

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 4 November 2011	2.30pm	The Cranworth Room, County Hall, Norwich

Membership

Mr D Bradford	Dr C Kemp
Mr P Duigan	Mr B Stone
Mr P Hardy	Mr M Wilby
	One vacancy

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 25 June 2010.
- 5 Members to Declare Any Interests**
Please indicate whether the interest is a personal one only or one which is prejudicial. A declaration of a personal interest should indicate the nature of the interest and the agenda item to which it relates. In the case of a personal interest, the member may speak and vote on the matter. Please note that if you are exempt from declaring a personal interest because it arises solely from your position on a body to which you were nominated by the County Council or a body exercising functions of a public nature (e.g. another local authority), you need only declare your interest if and when you intend to speak on a matter.

If a prejudicial interest is declared, the member should withdraw from the room whilst the matter is discussed unless members of the public are allowed to make representations, give evidence or answer questions about the matter, in which case you may attend the meeting for that purpose. You must immediately leave the room when you have finished or the meeting decides you have finished, if earlier. **These declarations apply to all those members present, whether the member is part of the meeting, attending to speak as a local member on an item or simply observing the meeting from the public seating area.**

- 6 To Note Whether any Items Have Been Proposed as Matters of Urgent Business**
- 7 Letter of Representation** (PAGE)
Report by Head of Finance
- 8 Audit of the Statement of Accounts 2010-11** (PAGE)
Report by Head of Finance
- 9 Audit Commission - Annual Governance Report 2010/11** (PAGE)
Report by the Head of Finance
- 10 To Answer Formal Questions (if any) of Which Due Notice Has Been Given**
- 11 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

27 October 2011

Enquiries and names of any Substitute Members to Tim Shaw
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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 25 June 2010

Present:

Mr D Bradford
Mr G Cook
Mrs H T Nelson
Mr J Ward

Substitute Present:

Mr D Murphy for Mr M Wilby

1 Election of Chairman

Resolved –

That Mr J Ward be elected Chairman of the Sub-Committee for the ensuing year.

(Mr J Ward in the Chair)

2 Election of Vice-Chairman

Resolved –

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

3 Apologies

Apologies for absence were received from Mr M Hemsley and Mr M Wilby (with Mr D Murphy attending as Substitute).

4 Minutes

The minutes of the previous meeting held on 24 June 2008 were confirmed by the Sub-Committee and signed by the Chairman.

5 Declarations of Interest

There were no declarations of interest.

6 Urgent Business

There were no items of urgent business.

7 Annual Governance Statement 2009/10

The annexed report by the Head of Finance was received.

The Sub-Committee received a proposed Governance Statement that provided assurance the NMAS Governance Framework, including the system of internal control, was adequate and effective.

The Sub-Committee noted the following:

- There was a requirement for an Annual Governance Statement; the Sub-Committee supported the Annual Review.
- The Joint Museums and Archaeology Committee's Code of Corporate Governance had been reviewed by the Monitoring Officer and was considered to be adequate.
- The governance arrangements for 2009/10 were considered to be adequate and effective.
- Based on the evidence provided and reviewed, the key controls were considered to be complete, accurate and current.
- Chief Officers recognised the "corporate ownership" of the Joint Museums and Archaeology Committee's governance requirements and were comfortable with the review approach set out in paragraphs 4.2 and 4.3 of the covering report.
- The Annual Governance Statement was incorporated into the Annual Statement of Accounts appearing separately elsewhere on this agenda.

Resolved –

That the Sub-Committee approve the Annual Governance Statement for signing by the Chairman of the Sub-Committee and the Director of Community Services.

8 Norfolk Audit Services Annual Report 2009/10 on the Norfolk Joint Museums and Archaeology Committee

The annexed report by the Head of Finance was received.

The Sub-Committee received an Annual Report which summarised the internal audit work carried out in 2009/10, reported on Internal Audit's performance, provided assurance that financial, non-financial controls and risk management arrangements that existed were adequate and effective and provided details of the relevant sections of the 2010/11 Internal Audit Plan.

Resolved –

- That on behalf of the Norfolk Joint Museums and Archaeology Committee, the Sub-Committee adopt the Council's Anti-Fraud and Corruption Strategy

and approve the Norfolk Joint Museums and Archaeology Committee's Annual Internal Audit Report for 2009/10 and the key message: "Based on an analysis of the audit work carried out in reports issued, the Chief Internal Auditor can assure the Committee that the adequacy and effectiveness of internal control and risk management during 2009/10 was "acceptable" subject to further strengthening of controls through the implementation of the agreed actions arising from the audits shown at 4.1 of the attached report".

- That the systems of internal audit and internal control were adequate and effective during 2009/10 for the purpose of the latest regulations.
- That arrangement for dealing with fraud was considered to be adequate and had been reviewed in the light of the economic downturn.
- Note the content of the 2010/11 Audit Plan taken from the NAS Annual Report.

9 2009/10 Final Accounts

The annexed report by the Head of Finance was received.

The Sub-Committee received a report that set out the final accounts of the Norfolk Joint Museums and Archaeology Committee for 2009/10.

It was noted that the meeting had been preceded by an informative one 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. Members were grateful to Mr Harvey Bullen (Head of Budgeting and Financial Management) and his colleagues from Finance for conducting the Training Session that preceded the meeting.

Resolved –

That the Sub-Committee approve the Joint Committee's Statement of Accounts for 2009/10.

The meeting concluded at 2.25pm

Chairman



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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 2010/11.

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 Maria Fox on tel. 01603 222 or textphone 0844 8008011, and we will do our best to help.



My Ref: s/genrep/2011
Your Ref: .

Please ask for: Maria Fox
Direct Dialling Number: 01603 222165
Fax Number: 01603 222811
Email: maria.fox2@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 year ended 31st March 2011

I confirm to the best of my knowledge and belief, having made appropriate enquiries of officers 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 31st March 2011. All representations cover the Joint Committee's accounts.

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom 2010-11 which give a true and fair view of the financial position and financial performance of the Joint Committee and for making accurate representations to you.

Supporting Records

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Joint Committee have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Committee meetings, have been made available to you.

Irregularities

I acknowledge my responsibility for the design and implementation of internal control systems to prevent and detect error.

There have been no:

- irregularities involving management or employees who have significant roles in the system of internal accounting control;

- irregularities involving other employees that could have a material effect on the financial statements;
- communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

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; and
- 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.

Law, regulations contractual arrangements and codes of practice

There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of the Joint Committee.

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. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

Contingent Liabilities

There are no other contingent liabilities, other than those which have been properly recorded and disclosed in the financial statements. 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.

Related Party Transactions

I confirm the completeness of the information provided regarding the identification of related parties.

The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements.

Post Balance Sheet Events

Since the financial statements were signed by me on 13 July 2011, no additional significant post balance sheet events have occurred which would require additional adjustment or disclosure in the financial statements.

