

ACCOUNTS APPROVAL AND URGENT BUSINESS SUB-COMMITTEE

*Please note the meeting will be preceded by induction training starting at 1.15pm in the Colman Room

Date	Time	Place
Friday, 25 June 2010	2.15pm	The Colman Room, County Hall, Norwich

Membership

Mr J Bracey
Mr D Bradford
Mr G Cook
Mr M Hemsley

Mrs H T Nelson
Mr J Ward
Mr M Wilby

A g e n d a

- 1 Election of Chairman**
- 2 Election of Vice-Chairman**
- 3 To Receive Apologies and Details of any Substitute Members Attending**

4 Minutes

(Page 3)

To receive the minutes of the previous meeting held on 24 June 2008. (There was no meeting of the Sub-Committee in 2009)

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 Annual Governance Statement 2009/10** (Page 6)
Report by Head of Finance
- 8 Norfolk Audit Services Annual Report 2009/10 on the Norfolk Joint Museums and Archaeology Committee** (Page 25)
Report by Head of Finance
- 9 2009/10 Final Accounts** (Page 78)
Report by 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

17 June 2010

Enquiries and names of any Substitute Members to Tim Shaw
Direct Dialling: Norwich (01603) 222948
Email: timothy.shaw@norfolk.gov.uk



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Norfolk Joint Museum and Archaeology Committee Accounts
Approval Sub-Committee
25 June 2010
Item:.....

Norfolk Joint Museum and Archaeology Committee
Annual Governance Statement 2009-10 and the
Review of the Effectiveness of the Governance Framework
including the system of Internal Control.

A Report by the Head of Finance

Summary

This report introduces the proposed Annual Governance Statement 2009-10 and provides assurance that the Norfolk Joint Museum and Archaeology Committee's governance framework, including the system of internal control, is adequate and effective.

Recommendation

The Sub-Committee should consider:

- the requirements for an Annual Governance statement and support the annual review
- that the Council's Code of Corporate Governance has been reviewed by the Monitoring Officer and is considered adequate
- that the governance arrangements for 2009-10 are considered to be adequate and effective
- that based on the evidence provided and reviewed, the key controls are complete, accurate and current
- that Chief Officers recognise the 'corporate ownership' of its governance requirements and they are comfortable with the review approach set out in 4.2 and 4.3
- that the Annual Governance Statement is incorporated into the Annual Statement of Accounts appearing separately on this agenda.

The Sub-Committee are asked to approve the Annual Governance Statement for signing by the Chairman and the Director of Corporate Resources.

1 Introduction and background

- 1.1 The Accounts and Audit (Amendment) (England) Regulations 2006 require the reporting of an Annual Governance Statement for 2009-10.

The Governance Statement provides assurance that the organisation's governance framework is adequate and effective.

- 1.2 From 2007-08, the requirement is firstly to review the Council's existing Code of Corporate Governance and then to report an Annual Governance Statement. This statement needs to be signed by the Leader and Chief Officer.
- 1.3 Guidance for the review of the Council's existing Code and for the preparation, review and reporting of the statement has been issued by Cipfa /SOLACE and has been provided to all members of Norfolk County Council.
- 1.4 The guidance was followed and a portfolio of evidence has been compiled. This report therefore:
 - includes the findings of the reviews of the system of internal control, to be considered by the Sub-Committee,
 - explains the review of the evidence, provides assurance on the controls in place and highlights any action that needs to be taken and
 - introduces the proposed Annual Governance Statement based on the information available at this time, to be included in the Statement of Accounts for 2009-10.
- 1.5 The Council is urged by the Cipfa/SOLACE guidance to test the current governance structures against the principles in the published Framework by:
 - reviewing existing governance arrangements against the framework,
 - developing and maintaining an up-to-date local code of governance, including arrangements for ensuring its ongoing application and effectiveness and
 - annually preparing a governance statement in order to report publicly on the extent to which we comply with our own code, including how we have monitored the effectiveness of the governance arrangements in the year, and on any planned changes in the coming period.
- 1.6 The Monitoring Officer and Head of Finance have considered and approved the Council's approach to these requirements.
- 1.7 This report presents the outcomes of the review of the effectiveness of our Code of Corporate Governance against the Framework.

