

**NORFOLK JOINT MUSEUMS & ARCHAEOLOGY
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

Date	Time	Place
Friday 28 September 2012	2.30pm	The Cranworth Room, County Hall, Norwich

Membership

Mr D Bradford
Mr P Duigan
Mr G Jones
Mr B Stone
Mrs J Toms
Mr J Ward
Mr M Wilby

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)
To receive the minutes of the previous meeting held on 4 November 2011
- 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. It is recommended that you declare that interest but it is not a legal requirement.

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 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 | (PAGE) |
| 7 | <u>Audit Commission - Annual Governance Report Audit 2011/12</u>
Report by the Head of Finance | (PAGE) |
| 8 | <u>Annual Statement of Accounts and Annual Governance Statement 2011/12</u>
Report by the Head of Finance | (PAGE) |
| 9 | <u>Letter of Representation 2011-12</u>
Report by the Head of Finance | (PAGE) |
| 10 | <u>Audit Commission- Draft Annual Audit Letter 2011-12</u>
Report by the Head of Finance | (PAGE) |
| 11 | To Answer Formal Questions (if any) of Which Due Notice Has Been Given | |
| 12 | Any Other Terms of Business which the Chairman decides should be considered as a matter of urgent business pursuant to Section 100B(4)(b) of the Local Government Act 1972 | |

Chris Walton
Head of Democratic Services

County Hall
Martineau Lane
Norwich

NR1 2DH

20 September 2012

Enquiries and names of any Substitute Members to Tim Shaw

Direct Dialling: Norwich (01603) 222948

E-mail: timothy.shaw@norfolk.gov.uk



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

Minutes of the Meeting held on 4 November 2011

Present:

Mr D Bradford
Mr P Duigan

Mr B Stone
Mr M Wilby

Substitute Member Present:

Mr J Ward for Dr C Kemp

Also Present:

Mr H Bullen for the Head of Finance
Mr P King from the Audit Commission who introduced the Audit Commission Annual Governance Report for 2010/2011

1 Election of Chairman

Resolved –

That Mr P Duigan be elected Chairman of the Sub-Committee for the ensuing year.

(Mr P Duigan in the Chair)

2 Election of Vice-Chairman

Resolved –

That Mr B Stone be elected Vice-Chairman of the Sub-Committee for the ensuing year.

3 Apologies

Apologies for absence were received from Mr P Hardy and Dr C Kemp (with Mr J Ward attending as Substitute).

4 Minutes

The minutes of the previous meeting held on 25 June 2010 were confirmed by the Sub-Committee and signed by the Chairman.

5 Declarations of Interest

There were no declarations of interest.

6 Urgent Business and Additional Information

There were no items of urgent business.

The Sub-Committee received on the table additional information from the Head of Finance which stated that since the Sub-Committee agenda papers were issued, the auditors had completed their audit and identified some further changes. Details of the amendments were enclosed at Appendix A to these minutes. The Sub-Committee were asked to consider and approve these as part of their approval of the 2010/2011 Statement of Accounts.

7 Letter of Representation

The annexed report by the Head of Finance was received.

The Sub-Committee received a report that included a draft Letter of Representation to the external auditors about the audit of the financial statements for 2010/2011. The letter was required by the auditors before they issued their opinion and conclusion on the accounts.

Resolved –

That on behalf of the Sub-Committee, the Chairman of the Joint Museums and Archaeology Committee and the Head of Finance be authorised to sign the Letter of Representation to the external auditors that is enclosed within the attached report.

8 Audit of the Statement of Accounts 2010/2011

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 2010/2011 which had been subject to external audit by the Audit Commission.

The Sub-Committee noted the following:

- The Sub-Committee was reminded of the tabled amendments (referred to in Minute 6).
- The Statement of Accounts was presented to the Sub-Committee in the format required for statutory external reporting requirements.
- The report summarised changes to the accounts as a result of the implementation of International Financial Reporting Standards (IFRS) and summarised changes which had been made as a result of audit and officer review during the audit period.
- The Head of Finance anticipated that the Sub-Committee would receive an unqualified audit report.

Resolved –

That the Sub-Committee approve the 2010/2011 Statement of Accounts as set out in the report and inclusive of the amendments that had been tabled in the meeting.

9 Audit Commission – Annual Governance Report 2010/2011

The annexed report by the Head of Finance was received.

The Sub-Committee received a report from the Head of Finance that introduced the Audit Commission Annual Governance Report for the Norfolk Joint Museums and Archaeology Committee audit 2010/2011.

The Sub-Committee also received with the report the Audit Commission Annual Governance Report which was introduced by Mr Philip King from the Audit Commission.

Resolved –

That the Sub-Committee note the Audit Commission Annual Governance Report including:

- The proposed unqualified audit opinion and that there were proper arrangements to secure value for money.
- The material adjustments to the financial statements which were set out in the report.
- Approve the Letter of Representation, provided alongside this report, on behalf of the Sub-Committee before the District Auditor issued his opinion and conclusion.

10 Chairman's Concluding Remarks

It was noted that the meeting had been preceded by an informative half-hour Induction training session that gave Members a more clear understanding of the accounting policies adopted by the Joint Committee and the need to ensure there was a sound system of internal control, which included arrangements for the management of risk. On behalf of the Sub-Committee, the Chairman said that he was grateful to Mr Harvey Bullen (Head of Budgeting and Financial Management) for conducting the training session that preceded the meeting and to Mr Philip King from the Audit Commission for taking the time to attend the meeting and introduce the Audit Commission's Annual Governance Report for 2010/2011.

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.

Appendix A

**Norfolk Joint Museums and Archaeology Committee
Accounts Approval and Urgent Business Sub-Committee
4 November 2011
Item No:**

**Norfolk Joint Museums and Archaeology Committee
Annual Statement of Accounts 2010/11**

Report by the Head of Finance

Since the Committee papers were issued, the auditors have completed their audit and identified some further changes. These have been amended in the accounts and details of the amendments are listed here. The revised pages are attached and members are asked to approve these as part of their approval of the 2010-11 Statement of Accounts.

Changes to Accounts in November Committee papers

Page	Review	Section	Reason for adjustment	Adjustment	Amount £m
24	Audit	Statement of responsibilities	Change of page reference	Certificate by the Head of Finance has been amended to pages 28 to 51.	-
25-27	Audit	Audit Opinion	Title of the Committee has been corrected in the detailed narrative.	Audit opinion shows Norfolk Joint Museums and Archaeology Committee	-
32	Audit	Cash Flow Statement	Note cross reference incorrect.	Note reference amended from note 10 to note 11.	-
41	Audit	Note 7 Financial Instruments	Creditors amounts amended to reflect balance sheet and note 10 for 2009-10 and 2010-11	2009-10: Decrease financial liabilities carried at contract amounts 2010-11: Decrease financial liabilities carried at contract amounts	-0.021 -0.018
42	Audit	Note 9 Debtors	Analysis of debtors note amended to correct the breakdown provided.	Public corporations and trading funds line deleted; central government bodies and cash debtor adjustment figures amended	-
49	Audit	Note 16 Grant Income	Note amended to comply with the Accounting Code of Practice	Norfolk County Council contribution line removed and a breakdown of the grant income has been provided.	-

Certificate by the Head of Finance

I certify that the Statement of Accounts set out on pages 28 to 51 presents a true and fair view of the financial position of the Joint Committee at 31 March 2011 and its income and expenditure for the year ended 31 March 2011. These financial statements replace the unaudited financial statements certified by the Head of Finance on 13 July 2011

P. D. Brittain,
Head of Finance
Date: 4 November 2011

Independent Auditors' Report to Members of Norfolk Joint Museums and Archaeology Committee

Opinion on the financial statements

I have audited the accounting statements of Norfolk Joint Museums and Archaeology Committee for the year ended 31 March 2011 under the Audit Commission Act 1998. The accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Norfolk Joint Museums and Archaeology Committee in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Head of Finance and auditor

As explained more fully in the Statement of the Head of Finance's Responsibilities, the Head of Finance is responsible for the preparation of the Committee's Statement of Accounts in accordance proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements sufficient to give reasonable assurance that the accounting statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Committee's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Committee; and the overall presentation of the accounting statements. I read all the information in the explanatory foreword to identify material inconsistencies with the audited accounting statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on accounting statements

In my opinion the accounting statements:

- give a true and fair view of the state of Norfolk Joint Museums and Archaeology Committee's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and

- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Opinion on other matters

In my opinion, the information given in the explanatory foreword for the financial year for which the accounting statements are prepared is consistent with the accounting statements.

Matters on which I report by exception

I have nothing to report in respect of the governance statement on which I report to you if, in my opinion the governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007.

Conclusion on Committee's arrangements for securing economy, efficiency and effectiveness in the use of resources

Committee's responsibilities

The Committee is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself that the Committee has made place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

I report if significant matters have come to my attention which prevent me from concluding that the Committee has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. I am not required to consider, nor have I considered, whether all aspects of the Committee's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Basis of conclusion

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the criteria for other local government bodies published by the Audit Commission in October 2010.