The Council has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in 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 Norfolk Joint Museums and Archaeology Committee on 4 November 2011

P.D. Brittain, Head of Finance

Chairman, Norfolk Joint Museums and Archaeology Committee

Date:

Audit of the Statement of Accounts 2010-11

Report by the Head of Finance

This report summarises the Statement of Accounts of Norfolk Joint Museums and Archaeology Committee for 2010/11 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. The report summarises changes to the Accounts as a result of the implementation of International Financial Reporting Standards (IFRS), and summarises changes which have been made as a result of audit and officer review during the audit period. This report details the key issues identified during the audit of the 2010-11 Statement of Accounts by the Audit Commission.

Recommendation

The Norfolk Joint Museums and Archaeology Committee is requested to consider and approve the Statement of Accounts and the Annual Governance Statement for 2010-11.

1. Introduction

- 1.1 As part of the formal process of closing the Committees 2010/11 accounts Members are required to approve the Statement of Accounts, attached as Appendix 1 to this report.
- 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 covered elsewhere in the agenda, has been incorporated into the Statement of Accounts.
- 1.4 This report summarises significant adjustments that have made to the accounts arising from the audit and as a result of officer review during the audit period.

2. Background

- 2.1 The Accounts and Audit Regulations 2011 issued by the Secretary of State set out the requirements for the preparation and publication of final accounts. These regulations include the requirement for the formal approval, by a full Committee, of the Committee's Statement of Accounts.
- 2.2 Changes relating to the approval and publication of the Statement of Accounts as a result of the Accounts and Audit Regulations which came into force on 31 March 2011 were reported to this committee on 15 April 2011.
- 2.3 The Committee has been required to prepare the 2010/11 Statement of Accounts under International Financial Reporting Standards, including re-statement of the 2009/10 accounts.
- 2.4 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 Best Value Accounting Code of Practice 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 2011 and also the income and expenditure for the financial year.
- 2.5 A public inspection period of 11 July to Friday 5 August 2011 was publicised in accordance with the relevant regulations, with a press advertisement and information on the Norfolk County Council web site.
- 2.6 In accordance with good practice, the draft Statement of Accounts has been publicly available on Norfolk County Council's web site since 19 September 2011.
- 2.7 The Audit Commission started their detailed examination of the Statement of Accounts in October 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.
- 2.8 Any further audit amendments to these accounts between the date of this report and the meeting will be notified to members of the Committee at the meeting.
- 2.9 The Accounts and Audit Regulations require that the 2010/11 Statement of Accounts must be published by 30th September.

3. Changes to the Presentation of the Accounts

- 3.1 Each year the Code of Practice on Local Authority Accounting is revised and updated to ensure accounts produced by local authorities comply, where relevant, with the latest accounting standards.
- 3.1 For 2010/11 this has required significant changes to many areas of the accounts as a result of the full implementation of International Financial Reporting Standards (IFRS).
- 3.2 The 2010/11 Statement of Accounts includes the following significant changes to content and format:
- Changed layout and terminology of main statements (see item 4 below)
 - A Movement in Reserves Statement which replaces the Statement of Movement on the General Fund Balance and the Statement of Recognised Gains and Losses
 - Restatement of 2009/10 figures for IFRS, including the restatement of opening balances at 1 April 2009.
 - Unconditional grants recognised immediately, rather than being deferred and matched to expenditure
 - A new accrual for untaken holiday pay

4. Statement of Accounts – Content

- 4.1 This is the first year that the Committee has been required to comply with International Financial Reporting Standards (IFRS) which has brought about a number of changes to the layout and content of the accounts. The accounts are set out in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2010-11: based on IFRS.
- 4.2 The Statement of Accounts includes the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, a Balance Sheet and Cash Flow Statement.

Explanatory Foreword

- 4.3 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

- 4.4 The Accounts and Audit Regulations require the preparation of an Annual Governance Statement, signed by the Chairman and the Director of Community Services. Unlike previous years, this statement is no longer 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.

- 4.5 This statement is included on pages 8 to 22. It confirms that, during the 2010/11 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

- 4.6 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

- 4.7 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

- 4.8 This statement shows the movement during the year of all the Committee's useable reserves and shows the aggregate change in its net worth. Due to the requirements of IFRS, the statement includes restated figures for 2009/10 as well figures for 2010/11.

- 4.9 The Movement in Reserves Statement replaces the Statement of Total Recognised Gains and Losses and Statement of Movement on the General Fund Balance in previous years' accounts.

Comprehensive Income and Expenditure Statement

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

- 4.11 Due to the requirements of IFRS the statement includes restated figures for 2009/10, in addition to figures for 2010/11.

Balance Sheet

- 4.12 The Balance Sheet statement sets out the financial position of the Committee at 31 March 2011. The statement shows the balances and reserves at the Committee's disposal and net current assets employed.

- 4.13 Due to the requirements of IFRS, the Balance Sheet includes restated comparatives for 2009/10 and restated 1 April 2009 opening balances, as well as figures for 2010/11.

Cash Flow Statement

- 4.14 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 increase in cash and cash

equivalents.

Notes to the Core Financial Statements

- 4.15 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.
- 4.16 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.
- 4.17 Note 11 is a new note to the accounts. The "Amounts reported for resource allocation decisions" note reconciles the total comprehensive income and expenditure recognised in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Committee to meet future revenue expenditure.

5. Accounting Adjustments

- 5.1 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.
- 5.2 During the audit, the Audit Commission have identified a number of adjustments to correct non-trivial errors within the financial statements and associated notes.
- 5.4 There was one material adjustment to the draft statement of accounts dated 13 July 2011. An adjustment for government grants of £865,911 in the comparative totals on the income line should have been adjusted against the County Council contribution.

5.5 A number of other non-material 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.

5.6 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.

6. Resource Implications

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

7. Other Implications

7.1 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.

8. Risk Implications/Assessment

8.1 There are no risk implications arising from this report.

9. Section 17 Crime and Disorder Act

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

10. Alternative Options

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

11. Conclusion

11.1 The 2010/11 Statement of Accounts have 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.

12. Recommendation

12.1 **The Committee is requested to approve the 2010/11 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 Maria Fox 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 2010/11

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



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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.

Norfolk County Council employs all the staff, except 1 who was employed by Norwich City Council until the end of April 2010, 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 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. During 2010/11, the Great Yarmouth Area Committee was replaced by the Great Yarmouth Borough Scrutiny Committee and the North Norfolk Area Committee is now the North Norfolk Museums Forum.

Terms of Reference

The Norfolk Joint Museums and Archaeology 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 Area Committees shall:

- 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

Norfolk Joint Museums and Archaeology 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 may also co-opt non-voting members.

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.

During 2010/11, the Great Yarmouth Area Committee was replaced by the Great Yarmouth Borough Scrutiny Committee and the North Norfolk Area Committee is now the North Norfolk Museums Forum. The rules of the relevant District Council apply to the new committee and forum.

