint Committee following Norfolk County Council's risk management procedures. The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and associated regulations. These require the County Council (and therefore the Joint Committee) to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and Investment Guidance issued through the Act.

# Glossary of Terms

## ACCOUNTING POLICIES

The basis on which an organisation's financial statements are prepared, to ensure that the statements present a 'true and fair view' of the financial position and transactions of that organisation.

## ACCRUAL ACCOUNTING

The inclusion of income and expenditure in the accounts for the period in which it is earned or incurred rather than the period in which the cash is received or bills paid.

## ASSET

An item owned by Joint Committee or that they have use of to support their activities which has a value; for example cash.

## BUDGET

The statement of Joint Committee expressed in financial terms usually for the current forthcoming financial year. The Revenue Budget covers running expenses (see revenue expenditure), and the Capital Budget plans for asset acquisitions and replacements (see capital expenditure).

## CAPITAL EXPENDITURE

Expenditure on the acquisition of a long term asset, which lasts normally for more than one year or expenditure which adds to the life or value of an existing fixed asset.

## CASH EQUIVALENTS

These are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risks of changes in value. Cash equivalents are held for the purpose of meeting short term cash commitments rather than for investment purposes.

## CIPFA

The Chartered Institute of Public Finance and Accountancy (CIPFA) is the professional accountancy institute that sets the standards for the public sector. CIPFA publishes the Accounting Codes of Practice for local government.

## CORPORATE & DEMOCRATIC CORE (CDC)

Corporate and Democratic Core represents costs associated with democratic representation and management and corporate management. Democratic representation and management includes all aspects of Members' activities. Corporate management concerns the cost of the infrastructure that allows services to be provided and the cost of providing information that is required for public accountability. Such costs form part of total service expenditure, but are excluded from the costs of any particular service.

## CREDITORS

Amounts owed by Joint Committee for goods and services provided for which payment has not been made at the end of the financial year.

## DEBTORS

Sums of money due to Joint Committee but not received at the end of the financial year.

## DEFICIT

Arises when expenditure exceeds income or when expenditure exceeds available budget.

## DEPRECIATION

The measure of the wearing out, consumption, or other reduction in the useful economic life of fixed asset.

## FINANCIAL ASSET

A right to future economic benefits.

## FINANCIAL INSTRUMENT

Any contract that gives rise to a financial asset in one organisation and a financial liability in another.



## FINANCIAL LIABILITY

An obligation to transfer economic benefits.

## HERITAGE ASSET

An asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

## IFRS

International Financial Reporting Standards (IFRS's) are set by the International Accounting Standards Board. The Joint Committee accounts are prepared in accordance with these standards.

## IMPAIRMENT

Impairment of an asset is caused either by consumption of economic benefits or a deterioration in the quality of the service provided by the asset or by a general fall in prices of that particular asset or type of asset.

## LIABILITY

An obligation to transfer economic benefits.

## LONG TERM ASSETS

Assets that yield benefits to the Joint Committee and the services it provides for a period of more than one year.

## OUTTURN

The actual amount spent in the financial year.

## REFCUS (REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE)

Capital expenditure, which does not create a tangible asset, e.g. improvement, grants or expenditure on an asset not owned by the County Council, e.g. leased properties. Previously referred to as Deferred Charges.

## RESERVES

A reserve is an amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years.

## REVENUE EXPENDITURE AND INCOME

Day to day expenses: salaries, wages, general running expenses, charges for goods and services.

## SERCOP

Provides guidance to local authorities on financial reporting to stakeholders. It establishes 'proper accounting practice' with regard to consistent financial reporting, which allows direct comparisons of financial information to be made with other local authorities.

## SURPLUS

Arises when income exceeds expenditure or when expenditure is less than available budget.

## THE CODE

The Code of Practice on Local Authority Accounting in the United Kingdom: Based on International Financial Reporting Standards aims to achieve consistent financial reporting between all English local authorities. It is based in generally accepted accounting standards and practices.

## VALUE ADDED TAX (VAT)

A tax on consumer expenditure, collected on business transactions at each stage in the supply, but is ultimately borne by the final customer.

## VARIATION

The difference between budgeted expenditure and actual outturn, also referred to as an over or under spend

# Norfolk Joint Museums Accounts Approval and Urgent Business Sub-Committee

Item No 10

<b>Report title:</b>	<b>Letter of Representation 2013-14</b>
<b>Date of meeting:</b>	<b>26 September 2014</b>
<b>Responsible Chief Officer:</b>	<b>Interim Head of Finance</b>
<b>Strategic impact</b> This report provides details of the Letter of Representation in connection with the audit of the financial statements for 2013-14.	