I planned my work in accordance with the Code of Audit Practice. Based on my risk assessment, I undertook such work as I considered necessary to form a view on whether, in all significant respects, the Committee had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2010, I am satisfied that, in all significant respects, Norfolk Joint Museums and Archaeology Committee put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011.

Certificate

I certify that I have completed the audit of the accounts of Norfolk Joint Museums and Archaeology Committee in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Rob Murray

Officer of the Audit Commission
3rd Floor, Eastbrook
Shaftesbury Road
Cambridge, CB2 8BF

4 November 2011

Cash Flow Statement

2009/10 (Restated)		2010/11
£000s		£000s
446	Net (surplus) or deficit on the Provision of Services	40
(448)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(41)
<u>(2)</u>	Net (increase) or decrease in cash and cash equivalents	<u>(1)</u>
6	Cash and cash equivalents at the beginning of the reporting period (note 11)	8
8	Cash and cash equivalents at the end of the reporting period (note 11)	9

Details of earmarked reserves

Information Technology

Monies are set aside for specific IT projects.

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 number can decrease which would result in a service overspend.

Repairs and Renewals Reserve

This reserve is to meet the cost of emergency conservation works to collections at Norwich Castle.

Unspent Grants and Contributions Reserve

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

Note 7 Financial Instruments

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

	Current	
	31 March 2010 (Restated) £000s	31 March 2011 £000s
Debtors		
Loans and receivables	1,906	1,222
Total Debtors	1,906	1,222
Creditors		
Financial liabilities at amortised cost	0	0
Financial liabilities carried at contract amounts	1,393	649
Total Creditors	1,393	649

The fair value of short term debtors and creditors is taken to be the invoiced or billed amount.

Note 8 Inventories

	Consumable Stores	
	2009/10	2010/11
	£000s	£000s
Balance outstanding at start of year	165	205
Purchased	446	331
Recognised as an expense in year	(402)	(364)
Written off balances	(4)	(71)
Reversals of write offs in previous years	0	0
Balance outstanding at year end	205	101

Note 9 Debtors

	31 March	31 March	31 March
	2009	2010	2011
	£000s	(Restated)	£000s
		£000s	
Central government bodies	91	869	471
Other local authorities	4	2	32
Prepayments	0	65	1
Other entities and individuals	111	116	93
Cash debtor adjustment	1,394	854	625
Less: Bad debt provision	(61)	0	0
Total	1,539	1,906	1,222

The significant increase is due to a greater emphasis on the use of scale fees based on the Joint Committee's gross expenditure. 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.

Note 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:

	2009/10 £000s	2010/11 £000s
Grant Income:		
MLA Council Grant	1,999	2,170
Department for Work and Pensions	103	68
Heritage Lottery Fund	116	55
English Heritage	194	0
Arts Council Grant	23	21
Department for Culture, Media and Sport	20	0
Creative Partnerships	29	0
Museums and Libraries Sponsorship Unit	36	0
East Anglia Art Fund	20	0
Other small grants	209	90
Contributions:		
Breckland District Council	20	0
Broadland District Council	8	0
Great Yarmouth Borough Council	41	47
King's Lynn and West Norfolk Borough Council	13	126
North Norfolk District Council	45	68
Norwich City Council	37	18
Total	2,913	2,663

Note 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.

Audit Commission - Annual Governance Report Audit 2011-12

Report by the Head of Finance

Summary

This note introduces the Audit Commission's Annual Governance Report for Norfolk Joint Museums and Archaeology Committee.

Recommendation

It is recommended that the Joint Committee should consider the Audit Commission Annual Governance Report.

Audit Commission Annual Governance Report

Please see the attached document.

Recommendation

Members are invited to:

- Consider the matters raised in the report before the Audit Commission issue their audit opinion
- Take note of the adjustments to the financial statements set out in the report.
- It is recommended that the Joint Committee should consider the Audit Commission Annual Governance Report.

Paul Brittain
Head of Finance
01603 222401
email: paul.brittain@norfolk.gov.uk

If you need this statement in large print, audio, Braille, alternative format or in a different language please contact Sam Jarrett on tel. 01603 222828 or textphone 0844 8008011, and we will do our best to help.



Annual governance report

Norfolk Joint Museums and Archaeology Committee

Audit 2011/12



Contents

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Key messages

This report summarises the findings from the 2011/12 audit which is substantially complete. It includes the messages arising from my audit of your financial statements and the results of the work I have undertaken to assess your arrangements to secure value for money in your use of resources.

Financial statements

The audit is substantially complete and upon member approval of the final version of the accounts at the Museums Accounts Approval and Urgent Business Sub-Committee on 28 September 2012 and receipt of the letter of representation I propose to issue an unqualified opinion and certificate.

My audit identified no errors that impacted upon the usable reserves of the Committee. It did however identify a number of disclosure errors, all of which have been amended.

The documentation and working papers supporting the accounts were again of a good standard. A number of amendments were made to disclosure notes to aid clarity and correct typographical errors.

Value for money (VFM)

I intend to issue an unqualified conclusion stating that the Committee has made proper arrangements to secure economy, efficiency and effectiveness in your use of resources.

Certificate

As all elements of the audit are now substantially complete, I expect to issue my certificate to close the audit on 28 September 2012.

Before I give my opinion and conclusion

My report includes only matters of governance interest that have come to my attention in performing my audit. I have not designed my audit to identify all matters that might be relevant to you.

Independence

I can confirm that I have complied with the Auditing Practices Board's ethical standards for auditors, including ES 1 (revised) - Integrity, Objectivity and Independence.

I am not aware of any relationships that may affect the independence and objectivity of the Audit Commission, the audit team or me, that I am required by auditing and ethical standards to report to you.

The Audit Commission's Audit Practice has not undertaken any non-audit work for the Committee during 2011/12.

I ask the Museums Accounts Approval and Urgent Business Sub-Committee to:

- take note of the adjustments to the financial statements and disclosure notes included in this report; and
- approve the letter of representation (appendix 2), on behalf of the Committee before I issue my opinion and conclusion.

Financial statements

The Committee's financial statements and annual governance statement are important means by which the Committee accounts for its stewardship of public funds. As elected Members you have final responsibility for these statements. It is important that you consider my findings before you adopt the financial statements and the annual governance statement.

Opinion on the financial statements

Subject to satisfactory clearance of outstanding matters, I plan to issue an audit report including an unqualified opinion on the financial statements. Appendix 1 contains a copy of my draft audit report.

Corrected errors

My audit identified no errors that impacted upon the usable reserves of the Committee. It did however identify a number of disclosure errors, all of which have been amended. The two significant disclosure errors are detailed below.

Termination Benefits and Exit Packages Disclosure Note

The original draft Statement of Accounts did not include a note summarising the termination payments and exit packages that the Committee had agreed during the financial year; as required by the Code. Audit procedures identified that the Committee has agreed and paid such benefits during both 2011/12 and the comparative period 2010/11. This omission has now been corrected and the required disclosure note is included within the Statement of Accounts submitted for Member approval.

Prior Period Adjustment – Overstatement of 2010/11 Gross Income and Expenditure

During the preparation of the 2011/12 Statement of Accounts a material error was noted within the 2010/11 Comprehensive Income and Expenditure Statement (CIES) which had resulted in an overstatement of both income and expenditure of £334k. A prior period adjustment has been undertaken to correct the comparatives disclosed in the current year's CIES. A disclosure note has been included to explain the adjustment. There is no impact on the usable reserves of the Committee.

Significant risks and my findings

I reported to you in my 2011/12 Audit Plan that I have considered the additional risks that are relevant to the audit of the accounting statements and I have not identified any that meet the definition of significant. Audit procedures undertaken on the financial statements did not identify any significant risks.

Significant weaknesses in 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. My 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.

I have tested the controls of the Committee only to the extent necessary for me to complete my audit. I am not expressing an opinion on the overall effectiveness of internal control. I 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 I am aware of from my audit of the financial statements.

I have not identified any weaknesses in internal control that require reporting to the Museums Accounts Approval and Urgent Business Sub-Committee.

Quality of your financial statements

I considered aspects of your accounting practices, accounting policies, accounting estimates and financial statements disclosures. The documentation and working papers supporting the accounts were of a very good standard. A number of amendments were made to disclosure notes to aid clarity and correct typographical errors.

Therefore there are no significant matters I need to bring to your attention.

Value for money

I am required to consider the Committee's arrangements to secure economy, efficiency and effectiveness.

For 2011/12 the Commission has determined that the scope of my work on value for money at the Committee is limited to:

- reviewing the Annual Governance Statement (AGS);
- reviewing the results of the work of other relevant regulatory bodies or inspectorates, to consider whether there is any impact on my responsibilities; and
- other risk-based work as suitable.

As I reported in my 2011/12 Audit Plan:

- I am not aware of any relevant work of other relevant regulatory bodies or inspectorates; and
- I have not identified any significant risks requiring specific risk-based work.

I have reviewed your AGS and I have no matters that I need to report.