Staff

The number of people directly employed by Norwich City Council and Norfolk County Council on behalf of the Norfolk Joint Museums and Archaeology Committee as at 31 March 2011 was 138.03 full time equivalents (FTE) (168.75 at 31 March 2010). These figures include permanent, temporary, sessional and supply staff. The large difference in full time equivalents is due to archaeology staff being transferred to Norfolk County Council's Environment, Transport and Development service during the year. 1 post was removed due to organisational review.

Explanatory Foreword

This report presents the statutory financial statements of Norfolk Joint Museums and Archaeology Committee for the period from 1 April 2010 to 31 March 2011.

The Norfolk Joint Museums and Archaeology Committee's statement of accounts is a statutory document produced to inform stakeholders of the activities of the Joint Committee. 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.

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.

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.

The Main Accounting Statements

The accounts are prepared in accordance with the Code, the Best Value Accounting Code of Practice and guidance notes issued by CIPFA on the application of International Financial Reporting Standards (IFRSs). Together, these define the content and layout of the accounts.

The core financial statements comprise:

- ◆ 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 Comprehensive Income and Expenditure Statement – this shows the Norfolk Joint Museums and Archaeology Committee's accounting cost in the year for providing services in accordance with generally accepted accounting practice 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 Norfolk Joint Museums and Archaeology Committee at 31 March 2011. The net assets of the Joint Committee (assets less liabilities) are matched by the reserves held by the Joint Committee. Reserves reported here 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 Cashflow 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.

In addition to the core financial statements, the accounts also include a statement of the accounting policies, explanatory notes to the main accounting statements to inform the reader, and a glossary of financial terms. 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.

Accounting policies

The accounting policies adopted by the Joint Committee comply with the relevant recommended accounting practice, except where stated. The Joint Committee's policies are fully explained on pages 31 to 38.

The introduction of IFRS has brought some significant changes for local authorities' accounts. The only significant change affecting the Joint Committee's accounts is in the treatment of grants and contributions. Unless there are specific conditions, grants and contributions received are accounted for immediately in the comprehensive income and expenditure statement. The previous accounting policy was to match the expenditure with the grant.

The Joint Committee's accounting policies are fully explained in Note 1 to the accounts.

Current economic Climate and Council Services in Norfolk

The current economic climate has had a significant impact on the level of funding that Norfolk County Council has received in 2010/11 and for future years. The council has tried to minimise the impact on council tax payers by finding efficiency savings within the council, however this has led to some unavoidable reductions in services.

Sources of funding

In 2010/11 Norfolk County Council was the primary source of funding for the Norfolk Joint Museums and Archaeology Committee and there were contributions from some of the District Councils. Other income consisted of 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 Norwich City Council and Norfolk County Council have in the long term to pay retirement benefits to their respective employees has been incorporated within each Council's Statement of Accounts.

Norfolk Landscape Archaeology

Following a review of service provision, the Norfolk Landscape Archaeology service (NLA) was transferred from the Joint Committee to the County Council's Environment, Transport and Development Service with effect from 1 April 2010. The 2009/10 comparative figures within this Statement of Accounts includes expenditure (£462,000) and income (£290,000) relating to NLA, but nothing in 2010/11.

Revenue Budget and Outturn

The net revenue budget for the Joint Committee for 2010/11 was £10.742m (£12.921m in 2009/10)

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.

	Budget	Outturn	Variance
	£000s	£000s	£000s
Service Expenditure	10,742	10,509	(233)
Interest Payable	0	0	0
Other Operating Costs	0	0	0
Expenditure:			
Gross Expenditure	10,742	10,509	(233)
Funded by:			
Contributions	6,029	5,775	254
Grant Income	2,210	2,404	(194)
Other Sources	2,079	2,290	(211)
Reserves	424	40	384
Total Funding	10,742	10,509	233
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. However, it does incur capital expenditure costs on behalf of Norfolk County Council, which are then reimbursed by Norfolk County Council.

Actual capital expenditure in 2010/11 was £1,253,112 in comparison with the planned expenditure of £1,683,876, resulting in an underspend of £430,764.

£381,507 of this underspend is accounted for by the movement of schemes into future years, including:

£	Scheme
154,862	Biomass Boiler
123,097	Bridewell Redevelopment
34,509	Gressenhall Farm and Work House
19,576	Gressenhall – Wind and Solar
13,504	Seahenge
14,000	Lynn Museum
10,211	Lynn Museum - Roof
7,451	Castle
4,297	Other
<hr/>	
381,507	

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 2010-11

1 Scope of responsibility

- 1.1 The Norfolk Joint Museums and Archaeology Committee (NJMAC) 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 NJMAC 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 NJMAC 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 Norfolk Archaeological Services Advisory Committee advises the NJMAC upon the practical measures needed to secure and maintain the efficient operation of Archaeological services.
- 1.3 The NJMAC follows Norfolk County Council's (NCC) Constitution and relies on its governance, practices and procedures.
- 1.4 NCC 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 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 at NJMAC for the year ended 31 March 2011 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 2011-14 to the Committee in January 2011 and this was approved by the Committee at the same meeting.</p> <p>This can be found on the Council's website at</p> <p>http://www.norfolk.gov.uk/view/jntmus140111item7pdf.</p>
<ul style="list-style-type: none"> Reviewing the committee's vision and its implications for the committee's governance arrangements. 	<p>To ensure NCC is always working in the best interests of the people of Norfolk it reviews its medium term plan annually.</p> <p>Agendas and minutes for all County Council meetings, including The NJMAC and the Norfolk Archaeological Services Advisory Committee (NASAC), are accessible on NCC's website.</p> <p>http://www.norfolk.gov.uk/Council_and_democracy/Committees/index.htm</p> <p>NMAS presented a report on the Service and Budget Planning 2011-14 to the Committee in January 2011 and this was approved by the Committee at the same meeting.</p> <p>This can be found on the Council's website.</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 Council produces performance indicators.</p>