2 The Code of Corporate Governance

- 2.1 The Norfolk Joint Museum and Archaeology Committee are fully aware of and endorse the principles set out in the current Cipfa/SOLACE framework document. The Council's Code of Corporate Governance

was reviewed in 2006 and will be reviewed subsequently to the decision with respect to the local government structure in Norfolk review.

- 2.2 The Monitoring Officer has considered the guidance to determine if:
- there are any changes required to the Council's existing Code of Corporate Governance
 - there are any changes in the arrangements for ensuring its ongoing application and effectiveness.

3 The Proposed Annual Governance Statement

- 3.1 The Monitoring Officer has assured that, from a review of the key elements and processes that comprise the Council's governance arrangements no significant shortcomings have been noted in the current Code of Governance.
- 3.2 Much of the evidence that was gathered to support the previous Annual Governance Statement will be relevant to the new Annual Governance Statement. The evidence has been gathered, reviewed and reported here by Internal Audit.
- 3.3 The Annual Governance Statement is incorporated into the annual Statement of Accounts and this appears elsewhere on this Agenda.

4 The Annual Review of Effectiveness of the Governance Framework including Internal Control

- 4.1 The Council's Code of Governance has been prepared and has been reviewed as required by the Framework. The Norfolk Records Committee relies to a large extent on the Council's governance framework. The Norfolk Joint Museum and Archaeology Committee's Annual Governance Statement, attached as Appendix A comments on where there are additional controls or where the controls differ from NCC's.
- 4.2 CIPFA have provided a recommended list of evidence to support the Annual Governance Statement. Key officers were asked to help complete a file of evidence. The contributions have been reviewed by Norfolk Audit Services to ensure that they are complete, accurate and that the control is current. The Chief Internal Auditor produces an Annual Internal Audit Report (elsewhere on this agenda) which provides his opinion that the adequacy and effectiveness of internal control and risk management systems for the year were "**adequate**".
- 4.3 The review of the evidence supporting the Annual Governance Statement has confirmed that the controls as described are complete, accurate and current. Based upon the evidence reviewed, the controls are considered to be adequate for the purposes of supporting the 2009-10 Annual Governance Statement. The Chairman of the Norfolk Joint Museum and Archaeology Committee and Director of Corporate

Resources can be reassured in signing the statement. The results of the review have been discussed with the Head of Finance.

- 4.4 The ongoing maintenance of controls and risk management rests with Chief Officers. Chief Officers will monitor their controls and ensure that policies, procedures and documents are kept up to date.

5 Equalities Impact, Resource and Other Implications

- 5.1 There are no implications with respect to equalities or resources with respect to this report and there are no other implications.

6 Section 17 – Crime and Disorder Act

- 6.1 Under Section 17 of the Crime and Disorder Act, the Council has a statutory general duty to take account of the crime and disorder implications of all its work, and do all that it reasonably can to prevent crime and disorder in Norfolk.
- 6.2 The Council has in place an Anti Fraud and Corruption Strategy which is actively promoted.
- 6.3 Internal Audit work helps with the aim of prevention of crime in Norfolk in that its work results in the likelihood of detection and prosecution increasing. After consideration of the risks from the economic downturn my assessment is that the Anti Fraud plan and resources are considered sufficient for the remainder of the financial year 2009-10.
- 6.4 Internal Audit's work is planned in order to cover the higher risk areas including those areas where weaknesses in controls might increase the risk of theft, fraud or corruption. An action plan is agreed for any control weaknesses that are identified during audits.

7 Risk Management

- 7.1 This report has fully taken into account any relevant issues arising from the Council's policy and strategy for risk management and any issues identified in the corporate and departmental risk registers.