Fees

I reported my planned audit fee in my letter of 28 April 2011 and in the 2011/12 Audit Plan.

I will complete the audit within the planned fee. As reported in my 2011/12 Audit Plan, I set the fee equal to the Audit Commission scale fee.

Table 1: Fees

	Planned fee 2011/12 (£)	Expected fee 2011/12 (£)
Audit	17,400	17,400
Non-audit work	0	0
Total	17,400	17,400

The Audit Commission has paid a rebate of £1,390 to reflect attaining internal efficiency savings, reducing the net amount paid to the Audit Commission to £16,010.

Appendix 1 – Draft independent auditor’s report

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF Norfolk Joint Museums and Archaeology Committee

Opinion on the Committee financial statements

I have audited the financial statements of Norfolk Joint Museums and Archaeology Committee for the year ended 31 March 2012 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Accounting in the United Kingdom 2011/12.

This report is made solely to the members of Norfolk Joint Museums and Archaeology Committee in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Head of Finance and auditor

As explained more fully in the Statement of the Head of Finance Responsibilities, the Head of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Committee's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Head of Finance; and the overall presentation of the financial statements. I read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the financial position of Norfolk Joint Museums and Archaeology Committee as at 31 March 2012 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

Opinion on other matters

In my opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I report to you if:

- in my opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- I issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- I designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Committee to consider it at a public meeting and to decide what action to take in response; or
- I exercise any other special powers of the auditor under the Audit Commission Act 1998.

I have nothing to report in these respects

Other matters on which I am required to conclude

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself that the Committee has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. I am also required by the Audit Commission's Code of Audit Practice to report any matters that prevent me being satisfied that the audited body has put in place such arrangements.

I have undertaken my audit in accordance with the Code of Audit Practice and, having regard to the guidance issued by the Audit Commission in October 2011, I have considered the results of the following:

- my review of the annual governance statement;

As a result, I have concluded that there are no matters to report.

Certificate

I certify that I have completed the audit of the accounts of Norfolk Joint Museums and Archaeology Committee in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Rob Murray
District Auditor

Audit Commission,
3rd Floor,
Eastbrook,
Shaftesbury Road,
Cambridge CB2 8BF

September 2012

Appendix 2 – Draft letter of management representation

To:
Rob Murray
District Auditor
Audit Commission,
3rd Floor,
Eastbrook,
Shaftesbury Road,
Cambridge CB2 8BF

Norfolk Joint Museums and Archaeology Committee - Audit for the 2011/12 year ended 31 March 2012

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers and members of Norfolk Joint Museums and Archaeology Committee, the following representations given to you in connection with your audit of the Committee's financial statements for the year ended 31 March 2012.

Compliance with the statutory authorities

I have fulfilled my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Accounts and Audit (England) Regulations 2011 and the Code of Practice on Local Authority Accounting in the United Kingdom which give a true and fair view of the financial position and financial performance of the Committee, for the completeness of the information provided to you, and for making accurate representations to you.

Supporting records

I have made available all relevant information and access to persons within the Committee for the purpose of your audit. I have properly reflected and recorded in the financial statements all the transactions undertaken by the Committee.

Irregularities

I acknowledge my responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud or error.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements;
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others; and
- the results of our assessment of the risk the financial statements may be materially misstated as a result of fraud.

Law, regulations, contractual arrangements and codes of practice

I have disclosed to you all known instances of non-compliance, or suspected non-compliance with laws, regulations and codes of practice, whose effects should be considered when preparing financial statements.

Transactions and events have been carried out in accordance with law, regulation or other authority. The Committee has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance.

All known actual or possible litigation and claims, whose effects should be considered when preparing the financial statements, have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

Accounting estimates including fair values

I confirm the reasonableness of the significant assumptions used in making the accounting estimates, including those measured at fair value.

Related party transactions

I confirm that I have disclosed the identity of the Committee's related parties and all the related party relationships and transactions of which I am aware. I have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the Code.

Contingent liabilities

I confirm that there are no contingent liabilities that have not been disclosed in the financial statements but should have been. In particular:

- there is no significant pending or threatened litigation, other than those already disclosed in the financial statements;
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements; and

no financial guarantees have been given to third parties.

Subsequent events

I have adjusted for or disclosed in the financial statements all relevant events subsequent to the date of the financial statements.

Signed on behalf of Norfolk Joint Museums and Archaeology Committee

I confirm that this letter has been discussed and agreed by the Museums Accounts Approval and Urgent Business Sub-Committee of Norfolk Joint Museums and Archaeology Committee on 28 September 2012

Signed

Name

Position

Date

Appendix 3 – Glossary

Annual Audit Letter

Letter issued by the auditor to the Committee after the completion of the audit that summarises the audit work carried out in the period and significant issues arising from auditors' work.

Annual Governance Report

The auditor's report on matters arising from the audit of the financial statements presented to those charged with governance before the auditor issues their opinion [and conclusion].

Annual Governance Statement

The annual report on the Committee's systems of internal control that supports the achievement of the Committee's policies aims and objectives.

Audit of the accounts

The audit of the accounts of an audited body comprises all work carried out by an auditor under the Code to meet their statutory responsibilities under the Audit Commission Act 1998.

Audited body

A body to which the Audit Commission is responsible for appointing the external auditor.

Auditing Practices Board (APB)

The body responsible in the UK for issuing auditing standards, ethical standards and associated guidance to auditors. Its objectives are to establish high standards of auditing that meet the developing needs of users of financial information and to ensure public confidence in the auditing process.

Auditing standards

Pronouncements of the APB that contain basic principles and essential procedures with which auditors must comply, except where otherwise stated in the auditing standard concerned.

Auditor(s)

Auditors appointed by the Audit Commission.

Code (the)

The Code of Audit Practice for local government bodies issued by the Audit Commission and approved by Parliament.

Commission (the)

The Audit Commission for Local Authorities and the National Health Service in England.

Ethical Standards

Pronouncements of the APB that contain basic principles relating to independence, integrity and objectivity that apply to the conduct of audits and with which auditors must comply, except where otherwise stated in the standard concerned.

Financial statements

The annual statement of accounts that the Committee is required to prepare, which report the financial performance and financial position of the Committee in accordance with the Accounts and Audit (England) Regulations 2011 and the Code of Practice on Local Authority Accounting in the United Kingdom.

Group accounts

Consolidated financial statements of an Authority and its subsidiaries, associates and jointly controlled entities.

Internal control

The whole system of controls, financial and otherwise, that the Committee establishes to provide reasonable assurance of effective and efficient operations, internal financial control and compliance with laws and regulations.

Materiality

The APB defines this concept as 'an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole. A matter is material if its omission would reasonably influence the decisions of an addressee of the auditor's report; likewise a misstatement is material if it would have a similar influence. Materiality may also be considered in the context of any individual primary statement

within the financial statements or of individual items included in them. Materiality is not capable of general mathematical definition, as it has both qualitative and quantitative aspects’.

The term ‘materiality’ applies only to the financial statements. Auditors appointed by the Commission have responsibilities and duties under statute, as well as their responsibility to give an opinion on the financial statements, which do not necessarily affect their opinion on the financial statements.

Significance

The concept of ‘significance’ applies to these wider responsibilities and auditors adopt a level of significance that may differ from the materiality level applied to their audit of the financial statements. Significance has both qualitative and quantitative aspects.

Those charged with governance

Those entrusted with the supervision, control and direction of the Committee. This term includes the members of the Committee.

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0844 798 7070

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The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors, members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.



Norfolk Joint Museums and Archaeology Committee
Annual Statement of Accounts and Annual Governance Statement
2011/12

Report by the Head of Finance

This report summarises the Statement of Accounts of Norfolk Joint Museums and Archaeology Committee for 2011/12 which have been subject to external audit by the Audit Commission. The 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. This 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.

This report also introduces the proposed Annual Governance Statement 2011/12, which is incorporated into the Statement of Accounts, and provides assurance that the organisation's governance framework, including the system of internal control and internal audit, is adequate and effective for the purpose of the relevant regulations.

Recommendation

The Norfolk Joint Museums and Archaeology 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 Annual Governance Statement and commend the Statement for signature by the Chairman and the Director of Community Services
- consider and approve the Statement of Accounts for 2011/12.

1. Introduction

- 1.1 As part of the formal process of closing the Committee's 2011/12 accounts Members are required to approve the Statement of Accounts, attached as Appendix 1 to this report, by 30 September. This process of approval is included within the Committee's terms of reference.
- 1.2 The Committee's external auditor, the Audit Commission, has examined the accounts. Their examination is now substantially complete and there is a separate report from them on this agenda.
- 1.3 The Committee's Annual Governance Statement, as described in section 3 of this report, has been incorporated into the Statement of Accounts.
- 1.4 This report summarises the contents of the accounts and actions identified to address the issues raised by the Audit Commission in their Annual Governance Report.