	<p>Each objective in the County Council Plan has an expected outcome for people in Norfolk.</p> <p>Current year performance for NCC is published on NCC's website.</p> <p>Performance indicators are monitored and reported to the Economic Development and Cultural 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>NCC has a constitution which sets out how 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 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 NCC.</p>
<ul style="list-style-type: none"> Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff. 	<p>NCC's Constitution includes a code of conduct for members. Our Corporate Human Resources (HR) department produces a HR Practises 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 NJMAC also adheres to the Museums Association's Code of Ethics (see www.museumsassociation.org)</p> <p>The Council has an Anti Fraud and Corruption Strategy which includes roles of members and staff. The NJMAC adopt this strategy. http://intranet.norfolk.gov.uk/dfi/Services/NA S/Anti-fraud%20&%20Corruption%20Strategy%2009-10.pdf</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>NCC produces both Financial Regulations and Financial Procedures. The Financial Regulations form part of the Constitution and are required to be reviewed annually to ensure they incorporate the current practises. Corporate Finance is responsible for updating the Financial Regulations and the accompanying Financial Procedures. Changes to the Financial Regulations are considered by both the Audit Committee and Cabinet prior to approval by the County Council on an annual basis.</p> <p>NMAS follows NCC's Financial Procedures and Financial Regulations which can be found on NCC's website. http://intranet.norfolk.gov.uk/dfi/regs.htm</p> <p>Agendas and minutes for all County Council meetings, including the NJMAC and the NASAC, are accessible on NCC's website. http://www.norfolk.gov.uk/Council_and_democracy/Committees/index.htm</p>
<ul style="list-style-type: none"> Ensuring the Committees 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>NCC's CFO is the Head of Finance who also acts as the CFO for the NJMAC.</p> <p>The Annual Governance Statement for NCC 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>Norfolk County Council Audit Committee provides the core functions of an audit committee on behalf of the NJMAC.</p> <p>Norfolk Audit Services strategy for the delivery of the audit service provides for delivery of work for the NJMAC for instance in reporting to the NJMAC and facilitation of the delivery of the Annual Governance Statement.</p>

	<p>The NCC Audit Committee approves an annual audit plan for Norfolk Audit Services which includes audits which relate directly to the NMAAS and also indirectly to the whole internal control environment on which the NMAAS relies</p> <p>The minutes and agendas from the Audit Committee's quarterly meetings are available on NCC'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 NJMAC 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 NCC. This means that they are responsible for ensuring compliance with relevant laws and regulations. A protocol covering the role and functions of a Monitoring Officer is contained within the Constitution.</p> <p>The Head of Law is also the Monitoring Officer for the NJMAC.</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 NCC to either complain or praise the council the contact will be dealt with in accordance with our Complaints & Compliments Policy and procedures.</p> <p>NJMAC adopts NCC's Complaints and Compliments procedures. Both of these are available on NCC's website. http://www.norfolk.gov.uk/Council_and_democracy/Have_your_say/Compliments_and_complaints/NCC038645</p>

	<p>NCC operates an Anti Fraud & Corruption Strategy, which is linked to the Whistle blowing policy. These are internal policies, which all staff are expected to follow.</p> <p>http://intranet.norfolk.gov.uk/dfi/Services/NA S/Anti-fraud%20&%20Corruption%20Strategy%2009-10.pdf</p> <p>http://intranet.norfolk.gov.uk/whistleblowing/whispol.doc</p> <p>There were no instances of Whistle blowing with respect to the NMAS during 2010-11.</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>Within NCC there is a 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 was developed during 2007-08 for Members and staff and this was rolled out during 2009-10.</p> <p>NCC also ensures appropriate training for all senior officers through corporate programmes or as identified through the annual appraisal process. Officers supporting NJMAC are included with these programmes.</p>
<ul style="list-style-type: none"> Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation 	<p>NCC publishes several magazines - all are available electronically and people can subscribe to email updates for the public-facing publications. <i>Your Norfolk</i> magazine is delivered in hard copy to most households in Norfolk three times a year. We are also trialling an online only edition in December 2011. The online only <i>Norfolk Matters</i> magazine is specifically for parish councils. <i>Norfolk Business Matters</i> is also online only and directed at the business community. <i>Horizon</i> is for staff, and</p>

principally sent out by email, although some printed copies are available for those without regular access to email. *Norfolk Manager* is also published electronically.

With regards to the statutory information that must be sent out with annual council tax bills, NCC sits on a partnership that includes Norfolk's seven district councils and Norfolk police and produces a joint leaflet.

NCC's website has details about all areas of our work to allow easy, instant access to information. Wherever possible NCC wants web users to have the option to 'self-serve' – they can report problems with Norfolk roads, apply for a school place or renew library books, for example. They can also pay for services such as Park & Ride season tickets. Web users can subscribe to email updates on a range of topics.

Through the website, residents can contact the council, take part in online petitions, or access Norfolk Consultation Finder - a site dedicated to current consultations and allows members of the public to participate easily in the council's activities.

We also use social media platforms where appropriate as a cost effective way to reach web users who might not visit the NCC website for information. Our main corporate Twitter feed has about 3,200 followers. We put a video walkthrough of changes to a road layout on our YouTube channel and it attracted 11,000 views. Facebook has been used to support campaigns, including NCC's campaign to see the remaining section of the A11 dualled.

Norfolk was awarded a Green Flag in the 2009 CAA assessment for a participatory budgeting approach to meeting the area's LAA targets. Norfolk County Council led the partnership project which involved local people in deciding how £200k second homes council tax money could be used to

	<p>focus on targets at risk of non delivery.</p> <p>The NMAS maintains a website which contains useful information for its users including news, details of collections and online exhibitions. The NMAS also produce a quarterly newsletter which is available on the Council's website.</p> <p>http://www.museums.norfolk.gov.uk</p> <p>Channels of communication are also filtered through Norfolk Archaeology Services Advisory Committee.</p>
<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>NCC actively provides services in partnership with other organisations.</p> <p>The NJMAC works in partnership with district councils and Norwich City Council. NMAS also manages a National Trust property as a partnership arrangement.</p> <p>The Audit Commission produced a report suggesting some points to ensure good control within partnerships and NCC follows these guidelines with all partnerships.</p>

3 Review of effectiveness

- 3.1 The NJMAC 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 are accredited as part of the Museums Libraries and Archives UK Museum Accreditation Scheme. This involves a full assessment of all matters relating to museum governance, organisation, management, operations and customer service. Accreditation is renewed approximately every 5 years and position reports are required every 2 years. Accreditation was confirmed in 2010 following the last position statement. Museums gaining the accreditation are listed on the website http://www.mla.gov.uk/what/raising_standards/accreditation.
- 3.3 The Annual NMAS plan relating to Renaissance in the Regions, a government funding stream made available through the Museums, Libraries and Archives Council, is audited by the National Audit Office.

<p>The process that has been applied in maintaining and reviewing the effectiveness of the governance framework include:</p>	
<p>The Authority & the Executive</p>	
<ul style="list-style-type: none"> 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. 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 	<p>The Committee has, where appropriate, received the full range of professional officer advice and support to enable it to carry out its functions effectively and in compliance with statutory requirements.</p> <p>The NJMAC Agreement in 2006 stated that the Section 151 Officer would be the treasurer of the Joint Committee.</p> <p>The Council has a Risk Management Framework and Policy which is reviewed annually by the Audit Committee and significant changes are reported to and approved by the Council.</p> <p>The embedding of risk management into</p>

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

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

Corporate and departmental risk registers, including Cultural 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 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 Council's practices and procedures.

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

The NJMAC have a risk register which is reviewed quarterly.

The NMAS presented a report on the Service and Budget Planning 2011-14 to the Committee in January 2011 and this was approved by the Committee at the same meeting.

This can be found on the Council's website at <http://www.norfolk.gov.uk/view/jntmus140111item7pdf>

Reports on budgetary positions are taken to each NJMAC meeting for discussion and review.