8 Recommendation

- 8.1 The Sub-Committee should consider:
- the above requirements for an Annual Governance Statement and support the annual review
 - that the Council's Code of Corporate Governance has been reviewed by the Monitoring Officer and is considered adequate
 - that the governance arrangements for 2009-10 are considered to be adequate and effective

- that based on the evidence provided and reviewed, the key controls are complete, accurate and current
- that Chief Officers recognise the 'corporate ownership' of its governance requirements and they are comfortable with the review approach set out in 4.2 and 4.3
- that the Annual Governance Statement is incorporated into the Annual Statement of Accounts appearing separately on this agenda.

8.2 The Sub-Committee are asked to approve the Annual Governance Statement for signing by the Chairman and the Director of Corporate Resources.

Officer Contact

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

Adrian Thompson
Chief Internal Auditor
Norfolk Audit Services
(01603) 222784

adrian.thompson@norfolk.gov.uk



If you need this Report 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 Museums and Archaeology Committee
Annual Governance Statement, 2009-10**

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 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, and which includes 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*.
- 1.5 A copy of the code is on NCC's website at www.norfolk.gov.uk or can be obtained from Mr. P D Brittain, Head of Finance, Norfolk County Council, County Hall, Martineau Lane, NR1 2DW. This statement explains how the Committee has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

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 2010 and up to the date of approval of the statement of accounts.

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>The County Council Plan takes a three-year look ahead and is up-dated every year to ensure it remains relevant. It sets out NCC's three Strategic Ambitions for Norfolk:</p> <ul style="list-style-type: none"> An inspirational place with a clear sense of identity A vibrant, Strong and sustainable economy Aspirational people with high levels of achievement. <p>The plan includes the objectives :</p> <ul style="list-style-type: none"> Improve the health and well-being of Norfolk's residents Improve opportunities for people to learn throughout life Build vibrant, confident and cohesive communities. Improve Norfolk's cultural heritage and resources. <p>NCC's organisation values were developed in 2007-08 and launched in April 2008, taking into account the Employee Survey 2007 and refined through focus groups from staff at all levels:</p> <ul style="list-style-type: none"> Ambitious - passionate about being the best Customer focus - customers at the heart of everything we do Working together - with each other and our partners Accountable - taking personal responsibility for making a positive difference
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	<ul style="list-style-type: none"> • Learn and improve - growing from our experiences • Trust and respect - our foundations for building strong relationships. <p>In September 2009 the Leader of the Council, Daniel Cox, set out a blueprint for the way the Council should look, feel and deliver its services for the next three to five years and Norfolk Forward – the organisational plan of how this should be delivered – was launched at the same time by Chief Executive, David White. Both papers are available at www.norfolk.gov.uk/council.</p> <p>The County Council Plan 2008-2011 and a 2009-12 County Council Plan supplement is available electronically on NCC's website. County Council Plan 2009-12 supplement. Alternatively, to obtain a hard copy, contact the Policy and Performance team by calling (01603) 228852 or email them policyandperformance@norfolk.gov.uk</p> <p>The Norfolk Museums and Archaeology Service (NMAS) presented an Annual Plan to the Committee in March 2009 and this was approved by the Committee at the same meeting. The Annual Plan can be found on the Council's website. Annual Plan 2009-10</p> <p>The NMAS Annual Plan is reviewed and the progress reported on at the NJMAC each quarter. A year end report documenting the performance against the plan during 2009-10 was presented to the NJMAC in April 2010. Performance Report 2009-10</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 (The County Council 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. http://www.norfolk.gov.uk/Council_and_democracy/Committees/index.htm</p>

	<p>The NMAS Annual Plan was reviewed in November 2009.</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. Each objective in the County Council Plan has an expected outcome for people in Norfolk, and each of these has one or more associated National Indicators (NIs), which have replaced the previous Best Value Indicators (BVPIs). NIs are an easy way of seeing if we have improved and to compare the Council to other councils providing the same or similar services. Current year performance for NCC is published on NCC's website.</p> <p>The Audit Commission is an independent public body responsible for ensuring that public money is spent economically, efficiently, and effectively in the areas of local government, housing, health, criminal justice and fire and rescue services.</p> <p>The Audit Commission carried out a corporate assessment of NCC over a three-year period, this was known as the Comprehensive Area Assessment (CAA). CAA looked at how well we are performing, including how well we use resources, and gives us a score. In 2009 NCC were awarded 4 stars and judged to be improving well.</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 	<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</p>