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 of the Committee's Statement of Accounts.
- 2.2 The 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 (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 2012 and also the income and expenditure for the financial year.
- 2.3 The Committee continues to prepare the 2011/12 Statement of Accounts under International Financial Reporting Standards.
- 2.4 A public inspection period of Monday 9 July to Friday 3 August 2012 was publicised in accordance with the relevant regulations, with a press advertisement and information on the Norfolk County Council web site.
- 2.5 In accordance with good practice, the draft Statement of Accounts has been publicly available on Norfolk County Council's web site since 9 July 2012.

- 2.6 The Audit Commission started their detailed examination of the Statement of Accounts in July and will present their Annual Governance Report to this meeting. They will only be able to formally conclude the audit, and issue their report and certificate, if they have received a copy of the Statement of Accounts as approved by this Committee.
- 2.7 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.
- 2.8 The Accounts and Audit Regulations require that the 2011/12 Statement of Accounts must be published by 30 September.

3. Annual Governance Statement

- 3.1 Regulations require that:
- the Committee must conduct a review at least once a year of the effectiveness of its system of internal control, including internal audit
 - 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.
- 3.2 Guidance for the preparation, review and reporting of the Annual Governance Statement has been issued by CIPFA/SoLACE and has been used in the preparation of this Statement.
- 3.3 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 reported to the Committee on 22 June 2012 that in his opinion the system of internal control including the arrangements for the management of risk during 2011/12 was acceptable and therefore considered sound. There were no findings with respect to his review of the system of internal control. The Committee accepted this opinion. That report also set out how the Committee undertakes an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with proper practices in relation to internal control.
- 3.4 An Annual Governance Statement is included in the Statement of Accounts at Appendix 1. This draft Statement was published along with the draft Statement of Accounts in July on the Council's website. It is commended to the Committee for approval.

4. Changes to the Presentation of the Accounts

- 4.1 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.

- 4.2 The 2011/12 Statement of Accounts includes two notable changes to content:
- The inclusion of a note to the accounts outlining the main collections of Heritage Assets which the Committee is given use of
 - The inclusion of a note to the accounts detailing the number and cost of exit packages agreed in the year.

5. Statement of Accounts – Content

- 5.1 The accounts are set out in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 which reflect the significant changes in 2010/11 resulting from the adoption of International Financial Reporting Standards.
- 5.2 The Statement of Accounts includes the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, a Balance Sheet and Cash Flow Statement.

Explanatory Foreword

- 5.3 The purpose of the foreword is to offer interested parties an easily understandable guide to the most significant matters in the accounts.

Annual Governance Statement

- 5.4 The Accounts and Audit Regulations require the preparation of an Annual Governance Statement, signed by the Chairman and the Director of Community Services. This statement is not covered by the External Auditor's opinion. There is no requirement to publish this statement as part of the Statement of Accounts, but the Committee is following good practice in so doing.
- 5.5 This statement is included on pages 10 to 23. It confirms that, during the 2011/12 financial year, and up to the date the accounts are published, overall Corporate Governance arrangements and internal controls in the Committee were in place and effective in terms of business as well as financial risk. It also confirms that areas where controls need to be developed or improved are known about and are being actioned.

Statement of Responsibilities

- 5.6 This statement sets out the respective responsibilities of the Joint Committee and the Head of Finance in relation to the production of the final accounts.

Independent Auditors' Report

- 5.7 This report will set out the External Auditor's opinion in respect of the Statement of Accounts. Based on an assumption that this committee

will agree to approve the Statement of Accounts, the Committee expects to receive an unqualified audit opinion.

Movement in Reserves Statement

- 5.8 This statement shows the movement during the year of all the Committee's useable and unusable reserves and shows the aggregate change in its net worth.

Comprehensive Income and Expenditure Statement

- 5.9 The Comprehensive Income and Expenditure Statement shows the resources generated and consumed by the Committee.

Balance Sheet

- 5.10 The Balance Sheet statement sets out the financial position of the Committee at 31 March 2012. The statement shows the balances and reserves at the Committee's disposal and net current assets employed.

Cash Flow Statement

- 5.11 The cash flow statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue purposes. The statement shows that there has been a net decrease in cash and cash equivalents.

Notes to the Core Financial Statements

- 5.12 The first note to the Accounts is the Statement of Accounting Policies which summarises the accounting rules and conventions that have been used in preparing the accounts.
- 5.13 The Code requires that some specific notes have to be included in the Statement of Accounts, e.g. disclosure of related party transactions. In addition, other notes may be added in order that a reader of the accounts has sufficient information to have a good understanding of the Committee's activities.

6. Accounting Adjustments

- 6.1 The Audit Commission classify accounting adjustments into three categories:
- Material adjustments – These are adjustments that if uncorrected would lead to a material misstatement in the accounts.
 - Non-Trivial adjustments – The Audit Commission set a limit where adjustments are required to the accounts. These are not material adjustments but by making the changes the overall quality of the accounts is improved.
 - Trivial adjustments – These are items that require no amendments to the accounts but may be issues that need

to be reviewed to improve the quality of future years accounts.

- 6.2 During the audit, the Audit Commission have identified a number of adjustments to correct material and non-trivial errors within the financial statements and associated notes. These items are summarised on page 5 of the Audit Commission's Annual Governance Report and adjustments to the draft financial statements dated 29 June 2012 have been made accordingly.
- 6.3 With the agreement of the auditors, a number of other adjustments and corrections have also been made to the accounts, and a number of disclosures added or enhanced, but none have affected the Joint Committee's reported total Reserves or Net Assets as at 31 March 2012.
- 6.4 As part of the process for producing the Statement of Accounts, an annual review is undertaken to identify areas for improvement and that review will include identifying processes and controls to either prevent or minimise the recurrence of the adjustments identified by officers and the Audit Commission included in this report. In particular:
- coding has been reviewed to reduce the risk that gross income and expenditure are not overstated
 - care will be taken to ensure that the requirements of the Code, including any new disclosures, are fully complied with in producing the Statement of Accounts

7. Resource Implications

- 7.1 There are no finance, staff, property or IT implications arising from this report.

8. Other Implications

- 8.1 There are no legal, human rights, and communication implications arising from this report. The contents of this report do not directly impact on equality, in that it is not making proposals that will have an impact on equality of access or outcomes for diverse groups.

9. Risk Implications/Assessment

- 9.1 There are no risk implications arising from this report.

10. Section 17 Crime and Disorder Act

- 10.1 There are no direct implications of this report for the Crime and Disorder Act.

11. Alternative Options

11.1 There are no alternative options that the Committee needs to consider.

12. Conclusion

12.1 The 2011/12 Statement of Accounts has been produced in accordance with statutory regulations. The audit of the accounts is now substantially complete and it is anticipated the Committee will receive an unqualified audit opinion.

13. Recommendation

The Committee is requested to:

13.1 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.

13.2 consider and approve the Annual Governance Statement and commend the statement for signature by the Chair and the Director of Community Services.

13.3 consider and approve the 2011/12 Statement of Accounts

Officer Contact

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

Name	Telephone Number	Email address
Harvey Bullen	01603 223330	harvey.bullen@norfolk.gov.uk

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



**Norfolk Joint Museums and Archaeology
Committee**

**Statement of Accounts
2011-12**

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Overview of the Norfolk Joint Museums and Archaeology 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 and Archaeology Committee (the Joint Committee) is responsible for:

- Monitoring the effective operation of the Norfolk Museums and Archaeology 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 and Archaeology 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 and Archaeology 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 and archaeological 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 and Archaeology 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 and Archaeology 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 two co-opted non-voting members, 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 and Archaeology Committee, and processes all financial transactions through its bank accounts. However, within the Accounts and Audit Regulations, the Norfolk Joint Museums and Archaeology 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 2012 was 126 full time equivalents (FTE) (138.03 at 31 March 2011). In addition to these staff, the County Council also employs a significant number of people on a seasonal or temporary basis. These staff are not included in the FTE figure due to the temporary nature of their contracts. The reduction in staff numbers is primarily due to a reduction in opening hours and staffing in museums.

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.

Explanatory Foreword

This report presents the statutory financial statements of Norfolk Joint Museums and Archaeology Committee for the period from 1 April 2011 to 31 March 2012.

The accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2011-12 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 of Practice 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 2012. 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.

Heritage Assets

The 2011-12 accounts adopt the requirements of FRS30 ‘Heritage Assets’. This accounting standard requires the committee to recognise Heritage Assets as a separate class of asset. Although the Joint Committee has use of a significant number of Heritage Assets, the Joint Museums Agreement 2006 stipulates that these assets belong to the constituent parties of the Joint Committee and other third parties. Further information on the Heritage Assets within the Joint Committee arrangement is detailed in the notes to the accounts.

Sources of funding

In 2011/12 Norfolk County Council was the primary source of funding for the Norfolk Joint Museums and Archaeology 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 2011/12 was £8.903m (£10.742m in 2010/11)

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.