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

- Provision of effective, efficient and responsive systems of financial management.
- Delivery of services by trained, skilled and experienced personnel.

<ul style="list-style-type: none"> Performance monitoring processes are in place to measure progress against objectives and to provide for remedial action where appropriate. 	<p>Regular reports on Performance Indicators are presented to the Chief Officers Group via PRISM (NCC's corporate performance and risk management system) and Cabinet. This is against the Corporate Improvement Plan, which highlights the key areas for improvement.</p> <p>The Committee and the NASAC receive half yearly reports to measure progress.</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 through the Cabinet Scrutiny Committee, the Audit Committee. 	<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 Committee is to promote and maintain high standards of conduct by councillors and co-opted members. 	<p>The Committee met during 2010-11. Its business included:</p> <ul style="list-style-type: none"> Dual-hatted Members and the Code of Conduct The Future of Standards for England and the Standards Framework Monitoring Officer's Annual Report to the Audit Committee 2009/2010 Report on the On-line publication of Members' Interests <p>Co-opted members follow the same NCC 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 NJMAC. 	<p>The financial management arrangements for NCC conform to the CIPFA 2010 statement on the role of the CFO and these are espoused by the NJMAC. Further details are included within the NCC Annual Governance Statement.</p>

Internal Audit	
<ul style="list-style-type: none"> Internal Audit provide independent and objective assurances across the whole range of the authority'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.</p> <p>NAS is continuing to develop its work programme such that resources are allocated based on a systematic assessment of all areas of risk facing the Council in carrying out its functions.</p> <p>The NMAS was included in the Council's Audit Plan during 2009/10. Reports produced by Norfolk Audit Services included Renaissance in the Regions, Cromer Museum, Museum and Archaeology Project Management and Gressenhall Museum Follow-up.</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>
Other explicit review/assurance mechanisms	
<ul style="list-style-type: none"> External Audit provide a further source of assurance by reviewing and reporting upon the Council's internal control processes and any other matters relevant to their statutory functions and codes of practice. 	<p>The Audit Commission issued a final Annual Governance Report for 2009-10 in September 2010. 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 Council has adopted the CIPFA Treasury Management in Public Services Code from November 2002.</p>

<ul style="list-style-type: none"> Codes of practice are issued by external bodies in respect of Council services and processes, with which the Council is expected to comply. Reviews by external agencies and inspectorates, which would encompass most major services, and other specific external evaluations, for example, the Local Government Ombudsman and Health & Safety inspectorates. 	<p>The Council has complied with the Accounts and Audit (England) Regulations 2011.</p> <p>NAS has implemented the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006.</p> <p>See section 3.2</p>
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Significant governance issues

There were no significant governance issues reported during the year

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.

I confirm that the Statement of Accounts was approved by a resolution of the Joint Museums and Archaeology Accounts Approval and Urgent Business Sub Committee on 4 November 2011 and have been re-signed as authorisation to issue.

Chairman of Norfolk Joint Museums and Archaeology Committee

Date: 4 November 2011

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 (LASAAC) Code of Practice on Local Authority Accounting in Great Britain ("the Code").

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

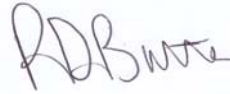
- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code.

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 26 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

DRAFT

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 Museums and Archaeology Joint 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 Museums and Archaeology Joint 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 Museums and Archaeology Joint 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 Museums and Archaeology Joint 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 Museums and Archaeology Joint 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

Movement in Reserves Statement

	General Fund £000s	Earmarked Reserves £000s	Total Usable Reserves £000s
Balance at 31 March 2009	0	1,146	1,146
Movement in reserves during 2009/10			
Surplus or (Deficit) on the provision of services	(420)	0	(420)
Other Comprehensive Income and Expenditure	0	0	0
Total Comprehensive Income and Expenditure	(420)	0	(420)
Adjustments between accounting basis and funding basis under regulations	0	0	0
Net Increase / (Decrease) before Transfers to Earmarked Reserves	(420)	0	(420)
Transfers to/from Earmarked Reserves (note 6)	420	(420)	0
Increase / (Decrease) in 2009/10	0	(420)	(420)

	General Fund	Earmarked Reserves	Total Usable Reserves
	£000s	£000s	£000s
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)
Other Comprehensive Income and Expenditure	0	0	0
Total Comprehensive Income and Expenditure	(43)	0	(43)
Adjustments between accounting basis and funding basis under regulations	0	0	0
Net Increase / (Decrease) before Transfers to Earmarked Reserves	(43)	0	(43)
Transfers to/from Earmarked Reserves (Note 6)	43	(43)	0
Increase / (Decrease) in 2010/11	0	(43)	(43)
Balance at 31 March 2011	0	683	683

Comprehensive Income and Expenditure Statement

2009/10 (Restated)			2010/11			
Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s		Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
13,024	5,788	7,236	Museums and Archaeology Service	10,504	4,953	5,551
8	0	8	Corporate and Democratic Core	8	0	8
13,032	5,788	7,244	Cost of Services	10,512	4,953	5,559
		(6,824)	Contribution from NCC			(5,516)
		420	(Surplus) or Deficit on Provision of Services			43
		0	Other Comprehensive Income and Expenditure			0
		420	Total Comprehensive Income and Expenditure			43

Balance Sheet

1 April 2009 (Restated) £000s	31 March 2010 (Restated) £000s		Notes	31 March 2011 £000s
0	0	Long Term Assets		0
165	205	Inventories	8	101
1,539	1,906	Short Term Debtors	9	1,222
6	8	Cash and Cash Equivalents	11	9
<u>1,710</u>	<u>2,119</u>	Current Assets		<u>1,332</u>
(564)	(1,393)	Short Term Creditors	10	(649)
<u>(564)</u>	<u>(1,393)</u>	Current Liabilities		<u>(649)</u>
0	0	Long Term Liabilities		0
<u>1,146</u>	<u>726</u>	Net Assets		<u>683</u>
1,146	726	Usable Reserves	6	683
<u>1,146</u>	<u>726</u>	Total reserves		<u>683</u>

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)
(2)	Net (increase) or decrease in cash and cash equivalents	(1)
6	Cash and cash equivalents at the beginning of the reporting period (note 10)	8
8	Cash and cash equivalents at the end of the reporting period (note 10)	9

Notes to the Accounts

Note 1 Accounting Policies

i. General Principles

The Statement of Accounts summarises the Joint Committee's transactions for the 2010/11 financial year and its position at the year-end of 31 March 2011. 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 2010/11 and the Best Value Accounting Code of Practice 2010/11, 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 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 initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

Financial Assets

Financial assets are classified as loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.

Loans and Receivables

Loans and 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. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Joint Committee has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus

accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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 has 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 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 [FIFO/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 *Best Value Accounting Code of Practice 2010/11* (BVACOP). 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 BVACOP 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 to the relevant service in the Comprehensive Income and Expenditure Statement in the year.

xv. 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.