<p>effective communication.</p>	<p>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 codes of conduct for both members and staff. Our Corporate Human Resources (HR) department produces a HR Practises Manual in which there is also a code of conduct for staff. For a copy of the code of conduct please contact Corporate HR on 0344 8008020.</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 have adopted this strategy.</p> <p>A copy of the Council Anti Fraud and Corruption Strategy can be requested from Norfolk Audit Services on 0344 8008020 or contacting by e-mail at Norfolk.audit.services@norfolk.gov.uk</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>NJMAC follows NCC's Financial Procedures and Financial Regulations. For a copy of NCC's Financial Procedures and Financial Regulations please contact the Head of Finance on 0344 8008020.</p> <p>Agendas and minutes for all County Council</p>

	<p>meetings, including the NJMAC and the NASAC, are accessible on NCC's website. Agendas and minutes link</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>NCC set up an Audit Committee in October 2005. The main purposes of the Audit Committee is to provide proactive and effective leadership on audit and governance issues and champion both audit and the embedding of risk management throughout the council and to review the effectiveness of the system of internal control.</p> <p>The Audit Committee receives reports on the adequacy of risk management and internal control and the scope of these reports include NJMAC functions.</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 NJMAC Annual Governance Statements are reported to the Audit Committee through the Internal Audit Annual Report.</p> <p>The Internal Audit Annual Report counts on the effectiveness of the governance arrangements for NJMAC.</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</p>

	<p>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. Both of these are available on NCC's website. Complaints and Compliments web page</p> <p>NJMAC adopts NCC's Complaints and Compliments procedures.</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. For copies of the Anti Fraud and Corruption Strategy and Whistle blowing policy please contact Norfolk Audit Services on 0344 8008020 or contacting by e-mail at Norfolk.audit.services@norfolk.gov.uk</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 Services 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 for members of the public. 'Your Norfolk' magazine is delivered to every household in Norfolk whereas 'Norfolk Matters' magazine is specifically for members, partners and stakeholders. Both are available electronically on NCC's website.</p> <p>NCC's website contains a variety of useful information, including latest news, and allows users to sign up for email updates. Users can ask the Council Leader, Daniel Cox, questions via the website as well as contacting the council or access online services such as the Norfolk Consultation Finder. This is a website dedicated to current consultations and allows members of the public to easily participate in the council's activities.</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. http://www.museums.norfolk.gov.uk/img/Newsletter%20Final.pdf</p> <p>Channels of communication are also filtered through Norfolk Archaeology Services Advisory Committee and Norfolk Museums and Archaeology Service Board.</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 The Museums & Heritage Package Project, Article 10 check of Commission Regulation was an inspection as part of the Go East Programme. Within the report the following was stated in the summary:
- “We have made no recommendations in respect of our inspection visit. The Council's financial procedures and the monitoring of project partners' financial procedures are very robust and there is a clear audit trail to support project expenditure”.
- “The Council's project monitoring and management systems are excellent. Governance is robust and well documented. There is regular monitoring of project partners, good risk management, comprehensive records of project progress and comprehensive evidence files are maintained by project partners and the Council to support the achievement of outputs”.
- 3.3 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. Museums gaining the accreditation are listed on the website http://www.mla.gov.uk/what/raising_standards/accreditation.
- 3.4 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.

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

The Authority & the Executive

- 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

The Committee has, where appropriate, received the full range of professional officer advice and support to enable them to carry out their functions effectively and in compliance with statutory requirements.