## Executive summary

Each year the Committee is required to provide a letter of representation to the external auditors before the auditor issues their opinion.

The letter of representation covers matters material to the financial statements and possible non-compliance with laws and regulations.

The auditors require that the letter is signed by the person with specific responsibility for the financial statements, which for this Committee is the Interim Head of Finance, and formally acknowledged as being correct by "those charged with governance" by being signed by the Chair of the Committee.

In accordance with these requirements, the Interim Head of Finance has, having made appropriate enquiries of officers of Norfolk Joint Museums Committee, written the letter, in accordance with audit requirements.

The letter is dated 30 September 2014, which is the date Ernst and Young expects to issue its opinion.

### Recommendations

The Norfolk Joint Museums Committee is requested to endorse the Letter of Representation and that the Chairman and Interim Head of Finance sign it on behalf of the Committee:

## 1. Introduction

This report introduces the letter of representation of Norfolk Joint Museums Committee for 2013-14.

## 2. Evidence

The following appendix is attached:

- Appendix 1: Letter of Representation for Norfolk Joint Museums Committee

## Officer Contact

If you have any questions about the matters contained in this paper please get in touch with:

Name	Telephone Number	Email address
Peter Timmins	01603 222400	<a href="mailto:peter.timmins@norfolk.gov.uk">peter.timmins@norfolk.gov.uk</a>
Howard Jones	01603 222832	<a href="mailto:howard.jones@norfolk.gov.uk">howard.jones@norfolk.gov.uk</a>



If you need this Agenda in large print, audio, Braille, alternative format or in a different language please contact 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.

DRAFT

**Appendix 1: Letter of Representation 2013-14**

DRAFT

**Finance Department  
County Hall  
Martineau Lane  
Norwich  
NR1 2DW**

My Ref: s/genrep/2014

Your Ref: .

Please ask for: Howard Jones

Direct Dialling Number: 01603 222832

Fax Number: 01603 222811

Email: [howard.jones@norfolk.gov.uk](mailto:howard.jones@norfolk.gov.uk)

30 September 2014

**Rob Murray**  
Ernst & Young LLP  
One Cambridge Business Park  
Cambridge  
CB4 0WZ

Dear Rob

**Norfolk Joint Museums Committee  
Audit of Financial Statements 2013-14  
Letter of Representation**

This representation letter is provided in connection with your audit of the financial statements of the Norfolk Joint Museums Committee ("the Joint Committee") for the year ended 31 March 2014. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial position of the Norfolk Joint Museums Committee as of 31 March 2014 and of its expenditure and income for the year then ended in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013-14.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

#### **A. Financial Statements and Financial Records**

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations (England) 2011 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013-14.
2. We acknowledge our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position and of its expenditure and income of the Joint Committee in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013-14 and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. We believe that the Joint Committee has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013-14 that are free from material misstatement, whether due to fraud or error.
5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

#### **B. Fraud**

1. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
2. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
3. We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Joint Committee's internal controls over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees in which the fraud could have a material effect on the financial statements. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Joint Committee.

#### **C. Compliance with Laws and Regulations**

1. We have disclosed to you all known actual or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.

#### **D. Information Provided and Completeness of Information and Transactions**

1. We have provided you with:
  - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in terms of the audit engagement.
  - Additional information that you have requested from us for the purpose of the audit and
2. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
3. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
4. We have made available to you all minutes of the meetings of the Joint Committee, and Accounts Approval and Urgent Business Sub-Committee (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting.
5. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Joint Committee's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
6. We have disclosed to you, and the Joint Committee has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

#### **E. Liabilities and Contingencies**

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent. There are no guarantees that we have given to third parties.

#### **F. Subsequent Events**

1. Other than those events described in Note 4 to the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

#### **G. Accounting Estimates**

1. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
2. Accounting estimates recognised or disclosed in the financial statements:
  - We believe the measurement processes, including related assumptions and models, we used in determining accounting estimates is appropriate and the application of these processes is consistent.
  - The disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.
  - The assumptions we used in making accounting estimates appropriately reflects our intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.
  - No subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.

Yours sincerely

---

Interim Head of Finance

I confirm that this letter has been discussed and agreed at the Norfolk Joint Museums and Archaeology – Accounts Approval and Urgent Business Sub-Committee on 26 September 2014

---

Chairman of the Norfolk Joint Museums and Archaeology – Accounts Approval and Urgent Business Sub-Committee