Note 2 First time Adoption of IFRS

The Statement of Accounts for 2010/11 is the first to be prepared on an IFRS basis. Adoption of the IFRS based Code has resulted in the restatement of various balances and transactions, with the result that some amounts presented in the financial statements are different from the equivalent figures presented in the Statement of Accounts for 2009/10.

Material differences between amounts presented under the SORP 2009 and the IFRS-based Code are explained below.

Government Grants

Under the Code, grants and contributions for capital schemes are recognised as income when they become receivable.

As a result of adopting the accounting policy required by the Code, the financial statements have been amended as follows:

	2009-10 Published Statement of Accounts	Adjustments made
	£000s	£000s
Opening 1 April 2009 Balance Sheet:		
Short term creditors	(1,539)	974
Unspent Grants and Contributions Reserve	0	(974)
31 March 2010 Balance Sheet		
Short term creditors	(2,037)	586
Unspent Grants and Contributions Reserve	0	(586)
2009-10 Comprehensive Income and Expenditure Statement		
Museums and Archaeology Service Income	(5,312)	(476)
Contribution from NCC	(7,690)	866

Note 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.

Note 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.

Note 5 Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Head of Finance on 4 November 2011. 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 2011, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 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 2010/11.

	Balance at 1 April 2009 (Restated) £000s	Transfers in 2009/10 £000s	Transfers out 2009/10 £000s	Balance at 31 March 2010 (Restated) £000s	Transfers in 2010/11 £000s	Transfers out 2010/11 £000s	Balance at 31 March 2011 £000s
Information Technology	27	2	(20)	9	0	0	9
Museums Income Reserve	104	98	(107)	95	43	(59)	79
Repairs and Renewals Fund	40	27	(30)	37	181	(9)	209
Unspent Grants and Contributions Reserve	975	585	(975)	585	428	(627)	386
TOTAL	1,146	712	(1,132)	726	652	(695)	683

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	1,414	667
Total Creditors	1,414	667

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	£000s	£000s
Central government bodies	91	869	169
Other local authorities	4	2	32
Cash debtor adjustment	1,394	841	907
Prepayments	0	65	1
Public corporations and trading funds	0	13	20
Other entities and individuals	111	116	93
Less: Bad debt provision	(61)	0	0
Total	1,539	1,906	1,222

Note 10 Creditors

	31 March 2009 (Restated) £000s	31 March 2010 (Restated) £000s	31 March 2011 £000s
Central government bodies	12	38	51
Other local authorities	470	849	407
Receipts in advance	0	323	62
Public corporations and trading funds	0	13	20
Other entities and individuals	82	170	109
Total	564	1,393	649

Note 11 Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

1 April 2009 £000s	31 March 2010 £000s		31 March 2011 £000s
6	8	Cash held by the Joint Committee	9
0	0	Bank current accounts	0
6	8	Total Cash & Cash Equivalents	9

Note 12 Amounts reported for resource allocation decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Best Value Accounting 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	2009/10 £000s	2010/11 £000s
Fees charges & other service income	(4,145)	(3,483)
Government Grants	(2,202)	(2,360)
Total Income	(6,347)	(5,843)
Employee expenses	4,829	4,605
Other service expenses	7,112	5,874
Support service recharges	0	0
Total Expenditure	11,941	10,479
Net Expenditure	5,594	4,636

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.

	2009/10 £000s	2010/11 £000s
Net expenditure reported to committee	5,594	4,636
Net expenditure of support services not included in the Analysis	595	620
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	593	568
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	462	(265)
Cost of Services in Comprehensive Income and Expenditure Statement	<u>7,244</u>	<u>5,559</u>

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

2010/11

	Reported to Museums	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	(3,483)	0	308	(3)	(3,178)
Government Grants	(2,360)	0	0	585	(1,775)
Total Income	(5,843)	0	308	582	(4,953)
Employee expenses	4,605	0	0	5	4,610
Other service expenses	5,874	0	(573)	(224)	5,077
Support service recharges	0	620	0	0	620
Amortisation and Impairment	0	0	0	205	205
Total Expenditure	10,479	620	(573)	(14)	10,512
Net Expenditure	4,636	620	(265)	568	5,559
NCC Contribution	0	0	0	(5,516)	(5,516)
Surplus or Deficit on the Provision of Services	4,636	620	(265)	(4,948)	43

2009/10

	Reported to Museums	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	(4,145)	0	338	0	(3,081)
Government Grants	(2,202)	0	221	0	(1,842)
Total Income	(6,347)	0	559	0	(5,788)
Employee expenses	4,829	0	0	63	4,892
Other service expenses	7,112	0	(97)	(141)	6,874
Support service recharges	0	595	0	0	595
Amortisation and Impairment	0	0	0	671	671
Total Expenditure	11,941	595	(97)	593	13,032
Net Expenditure	5,594	595	462	593	7,244
NCC Contribution	0	0	0	(6,824)	(6,824)
Surplus or Deficit on the Provision of Services	5,594	595	462	(6,231)	420

Note 13 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.

Note 14 Officers' Remuneration

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

Position Post holder	Head of Norfolk Museums & Archaeology Service Vanessa Trevelyan	
	2009/10 £	2010/11 £
Salary	85,109	113,518
Bonuses	0	0
Expenses allowance	0	0
Benefits in kind	0	0
Total Remuneration (excluding Pension Contributions)	85,109	113,518
Pension Contributions	14,569	13,576
Total Remuneration (including Pension Contributions)	99,678	127,094

The salary payment for 2010/11 includes a compensation payment of £37,000. Due to organisational review, actual salary costs for the year have been reduced to £76,518 and the compensation is for a reduction in future salary.

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

Note 15 External Audit Costs

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

	2009/10 £000s	2010/11 £000s
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	13	20
Total	<u>13</u>	<u>20</u>

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 Comprehensive Income and Expenditure Statement:

	2009/10 £000s	2010/11 £000s
Credited to Taxation and Non Specific Grant Income		
Norfolk County Council Contribution	6,824	5,516
Total	6,824	5,516
Credited to Cost of Service		
Breckland District Council Contribution	20	0
Broadland District Council Contribution	8	0
Great Yarmouth Borough Council Contribution	41	47
King's Lynn and West Norfolk Borough Council Contribution	13	126
North Norfolk District Council Contribution	45	68
Norwich City Council Contribution	37	18
Grant Income	2,749	2,404
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.

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 11 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 2010/11, there were no related party transactions in relation to Members

Officers

During 2010/11, there were no related party transactions in relation to Officers.

Note 18 Defined Benefits Pension Schemes

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

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

In 2010/11 Norfolk Joint Museums and Archaeology Committee's expenditure includes employer's contributions, including unfunded benefits, of £613,000, representing 17.9% of employees pensionable pay. This has been paid into the Norfolk Pension Fund. (In 2009-10 this was £605,000, representing 17.3% of pensionable pay)

Note 19 Nature and Extent of Risks Arising from Financial Instruments

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

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

Liquidity risk – the possibility that the Committee might not have funds available to meet its commitments to make payments. This risk is borne by the Council in its contribution to the Joint Committee.