<ul style="list-style-type: none"> • Delivery of services by trained, skilled and experienced personnel. • Performance monitoring processes are in place to measure progress against objectives and to provide for remedial action where appropriate. 	<p>availability, together with a framework for monitoring performance against the key objectives in order to provide clear accountability to the people of Norfolk for the Council's performance. The County Council Plan 2009-12 Supplement is available electronically on NCC's website.</p> <p>As part of the overall Comprehensive Area Assessment 2009, the Council scored a Level 4 for CAA and Level 3 for the Use of Resources. There is an enhanced focus on risk management as an aid to both decision-making and service planning and delivery with regular reports to be made to the Audit Committee and to Review Panels on both corporate and service risks.</p> <p>Reports on budgetary positions are taken to each NJMAC meeting for discussion and review.</p> <p>The Council has demonstrated its commitment through its IIP accreditation, which was successfully reassessed during September 2007.</p> <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 	<p>The Committee met during 2009-10. Its</p>

<p>is to promote and maintain high standards of conduct by councillors and co-opted members.</p>	<p>business included:</p> <ul style="list-style-type: none"> • Embedding the revised Code of Conduct • Introducing and training Standards Committee members on the new local determination regime. • Appointing additional independent members to the Standards Committee • Improving the Council's website in relation to standards matters. <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.</p>
<p>Internal Audit</p>	
<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 NNAS 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>The Committee receives an Annual Internal Audit Report, which includes reference to the effectiveness of the Governance accounts for the NNAS.</p>
<p>Other explicit review/assurance mechanisms</p>	
<ul style="list-style-type: none"> • External Audit provide a further source of assurance by reviewing and 	<ul style="list-style-type: none"> • The Audit Commission issued a final Annual Governance Report for 2008-09

<p>reporting upon the Council's internal control processes and any other matters relevant to their statutory functions and codes of practice.</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>in April 2010. The report</p> <ul style="list-style-type: none"> ○ gave an unqualified audit opinion, ○ stated that there were material errors in the financial statements, ○ 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 report included an action plan with respect to the financial statements which was agreed and has been completed.</p> <ul style="list-style-type: none"> • The Council has adopted the CIPFA Treasury Management in Public Services Code from November 2002. • The Council has implemented the Accounts and Audit Regulations 2003 and is implementing the amendments made in the 2006 regulations. • NAS has implemented the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006. • The Council's 'Four Star' status under Comprehensive Area Assessment in 2009-10 was affirmed in 2010.
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We have been advised on the implications of the results of the review of the effectiveness of the governance framework by the NJMAC Accounts Approval Sub-Committee.

Significant governance issues

There were no significant governance issues reported during the year.

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

Date:.....

Signed: **Director of Corporate Resources**.....

Date:.....

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

Report by Head of Finance

This report introduces the Annual Internal Audit Report which summarises the internal audit work carried out in 2009-10, reports on Internal Audit's performance, provides assurance that financial, non-financial controls and risk management arrangements exist and are effective and provides details of the relevant sections of the Councils 2010-11 internal audit plan.

The Committee is requested to adopt the Council's Anti Fraud and Corruption Strategy and consider:

- the NAS Annual Internal Audit Report for 2009/10 and the key message:

Based on an analysis of the audit work carried out and reports issued, NAS can assure Committee that, the adequacy and effectiveness of internal control and risk management during 2009/10 was acceptable.

- that the systems of internal audit are adequate and effective during 2009/10 for the purpose of the latest regulations
- that arrangements for fraud are adequate and have been reviewed in light of the economic downturn
- the content of the 2010/11 audit plan from the NAS Annual Internal Audit Report.

1 Introduction

- 1.1 Since April 2010 the functions of the Norfolk Joint Museums and Archaeology Committee are largely delivered through the Community Services Department (formerly known as Cultural Services Department until 31 March 2010) of Norfolk County Council and the Norfolk County Council Audit Committee covers that department's work.