	Budget £000s	Outturn £000s	Variance £000s
Service Expenditure	8,903	8,866	(37)
Net Transfers To Reserves		284	284
Gross Expenditure	8,903	9,150	247
Funded by:			
Contributions	5,297	5,500	203
Grant Income	1,997	2,039	42
Other Sources	1,581	1,611	30
Net Transfers From Reserves	28		(28)
Total Funding	8,903	9,150	247
Net Outturn Position	0	0	0

Capital Expenditure

The Norfolk Joint Museums and Archaeology 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 and Archaeology Committee uses. As a result the Joint Committee accounts do not include capital expenditure, except for the revenue costs of using the assets. These costs are included in the Comprehensive Income and Expenditure Statement, but are reimbursed by Norfolk County Council.

Actual capital expenditure on assets used by the Joint Committee in 2011/12 was £733,467 in comparison with the planned expenditure of £762,066, resulting in an underspend of £28,599.

The entirety of this underspend is accounted for by the movement of schemes into future years, including:

£	Scheme
14,489	Biomass Boiler
3,192	Lynn Museum Roof
10,918	Other Small Schemes
<hr/>	
28,599	

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 Head of Finance, P. D. Brittain, Norfolk County Council, County Hall, Martineau Lane, Norwich, NR1 2DW.

Annual Governance Statement for Norfolk Joint Museums and Archaeology Committee 2011/12

Scope of responsibility

- 1.1 The Norfolk Joint Museums and Archaeology Committee (NJMAC), 'the Committee' is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and is used economically, efficiently and effectively. The Committee 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 Committee 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 Committee 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 NJMAC follows Norfolk County Council's (NCC) Constitution and relies on its governance, practices and procedures.
- 1.4 The County Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SoLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is on our website at www.norfolk.gov.uk or can be obtained from Mr. P D Brittain, 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 authority is directed and controlled, and its activities through which it accounts to, engages with and leads the community. It enables the authority 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 for the Committee for the year ended 31 March 2012 and up to the date of approval of this Statement.

The key elements of the systems and processes that comprise the Committee's governance arrangements include arrangements for:	
<ul style="list-style-type: none">Identifying and communicating the Committee's vision of its purpose and intended outcomes for citizens and service users.	<p>NMAS presented a report on the Service and Budget Planning 2012-15 to the Committee in April 2012 and this was approved by the Committee at the same meeting.</p> <p>This can be found on the Council's website at http://www.norfolk.gov.uk/Council_and_democracy/Committees/DisplayResultsSection/Papers/index.htm?Committee=Norfolk%20Joint%20Museums%20and%20Archaeology%20Committee.</p>

<ul style="list-style-type: none"> • Reviewing the Committee's vision and its implications for the Committee's governance arrangements. 	<p>The Committee considered its Development Strategy at its April 2011 meeting. The Committee is now moving from an intensive capital development phase to one focussed on improved services delivered from its redeveloped sites. The report also covered the initiatives to meet the challenging efficiency targets and progress on developing options for future governance changes.</p> <p>The Committee's Museums Service Options Appraisal was reported to the Committee in January 2012. The Committee resolved that the service retains its current status.</p> <p>Agendas and minutes for the Committee's meetings are accessible on the County Council's website. http://www.norfolk.gov.uk/Council_and_democracy/Committees/index.htm</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"> • Measuring the quality of services for users, for ensuring they are delivered in accordance with the Committee's objectives and for ensuring that they represent the best use of resources. 	<p>In order to measure the quality of services we provide in trying to achieve our objectives, the Committee produces a Service Plan. The 2011-12 Plan was approved by the Committee at its meeting on 15 April 2011.</p> <p>The Service Plan is monitored and reported to the Committee and to the Community Services Overview & Scrutiny Panel quarterly.</p>

<ul style="list-style-type: none"> 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. 	<p>The Committee has adopted and follows the County Council's Constitution which sets out how all the Council 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 Committee or the Council to choose.</p> <p>The Chief Officers of the NMAS have the same powers of management that are given to all Chief Officers of the County Council.</p>
<ul style="list-style-type: none"> Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff. 	<p>The Committee has adopted and follows the County Council's Constitution which includes a code of conduct for members. The Committee applies the Council's Corporate Human Resources (HR) Practices Manual in which there is also a Standards of Conduct and Behaviour Policy for staff. http://www.peoplenet.norfolk.gov.uk/view/NCC069208</p> <p>The Committee also adheres to the Museums Association's Code of Ethics (see www.museumsassociation.org)</p> <p>The Committee has adopted and applies the Council's Anti Fraud and Corruption Strategy which includes roles of members and staff. http://www.norfolk.gov.uk/view/ncc102043</p>

<ul style="list-style-type: none"> • Reviewing and updating standing 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>The Committee has adopted and applies the Council's Financial Regulations and Financial Procedures. The Financial Regulations form part of the County Council's 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>http://intranet.norfolk.gov.uk/dfi/regs.htm</p>
<ul style="list-style-type: none"> • Ensuring the Committee's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2010). 	<p>The Council's CFO is the Head of Finance who also acts as the CFO for the Committee. The Head of Finance is represented by the Finance Business partner for the service.</p> <p>The Annual Governance Statement for the 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"> • Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities. 	<p>The Committee and where relevant the Accounts Approval & Urgent Business Sub Committee are 'those charged with Governance' for the Committee. In addition, the Norfolk County Council Audit Committee provides the core functions of an audit committee on behalf of the Committee.</p> <p>Norfolk Audit Services strategy for the delivery of the audit service provides for delivery of work for the Committee for instance in reporting to the Committee and facilitation of the delivery of this Annual Governance Statement.</p> <p>The Council's Audit Committee approves an annual audit plan for Norfolk Audit Services which includes audits which relate directly to this Committee and also indirectly to the whole internal control environment on which the Committee relies</p> <p>The minutes and agendas from the Audit Committee's quarterly meetings are available on The 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 places reliance on the effectiveness of the governance arrangements for the Committee and is reported within the Chief Internal Auditor's NCC Annual Internal Audit Report.</p>
<ul style="list-style-type: none"> • Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful. 	<p>The Head of Law is given the duty of being the Monitoring Officer for this Committee and of the 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 Council's Constitution, which the Committee have adopted.</p>

<ul style="list-style-type: none"> Whistle-blowing and for receiving and investigating complaints from the public. 	<p>Whenever a member of the public contacts the service to either complain to or praise the Committee the contact will be dealt with in accordance with the Council's Complaints & Compliments Policy and procedures adopted by this Committee. Both of these are available on NCC's website. http://www.norfolk.gov.uk/view/NCC104061</p> <p>The Committee operates an Anti Fraud & Corruption Strategy, which is linked to the Whistle blowing policy and is adopted from the Council. These are internal policies, which all staff are expected to follow. http://www.norfolk.gov.uk/view/ncc102043 http://intranet.norfolk.gov.uk/whistleblowing/whispol.doc</p> <p>There were no instances of Whistle blowing with respect to the Committee during 2011-12.</p>
<ul style="list-style-type: none"> Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training. 	<p>The Committee 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, including those working for the Committee, through corporate programmes or as identified through the annual appraisal process.</p>

- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

The Committee maintains a website which contains useful information for its users including news, details of collections and online exhibitions. The Committee also produce a quarterly newsletter which is available on the Council's website.

http://www.museums.norfolk.gov.uk/Whats_On/index.htm

The Committee's work is covered by and is sometimes featured in several magazines the County Council publishes - all are available electronically and people can subscribe to email updates for the public-facing publications. *Your Norfolk* magazine is delivered in hard copy to most households in Norfolk three times a year, and is also available online. The online only *Norfolk Matters* magazine is specifically for parish councils. *Horizon* is for staff, including those working for the Committee, and principally sent out by email, although some printed copies are available for those without regular access to email. *Norfolk Manager* is also published electronically.

The County Council's website has pages dedicated to the Committee's work to allow easy, instant access to information. Wherever possible NCC wants web users to have the option to 'self-serve. Web users can subscribe to email updates on a range of topics, including those covered by this Committee.

We also use social media platforms where appropriate as a cost effective way to reach web users who might not visit the Council's website for information. Our main corporate Twitter feed has about 3,200 followers.

<ul style="list-style-type: none"> • Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the Committee's overall governance arrangements. 	<p>The Committee works in partnership with district councils and Norwich City Council. The Committee also manages one National Trust property and the collections of the Royal Norfolk Regimental Trust as partnership arrangements.</p>
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3 Review of effectiveness

- 3.1 The Committee 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 NMAS museums covered by the Committee 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 five years and position reports are required every two years. Accreditation was confirmed in 2010 following the last position statement.
- 3.3 The Annual NMAS plan relating to Renaissance in the Regions, a government funding stream made available through Arts Council England, is audited by the Arts Council.

The process that has been applied in maintaining and reviewing the effectiveness of the governance framework include:

The Committee & the Management Team

- 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.

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.

The Committee Agreement in 2006 stated that the Section 151 Officer would be the treasurer of the Joint Committee.

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

The Committee has adopted the Council’s Risk Management Framework and Policy which is reviewed annually by the Council’s Audit Committee and significant changes are reported to and approved by the Council.

The embedding of risk management into the Committee’s business activity is continuing. Action is being taken by the Committee to ensure Risk management is fully embedded.