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 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 organisations' 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).

BVACOP

Best Value Accounting Code of Practice provides guidance to Local Authorities on financial reporting to stakeholders. It establishes proper practice with regard to consistent financial reporting, which allows direct comparisons of financial information to be made with other local authorities.

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.

IFRS

International Financial Reporting Standards (IFRSs) 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.

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

**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	£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.

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



**Norfolk Joint Museum and Archaeology Committee
Accounts Approval and Urgent Business Sub-Committee**

4 November 2011

Item No 9

Audit Commission - Annual Governance Report 2010-11

Report by the Head of Finance

This note introduces the Audit Commission's Annual Governance Report for the Norfolk Joint Museum and Archaeology Committee Audit 2010-11.

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

1. Audit Commission Annual Governance Report:

Please see the attached document.

2. Action required

Members are invited to consider the matters raised in the report, including to:

- Note the proposed Unqualified audit opinion and that there are Proper arrangements to secure value for money
- Take note of the material adjustments to the financial statements which are set out in the report; and
- Approve the letter of representation, provided alongside this report, on behalf of the Committee before the District Auditor issues his opinion and conclusion.

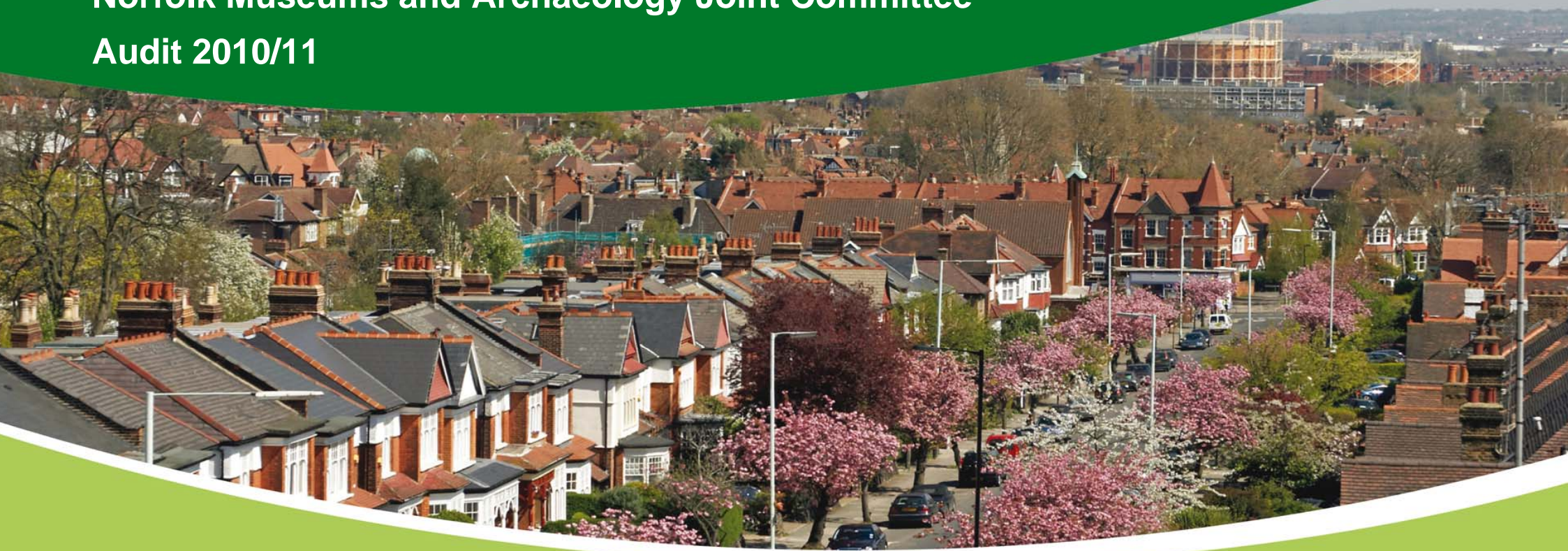
It is recommended that the Committee should consider the Audit Commission Annual Governance Report.

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

Annual governance report

Norfolk Museums and Archaeology Joint Committee

Audit 2010/11



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Traffic light explanation

Red  Amber  Green 

Key messages

This report summarises the findings from the 2010/11 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.

	Our findings
Unqualified audit opinion	●
Proper arrangements to secure value for money	●

Audit opinion and financial statements

- My audit of the financial statements is substantially complete, and I plan to issue an unqualified audit opinion.
- Management provided an adequate set of IFRS accounts supported by good working papers, although these were not submitted to audit by the statutory deadline of 30 June 2011. The delay was

understandable given the complexities of preparing IFRS accounts for the first time in 2010/2011

- We are on track to issue the audit opinion on the Norfolk Museums and Archaeology Joint Committee financial statements on 4 November.

Value for money

- I plan to issue an unqualified value for money conclusion stating that proper arrangements were in place to secure economy, efficiency and effectiveness in your use of resources.

Before I complete my audit

I confirm to you

My report includes only matters of governance interest that have come to my attention in performing my audit. My audit is not designed 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 can also confirm there were no relationships resulting in a threat to independence, objectivity and integrity.

The Audit Commission's Audit Practice has not undertaken any non-audit work for the Committee during 2010/11.

I ask you to confirm to me

I ask the Joint Committee to:

- take note of the material adjustments to the financial statements which are set out in this report; and
 - approve the letter of representation, provided alongside this report, on behalf of the Committee before I issue my opinion and conclusion.
-

Financial statements

My audit of the financial statements is substantially complete. By 4 November, I plan to issue an unqualified audit opinion. Management provided an adequate set of IFRS accounts supported by good working papers; although these were not submitted to audit by the statutory deadline of 30 June 2011. Two material adjustments have been agreed with officers. Neither of the material errors impact on the Committee's financial position.

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 report. At the time of issuing this report we have yet to conclude our audit in a number of areas, including the following:

- General Accounting Disclosures;
- Comprehensive Income and Expenditure Accounts testing; and
- Creditors testing.

Elements of audit testing are subject to final review.

We will provide an update on progress in these areas at the Committee on 4 November 2011.