The Committee have a risk register which is reviewed monthly and reported at each meeting. Corporate and departmental risk registers, including Community Services 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 Community Services Review Panel. Further communications and training to members and staff are planned; with the objective of ensuring risk management and awareness are embedded in the Committee’s practices and procedures.

Insurance policies and funds are in place and are regularly reviewed, at least

<ul style="list-style-type: none"> • 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. 	<p>annually, to ensure the Committee is adequately safeguarded.</p> <p>The NMAS presented a report on the Service and Budget Planning 2012-15 to the Committee in April 2012 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 Committee meeting for discussion and review.</p> <p>The Committee, through the Council, has demonstrated its commitment through its IIP accreditation, which was successfully reassessed during September 2007.</p> <p>The Committee receive regular reports to measure progress against the Service Plan.</p>
<p>The Audit Committee/Overview and Scrutiny Committee/Risk Management Committee</p>	
<ul style="list-style-type: none"> • The audit and scrutiny function is carried out and developed directly through the Committee and the Accounts Approval & Urgent Business Sub-Committee. Indirectly as the host organisation, the Community Services Cabinet Scrutiny Committee and the Audit Committee support the Committee. 	<p>The Committee receives reports on the Service Plans, progress reports, the Annual Statement of Accounts, the Monitoring Officer's Annual Report and an Annual Internal Report as well as independent auditor reports.</p> <p>The Cabinet Scrutiny Committee, the Audit Committee have continued to carry out reviews across a wide range of topics.</p>
<p>The Standards Committee</p>	
<ul style="list-style-type: none"> • The role of the Standards 	<p>The Committee was subject to the County Council's Standards Committee.</p>

<p>Committee is to promote and maintain high standards of conduct by councillors and co-opted members.</p>	<p>The Committee met during 2011-12. Its business included:</p> <ul style="list-style-type: none"> • A review of the Standards Complaints received during 2011 • The new standards regime introduced by the Localism Act 2011 <p>Co-opted members to the Committee follow the same County Council standards as other members.</p>
<p>Chief Financial Officer</p>	
<ul style="list-style-type: none"> • The Head of finance is the Chief Finance Officer for NCC and the Committee. 	<p>The financial management arrangements for the Committee follow those for the County Council and those conform to the CIPFA 2010 statement on the role of the CFO. Further details are included within the County Council's Annual Governance Statement, available on the Council's website.</p>
<p>Internal Audit</p>	
<ul style="list-style-type: none"> • Internal Audit provide independent and objective assurances across the whole range of the Committee's financial and non-financial activities 	<p>The External Auditor is able to place reliance on the work of Norfolk Audit Services (NAS) and has assessed that Internal Audit provides an effective service overall to the Committee.</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 Committee in carrying out its functions.</p> <p>Two reviews, one internal and one external, on the topic of security at the Castle Museum, which related directly to the work of the NMAS, were started in late 2011-12 at the request of Director of Community Services and the Head of Museums and in agreement with the Head of Finance. The internal work (see Significant</p>

	<p>governance issues below) was in addition to the Annual Internal Audit Plan agreed with the Audit Committee in April 2011.</p> <p>A follow up audit of Museums Income Control was undertaken and adequate action had been taken on all findings.</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 NMAS.</p>
<p>Other explicit review/assurance mechanisms</p>	
<ul style="list-style-type: none"> • External Audit provide a further source of assurance by reviewing and reporting upon the Committee's internal control processes and any other matters relevant to their statutory functions and codes of practice. • Codes of practice are issued by external bodies in respect of Committee services and processes, with which the Committee is expected to comply. • Reviews by external agencies and inspectorates, which would encompass most major services, 	<p>The Audit Commission issued a final Annual Governance Report for 2010-11 in November 2011. The report</p> <ul style="list-style-type: none"> • gave an unqualified audit opinion, • stated that the internal control environment was adequate and • gave an unqualified opinion with respect to the arrangements to secure value for money. <p>The Committee benefits from the Council's Treasury Management function. The Council has adopted the CIPFA Treasury Management in Public Services Code from November 2002.</p> <p>The Committee 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 in respect of the Committee's audit work.</p> <p>See section 3.2 above (the Review of Effectiveness) and below in Significant governance issues.</p>

<p>and other specific external evaluations, for example, the Local Government Ombudsman and Health & Safety inspectorates.</p>	
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Significant governance issues

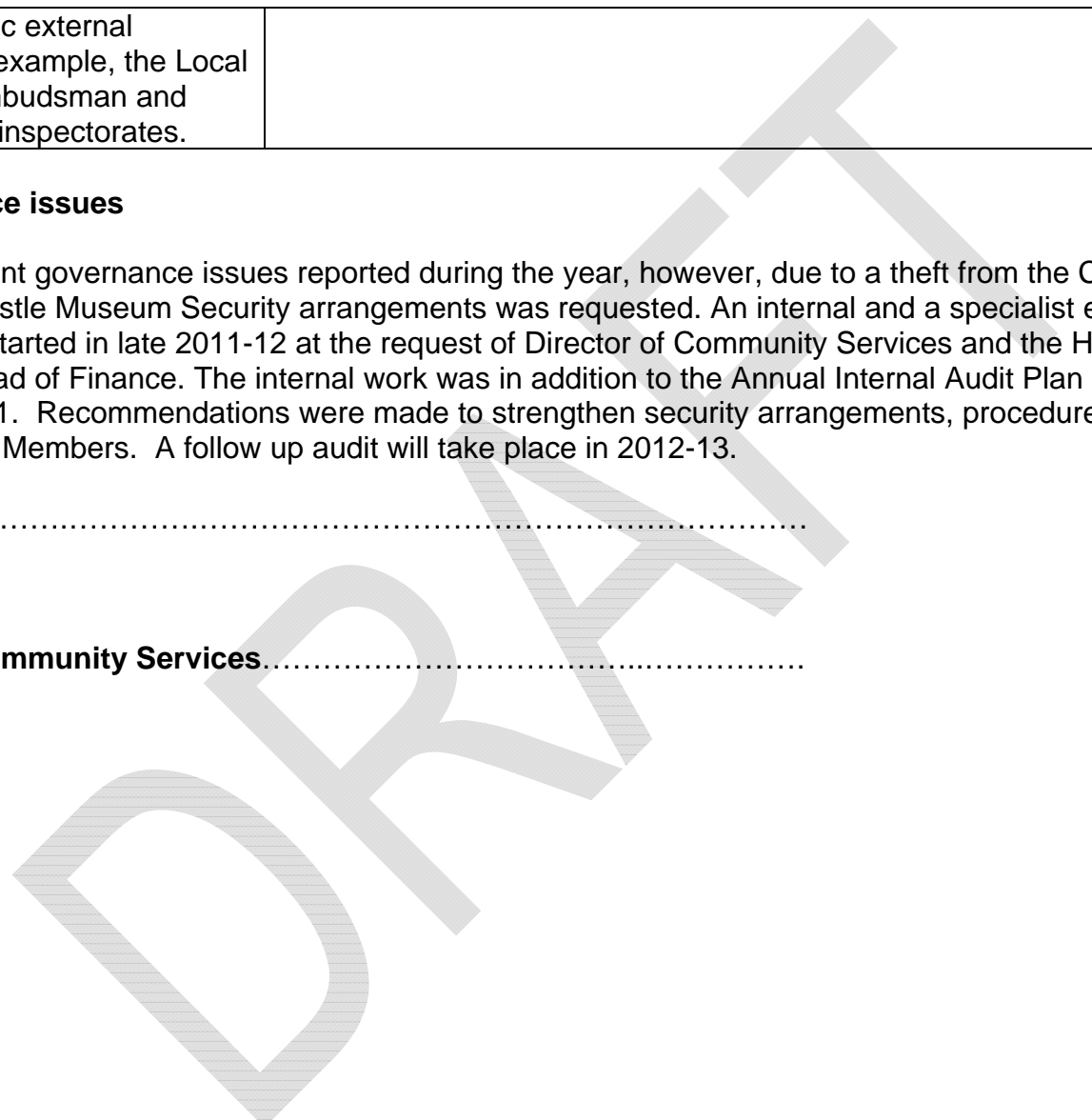
There were no significant governance issues reported during the year, however, due to a theft from the Castle Museum during the year a review of the Castle Museum Security arrangements was requested. An internal and a specialist external review were commissioned, which started in late 2011-12 at the request of Director of Community Services and the Head of Museums and in agreement with the Head of Finance. The internal work was in addition to the Annual Internal Audit Plan agreed with the Audit Committee in April 2011. Recommendations were made to strengthen security arrangements, procedures and internal controls which were reported to Members. A follow up audit will take place in 2012-13.

Signed: **Chairman**.....

Date:

Signed: **Director of Community Services**.....

Date:



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: 28 September 2012

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 set out on pages 27 to 56 presents a true and fair view of the financial position of the Joint Committee at 31 March 2012 and its income and expenditure for the year ended 31 March 2012.

P. D. Brittain,

Head of Finance

Date: 19 September 2012

Independent Auditors' Report to Members of Norfolk Joint Museums and Archaeology Committee

[The Audit Commission will provide an Auditor's Report to be inserted here]

DRAFT

Movement in Reserves Statement

	Note	General Fund £000	Earmarked Reserves £000	Total Usable Reserves £000
Balance at 31 March 2010		0	726	726
Movement in reserves during 2010/11				
Surplus or (Deficit) on the provision of services		(43)	0	(43)
Total Comprehensive Income and Expenditure		(43)	0	(43)
Net Increase / (Decrease) before Transfers to Earmarked Reserves		(43)	0	(43)
Transfers to / from Earmarked Reserves		43	(43)	0
Increase / (Decrease) in Year		0	(43)	(43)
Balance at 31 March 2011		0	683	683

	Note	General Fund £000	Earmarked Reserves £000	Total Usable Reserves £000
Balance at 31 March 2011		0	683	683
Movement in reserves during 2011/12				
Surplus or (Deficit) on the provision of services		287	0	287
Total Comprehensive Income and Expenditure		287	0	287
Net Increase / (Decrease) before Transfers to Earmarked Reserves		287	0	287
Transfers to / from Earmarked Reserves	6	(287)	287	0
Increase / (Decrease) in Year		0	287	287
Balance at 31 March 2012		0	970	970

Comprehensive Income and Expenditure Statement

2010/11 (Restated)				2011/12		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000s	£000s	£000s		£000s	£000s	£000s
10,228	4,619	5,609	Museums and Archaeology Service	9,158	4,261	4,897
8	0	8	Corporate and Democratic Core	8	0	8
10,236	4,619	5,617	Cost of Services	9,166	4,261	4,905
		(5,574)	Contribution from NCC			(5,192)
		43	(Surplus) or Deficit on Provision of Services			(287)
		0	Other Comprehensive Income and Expenditure			0
		43	Total Comprehensive Income and Expenditure			(287)

Balance Sheet

31 March
2011
£000

0
101
1,222
<u>9</u>
1,332
<u>(649)</u>
(649)
0
<u>683</u>
683
<u>683</u>

Long Term Assets

Inventories
Short Term Debtors
Cash and Cash Equivalents

Current Assets

Short Term Creditors

Current Liabilities

Long Term Liabilities

Net Assets

Usable Reserves

Total reserves

Notes

31 March
2012
£000

	0
10	79
8	1,672
11	<u>8</u>
	1,759
9	<u>(789)</u>
	(789)
	0
	<u>970</u>
6	970
	<u>970</u>

Cash Flow Statement

2010/11	2011/12
£000s	£000s
40 Net (surplus) or deficit on the Provision of Services	(287)
Adjustments to net surplus or deficit on the provision of services for non-cash (41) movements	288
<u>(1) Net (increase) or decrease in cash and cash equivalents</u>	<u>1</u>
(8) Cash and cash equivalents at the beginning of the reporting period (note 11)	(9)
(9) Cash and cash equivalents at the end of the reporting period (note 11)	(8)

Notes to the Accounts

1 Accounting Policies

i. General Principles

The Statement of Accounts summarises the Joint Committee's transactions for the 2011/12 financial year and its position at the year-end of 31 March 2012. The Joint Committee is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 and the Service Reporting Code of Practice 2011/12 (SeRCOP), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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. Where material, an accrual is made for the cost of holiday entitlements (or any form of leave, eg time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

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.

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.

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.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing 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.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Joint Committee – these reserves are explained in the relevant policies.

xiii. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure in the Comprehensive Income and Expenditure Statement in the year.

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 Prior Period Adjustments

The Committee has become aware of a number of errors in the way the Statement of Accounts were prepared in prior years which have led to a material misstatement in the 2010/11 figures:

- A number of internal recharges and reallocations of income within the Committee were not recognised and removed from the analysis of revenue costs leading to an overstatement of both income and expenditure
- Redundancy payments charged to Norfolk County Council and relating to members of staff within the Museums Service were not included in the 2010/11 accounts. These costs should have been borne by the Committee and offset by an increased contribution by Norfolk County Council. The omission of these costs has led to an understatement of the Net Cost of Services and an understatement of the Norfolk County Council contribution
- Amounts of income received as grants and contributions and recognised through the Comprehensive Income and Expenditure Statement were not identified in the Grant Income note in the notes to the accounts.

The errors have been identified and corrected in the 2011/12 Statement of Accounts and have resulted in the following changes to the comparative figures provided in the accounts:

- The removal of the effects of internal recharges and income reallocations has resulted in a reduction of £0.334m in both the gross income and gross expenditure figures for the Museums and Archaeology Service, and the Cost of Services as a whole. The Cost of Services gross income has been restated from £4.953m to £4.619m and the Cost of Services gross expenditure has been adjusted from £10.512m to £10.170m. There was no effect on the Net Cost of Services.
- The inclusion of redundancy costs relating to Museums Service staff has led to an increase of £0.058m in both gross and net expenditure in the 2010/11 Comprehensive Income and Expenditure Statement. There is an increase of £0.058m in the Norfolk County Council contribution to the service resulting in no change to the Deficit on Provision of Services.
- In the Grant Income note, two amounts of £0.072m and £0.087m relating to Tyne and Wear Museums and Medway Council respectively have been added to the list of 2010/11 Grant Income figures. Additionally, an amount of £0.076m has been added to the list of contributions. The combined effect of these changes is an increase of £0.235m in the Total Income recognised in the note, with the revised total for 2010/11 being £2.898m.

3 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 assets of the Joint Committee might be impaired as a result of a need to close facilities and reduce levels of service provision.

4 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.

5 Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Head of Finance on 29th June 2012. 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 2012, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

6 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 2011/12.

	Balance at 31 March 2010	Transfers In 2010/11	Transfers Out 2010/11	Balance at 31 March 2011	Transfers In 2011/12	Transfers Out 2011/12	Balance at 31 March 2012
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Information Technology	9	0	0	9	0	(9)	0
Museums Income Reserve	95	43	(59)	79	0	0	79
Repairs and Renewals Fund	37	181	(9)	209	139	(11)	337
Unspent Grants and Contributions Reserve	585	428	(627)	386	528	(360)	554
TOTAL	726	652	(695)	683	667	(380)	970

Details of earmarked reserves:

Information Technology

Monies are set aside for specific IT projects.

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 meet the cost of emergency conservation works to collections at Norwich Castle.

Unspent Grants and Contributions Reserve

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

7 Financial Instruments

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

	31 March 2011 £000s	31 March 2012 £000s
Debtors		
Loans and receivables	1,222	1,672
Total Debtors	1,222	1,672
Creditors		
Financial liabilities at amortised cost	0	0
Financial liabilities carried at contract amounts	649	789
Total Creditors	649	789

The fair value of short term debtors and creditors is taken to be the invoiced or billed amount.

8 Debtors

	31 March 2011 £000s	31 March 2012 £000s
Central government bodies	471	558
Other local authorities	32	207
Prepayments	1	4
Other entities and individuals	93	31
Cash debtor adjustment	625	872
Less: Bad debt provision	0	0
Total	1,222	1,672

9 Creditors

	31 March 2011 £000s	31 March 2012 £000s
Central government bodies	51	23
Other local authorities	407	26
Receipts in advance	62	53
Public corporations and trading funds	20	17
Other entities and individuals	109	670
Total	649	789

10 Inventories

Consumable Stores

	2010/11 £000s	2011/12 £000s
Balance outstanding at start of year	205	101
Purchased	331	252
Recognised as an expense in year	(364)	(277)
Written off balances	(71)	(2)
Reversals of write offs in previous years	0	5
Balance outstanding at year end	101	79

11 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 2011 £000s		31 March 2012 £000s
<u>9</u>	Cash held by the Joint Committee	<u>8</u>
9	Total Cash & Cash Equivalents	8

12 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 Are Housed	Collection Ownership
Gressenhall Farm & Workhouse	Norfolk County Council
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

[†] Following the closure of the Royal Norfolk Regimental Museum displays at the Shirehall, a temporary display of collections belonging to the Trustees of the Royal Norfolk Regimental Museum is being housed at the Norwich Castle Museum pending a permanent display being opened there in 2012-13.

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.

13 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:

- no charges are made in relation to capital expenditure (depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to the service in the Comprehensive Income and Expenditure Statement, but met by the contribution from Norfolk County Council)
- expenditure on some support services is budgeted for within the County Council accounts and not charged to the Museums and Archaeology Service.

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

Income and Expenditure	2010/11	2011/12
	£000s	£000s
Fees charges & other service income	(3,483)	(3,112)
Government Grants	(2,360)	(1,574)
Total Income	(5,843)	(4,686)
Employee expenses	4,605	3,997
Other service expenses	5,874	5,408
Support service recharges	0	0
Total Expenditure	10,479	9,405
Net Expenditure	4,636	4,719

Reconciliation of Income and Expenditure 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.