Errors in the financial statements

The financial statements submitted for audit were incomplete. The statements contained a significant number of disclosure errors relating to the requirements of the Code of Practice on Local Authority Accounting in the UK 2010/11 based on International Financial Reporting Standards (the Code). The statements contained the following material errors:

- The draft financial statements presented for audit did not contain a note setting out the effect of transition to IFRS on the statement of accounts. Disclosure of this IFRS first time adoption note is a requirement of the Code of Practice and IFRS 1. Note 2 to the core financial statements now provides the disclosures required under the Code relating to IFRS adoption and the impact on the statements.
- The Norfolk Landscape Archaeology Service, which was previously the responsibility of the Joint Committee, transferred to the Environmental, Transport and Development directorate within Norfolk County Council with effect from 1 April 2010. Expenditure relating to this service was correctly included in the Statement of Accounts within the 2009/10 comparative figure and correctly excluded from the 2010/11 CIES. However, the draft financial statements provided inadequate disclosure of this significant change to the Joint Committee's service responsibility. The Explanatory Forward to the financial statements now provides sufficient information to allow the user of the financial statements to assess the impact of the service transfer on the financial performance and position of the Joint Committee.

The statements also contained a number of non-material but also non-trivial errors. The Committee's management have agreed to all amendments that we have recommended.

Assessment of internal controls

We are able to rely on the work of internal audit and through this managed audit achieved efficiencies across a number of areas of our audit. No significant weaknesses in fundamental systems were identified during the course of the audit. I have not identified any material weakness in the design or operation of an internal control that might result in a material error in your financial statements.

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 Committee 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.

In planning my audit I identified specific risks and areas of judgement that I have considered as part of my audit.

Key audit risk and our findings

Key audit risk	Finding
<p>1. International Financial Reporting Standards (IFRS)</p> <p>Local authorities are now required to prepare financial statements under the International Financial Reporting Standards (IFRS), as adopted by the Code of Practice on Local Authority Accounting in the United Kingdom (Code of Practice). There is a risk that the 2010/11 financial statements do not meet the new requirements.</p> <p>I reviewed and tested whether the Committee:</p> <ul style="list-style-type: none">■ identified those transactions and balances that will be affected by the transition to IFRS;■ adopted and correctly applied accounting policies that comply with the requirements of the Code and IFRS;■ appropriately restated 2009/10 transactions and balances in accordance with the adopted accounting policies and IFRS; and	<p>A review of the Committee's IFRS restatement exercise to restate 1 April 2009 and 2009/10 figures to the new accounting standards identified one material disclosure error and a number of other less significant disclosure errors arising directly from the implementation of IFRS.</p> <p>Amendments have been made to reflect all identified errors.</p>

made all appropriate disclosures in accordance with adopted accounting policies and the requirements of the Code and IFRS.

2. Financial environment

The financial environment is becoming increasingly challenging with significant cuts in funding, including grant support from central government.

The Committee is reflecting the economic downturn in its financial planning. However the scale of the cuts may increase the risk of misreporting.

I have undertaken audit work to:

- follow up differences between the in year financial forecasts and year-end position;
- review transactions at year-end to ensure inclusion to the correct financial period; and
- test material adjustments made by journals to ensure the Committee has accounted for these correctly.

I have also considered the potential impact of any onerous or abortive contracts, senior officer redundancy payments, and treatment of provisions in line with International Accounting Standard 37.

Audit procedures in these areas have been concluded. No issues have been identified from this work that I wish to report to you.

Financial statements

Quality of your financial statements

I consider aspects of your accounting practices, accounting policies, accounting estimates and financial statements disclosures. The statements contained a number of disclosure errors; however I have no issues I want to raise with you.

Letter of representation

Before I issue my opinion, auditing standards require me to ask you and management for written representations about your financial statements and governance arrangements. The letter of representation is provided separately to this report.

Value for money

I am required to conclude whether the Committee has put in place proper corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money conclusion.

I assess your arrangements to secure economy, efficiency and effectiveness in your use of resources against four criteria specified by the Audit Commission set out below:

- Financial planning and financial health;
- Understanding costs and achieving efficiencies;
- Financial reporting; and
- Risk management and internal control.

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

Appendix 1 – Draft audit report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORFOLK MUSEUMS AND ARCHAEOLOGY JOINT COMMITTEE

Opinion on the Committee accounting statements

I have audited the accounting statements of Norfolk Museums and Archaeology Joint 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 Museums and Archaeology Joint 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's Responsibilities, the Head of Finance is responsible for the preparation of the Committee's Statement of Accounts in accordance with 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 Museums and Archaeology Joint 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 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 Museums and Archaeology Joint Committee put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2011.

Certificate

I certify that I have completed the audit of the accounts of Norfolk Museums and Archaeology Joint 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

Appendix 2 – Glossary

Annual governance statement

A statement of internal control prepared by an audited body and published with the financial statements.

Audit closure certificate

A certificate that I have completed the audit following statutory requirements. This marks the point when I have completed my responsibilities for the audit of the period covered by the financial statements.

Audit opinion

On completion of the audit of the financial statements, I must give my opinion on the financial statements, including:

- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question; and
- whether they have been prepared properly, following the relevant accounting rules.

Opinion

If I agree that the financial statements give a true and fair view, I issue an unqualified opinion. I issue a qualified opinion if:

- I find the statements do not give a true and fair view; or
- I cannot confirm that the statements give a true and fair view.

Materiality and significance

The Auditing Practices Board (APB) defines this concept as ‘an expression of the relative significance or importance of a particular matter for the financial statements as a whole. A matter is material if its omission would reasonably influence users of the financial statements, such as the addressees of the auditor’s report; also a misstatement is material if it would have a similar influence. Materiality may also be considered for any individual primary statement within the financial statements or of individual items included in them. We cannot define materiality mathematically, as it has both numerical and non-numerical 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’ applies to these wider responsibilities and auditors adopt a level of significance that may differ from the materiality level applied to their audit in relation to the financial statements. Significance has both qualitative and quantitative aspects.

Weaknesses in internal control

A weakness in internal control exists when:

- a control is designed, set up or used in such a way that it is unable to prevent, or detect and correct, misstatements in the financial statements quickly; or
- a control necessary to prevent, or detect and correct, misstatements in the financial statements quickly is missing.

An important weakness in internal control is a weakness, or a combination of weaknesses that, in my professional judgement, are important enough that I should report them to you.

Value for money conclusion

The auditor’s conclusion on whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources based on criteria specified by the Audit Commission.

The Code of Audit Practice defines proper arrangements as corporate performance management and financial management arrangements that form a key part of the system of internal control. These comprise the arrangements for:

- planning finances effectively to deliver strategic priorities and secure sound financial health;
- having a sound understanding of costs and performance and achieving efficiencies in activities;
- reliable and timely financial reporting that meets the needs of internal users, stakeholders and local people;
- commissioning and buying quality services and supplies that are tailored to local needs and deliver sustainable outcomes and value for money;

- producing relevant and reliable data and information to support decision making and manage performance;
- promoting and displaying the principles and values of good governance;
- managing risks and maintaining a sound system of internal control;
- making effective use of natural resources;
- managing assets effectively to help deliver strategic priorities and service needs; and
- planning, organising and developing the workforce effectively to support the achievement of strategic priorities.

If I find that the audited body had adequate arrangements, I issue an unqualified conclusion. If I find that it did not, I issue a qualified conclusion.

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0844 798 7070

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