	2010/11 £000s	2011/12 £000s
Net expenditure reported to committee	4,636	4,719
Net expenditure of support services not included in the Analysis	620	502
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	626	59
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	(265)	(375)
Cost of Services in Comprehensive Income & Expenditure Statement	5,617	4,905

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

2011/12

	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	(3,112)	0	428	(2)	(2,687)
Government Grants	(1,574)	0	0	0	(1,574)
Total Income	(4,686)	0	428	(3)	(4,261)
Employee expenses	3,997	0	0	35	4,032
Other service expenses	5,408	0	(803)	(40)	4,565
Support service recharges	0	502	0	0	502
Amortisation and Impairment	0	0	0	66	66
Total Expenditure	9,405	502	(803)	61	9,165
Net Expenditure	4,719	502	(375)	59	4,905
NCC Contribution	0			(5,192)	(5,192)
Surplus or Deficit on the Provision of Services	4,719	502	(375)	(5,133)	(287)

14 Members' Allowances

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

15 Officers' Remuneration

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

Position	Head of Norfolk Museums & Archaeology Service	
Post holder	Vanessa Trevelyan	
	2010/11	2011/12
	£	£
Salary	113,518	74,223
Total Remuneration (excluding Pension Contributions)	113,518	74,223
Pension Contributions	13,576	10,417
Total Remuneration (including Pension Contributions)	127,094	84,640

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. The split between compulsory and other departures is not available at this time, but will be refined for the 2012-13 accounts:

Exit Package cost band	Total number of exit packages by cost band		Total cost of exit packages in each band	
	2010-11	2011-12	2010-11	2011-12
			£000s	£000s
£0 – £80,000	4	8	58	29
Total	4	8	58	29

The above note has been prepared on the basis of exit packages paid during 2010/11 and 2011/12. The Code requires the disclosure of exit packages agreed rather than paid, but due to the complexity of collecting this information this has not been possible.

16 External Audit Costs

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

	2010/11	2011/12
	£000s	£000s
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	20	17
Total	20	17

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.

17 Grant Income

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

	2010/11 (Restated) £000s	2011/12 £000s
Grant Income:		
MLA Council Grant	2,170	1,719
Department for Work and Pensions	68	0
Heritage Lottery Fund	55	167
Arts Council Grant	21	0
Colchester Borough Council	0	11
Improvement East	0	60
Medway Council	87	25
Tyne & Wear Museums	72	229
Other Small Grants	90	57
Total Grant Income	2,563	2,268
Contributions:		
Great Yarmouth Borough Council	47	43
Borough Council of King's Lynn and West Norfolk	126	38
North Norfolk District Council	68	46
Norwich City Council	18	14
National Art Collections Fund	0	70
National Heritage Memorial Fund	0	93
Other Small Contributions	76	130
Total Contribution Income	335	434
Total	2,898	2,702

18 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 10 on reporting for resources allocation decisions.

Members

Members of the Joint Committee have direct control over the Joint Committee's financial and operating policies. During 2011/12, there were no related party transactions in relation to Members.

Officers

During 2011/12, there were no related party transactions in relation to Officers.

19 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 2011/12, Norfolk Joint Museums and Archaeology Committee's expenditure includes employer's contributions, including unfunded benefits, of £454,504, representing 15.5% of employees' pensionable pay. This has been paid into the Norfolk Pension Fund. (In 2010/11, this was £613,000, representing 17.9% of pensionable pay)

20 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.

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 2010/11: 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

Letter of Representation

Report by the Head of Finance

Summary

This report provides details of the Letter of Representation in connection with the audit of the financial statements for 2011/12.

Recommendation

The Norfolk Joint Museums and Archaeology Committee is recommended to endorse the Letter of Representation and that the Leader and the Head of Finance sign it on behalf of the Committee.

Introduction

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

Letter of Representation

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 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 Head of Finance has, having made appropriate enquiries of officers of Norfolk Joint Museums & Archaeology Committee, written the letter, which is attached to this report.

Recommendation

It is recommended that the Committee endorses the letter of representation and that the Chairman and Head of Finance sign it on behalf of the Committee.

If you need this statement in large print, audio, Braille, alternative format or in a different language please contact Sam Jarrett on tel. 01603 222828 or textphone 0844 8008011, and we will do our best to help.



My Ref: s/genrep/2012
Your Ref: .

Please ask for: Sam Jarrett
Direct Dialling Number: 01603 222828
Fax Number: 01603 222811
Email: sam.jarrett@norfolk.gov.uk

Mr R Murray
Audit Commission
3rd Floor, Eastbrook
Shaftesbury Road
Cambridge
CB2 8BF

Audit of Norfolk Joint Museums and Archaeology Committee for the 2011/12 year ended 31 March 2012

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers and members of Norfolk Joint Museums and Archaeology Committee, the following representations given to you in connection with your audit of the Joint Committee's financial statements for the year ended 31 March 2012.

I have fulfilled my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Accounts and Audit (England) Regulations 2011 and the Code of Practice on Local Authority Accounting in the United Kingdom which give a true and fair view of the financial position and financial performance of the Joint Committee, for the completeness of the information provided to you, and for making accurate representations to you.

Supporting Records

I have made available all relevant information and access to persons within the Joint Committee for the purpose of your audit. I have properly reflected and recorded in the financial statements all the transactions undertaken by the Joint Committee.

Irregularities

I acknowledge my responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud or error.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements;
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others; and
- the results of our assessment of the risk the financial statements may be materially misstated as a result of fraud.

Law, regulations contractual arrangements and codes of practice

I have disclosed to you all known instances of non-compliance, or suspected non-compliance with laws, regulations and codes of practice, whose effects should be considered when preparing financial statements.

Transactions and events have been carried out in accordance with law, regulation or other authority. The Joint Committee has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance.

All known actual or possible litigation and claims, whose effects should be considered when preparing the financial statements, have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

Accounting estimates including fair values

I confirm the reasonableness of the significant assumptions used in making the accounting estimates, including those measured at fair value.

Related party transactions

I confirm that I have disclosed the identity of the Joint Committee's related parties and all the related party relationships and transactions of which I am aware. I have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the Code.

Contingent liabilities

I confirm that there are no contingent liabilities that have not been disclosed in the financial statements but should have been. In particular:

- there is no significant pending or threatened litigation, other than those already disclosed in the financial statements;
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements;
- no financial guarantees have been given to third parties.

Subsequent Events

I have adjusted for or disclosed in the financial statements all relevant events subsequent to the date of the financial statements.

Signed on behalf of Norfolk Joint Museums and Archaeology Committee
I confirm that this letter has been discussed and agreed by Norfolk Joint
Museums and Archaeology Committee on 28 September 2012

P.D. Brittain, Head of Finance

Chairman, Norfolk Joint Museums and Archaeology Committee

Date: 28 September 2012

Audit Commission – Draft Annual Audit Letter 2011-12

Report by the Head of Finance

Summary

This note introduces the Audit Commission's draft Annual Audit Letter for Norfolk Joint Museums and Archaeology Committee.

Recommendation

The Joint Committee should note this report and consider whether the Committee wishes to take any further action.

Audit Commission's Draft Annual Audit Letter

The draft Annual Audit Letter, attached as Appendix A, provides a summary of the Audit Commission's assessment of the Joint Committee.

The Annual Audit Letter provides a formal opinion on the Joint Committee's accounts, financial systems, Annual Governance Statement and the Value for Money conclusion with respect to the financial year 2011-12.

Recommendation

The Joint Committee should note this report and consider whether the Committee wishes to take any further action.

Paul Brittain
Head of Finance
01603 222401
email: paul.brittain@norfolk.gov.uk

If you need this statement in large print, audio, Braille, alternative format or in a different language please contact Sam Jarrett on tel. 01603 222828 or textphone 0844 8008011, and we will do our best to help.



September 2012

Members
Norfolk Joint Museums and Archaeology Committee
County Hall
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Norwich
Norfolk
NR1 2DH

Direct line 0844 798 5777
Email r-murray@audit-
commission.gov.uk

— Dear Member

Norfolk Joint Museums and Archaeology Committee - Annual Audit Letter 2011/12

I am pleased to submit my Annual Audit Letter which summarises my 2011/12 audit of Norfolk Joint Museums and Archaeology Committee.

Financial statements

On 28 September 2012 I presented my Norfolk Joint Museums and Archaeology Committee Annual Governance Report (AGR) to the Museums Accounts Approval and Urgent Business Sub-Committee outlining the findings of my audit of the Authority's 2011/12 financial statements. I will not replicate those findings in this letter.

Reporting the results of my audit

Following the Museums Accounts Approval and Urgent Business Sub-Committee, on 28 September 2012 I:

- issued an unqualified opinion on the Committee's 2011/12 financial statements;
- concluded that you have made proper arrangements to secure economy, efficiency and effectiveness in your use of resources;
- concluded that there are no matters arising from my value for money work that I need to report; and
- certified completion of the audit.

Closing remarks

I have discussed and agreed this letter with the Chief Executive and Head of Finance. While this has been another challenging year for the Committee I wish to thank the finance staff for their positive and constructive approach they have taken to my audit. I also wish to thank senior management and the Joint Committee for their support and co-operation during the audit.

Yours sincerely

Rob Murray
District Auditor