- 1.2 Norfolk Audit Services (NAS) is responsible for internal audit of the Norfolk Joint Museums and Archaeology Service (NMAAS). Its role is to provide assurance that there is evidence of compliance with Norfolk County Council Financial Regulations and departmental rules and procedures. Where such compliance does not exist, NAS makes recommendations to ensure that proper controls are in place. Some audits carried out are based on the perceived risk to the NMAAS as assessed using the NAS risk model, corporate and departmental risk registers and others may be requested by the Head of Service.
- 1.3 This report introduces the Annual Internal Audit Report which summarises the internal audit work carried out in 2009/10, reports on Internal Audit's performance and effectiveness of the systems of internal audit, provides assurance that financial, non-financial controls and risk management arrangements exist and are effective and provides details of the relevant sections of the 2010/11 Internal Audit Plan.

2 NAS Annual Internal Audit Report

- 2.1 The Annual Report containing the key messages appears at Appendix A. The key messages include that the adequacy and effectiveness of risk management and internal control within the NMAAS is "Acceptable".
- 2.2 Audits of Cromer Museum, Renaissance in the Regions and Museums and Archaeology Project Management (Financial Management and Budget Monitoring) and a follow up audit at Gressenhall Museum were undertaken. The NMAAS also relies on some NCC corporate systems which are included NCC annual audit plan and no specific exceptions were raised in relation to NMAAS. Based on the results of these audits, in the opinion of NAS, the adequacy and effectiveness of internal control and risk management is "Acceptable" subject to further strengthening of controls through implementation of the agreed actions arising from the reports shown at 4.1 of the attached report.
- 2.3 With the emergence and increasing significance of some risk topics including sustainability and Anti-Fraud and corruption activity, the Chief Internal Auditor's Annual Internal Audit Report also comments briefly on the adequacy and effectiveness of those arrangements.
- 2.4 An audit plan for 2010/11 has been agreed with the then Director of Corporate Resources and Cultural Services prior to presentation to and approval by the Council's Audit Committee in April 2010.

3 Ongoing Maintenance of Internal Controls

- 3.1 The ongoing maintenance of controls rests with the Chief Officer who monitor their controls and ensure that policies, procedures and documents are kept up to date.
- 3.2 Where action is required in reports internal audit has agreed action plans with the Chief Officer.

4 The Difference We Are Making

- 4.1 Audit findings have provided assurance or if necessary led to agreed actions to address any identified weaknesses in risk management and internal control. This demonstrates the Council's good Use of Resources and Value for Money and thus supports the Council's Plan and its Strategic Ambitions.
- 4.2 Sufficient audits have been completed within NMAS and on corporate main systems also used by the NJMAS to inform the opinion detailed in paragraph 11 below.
- 4.3 Chief Officers and the Council's Audit Committee have responsibility for reviewing the Anti-Fraud and Corruption arrangements. The Audit Committee oversees Chief Officer's arrangements for identifying and responding to the risks of fraud and the establishment of internal control. After consideration of the risks from the economic downturn, the Anti Fraud and Corruption planning and resources in general for the Council and specifically for the NMAS were considered sufficient for the financial year 2009-10. The responsibilities in relation to fraud are set out in part 11 of the attached report.
- 4.4 Awareness and understanding of the Anti Fraud and Corruption Strategy and associated documents by members, staff and those we do business with is being promoted and is a key measure for their success and will be reported to a future meeting of the Audit Committee. The Committee is asked to formally adopt the Council's Anti Fraud and Corruption Strategy at Appendix B.
- 4.5 On 1 March 2010 an email was sent to each Council manager, including the NMAS teams, to remind them of the Council's Anti Fraud and Corruption Strategy.
- 4.6 Arrangements have been put in place to ensure that a paragraph is included in each report issued setting out the difference we have made as a result of the audit.

5 Other implications

- 5.1 There are no implications with respect to the Equality Impact Statement with respect to this report and there are no other implications.

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

6 Section 17 Crime and Disorder Act

- 6.1 Under section 17 of the Crime and Disorder Act the Council has a statutory general duty to take account of the crime and disorder implications of all of its work down to a local level, and do all that it reasonably can to prevent crime and disorder in Norfolk.
- 6.2 NAS work is planned in order to cover the higher risk areas including where weaknesses in controls might increase the risk of theft, fraud or corruption. An action plan is agreed for any weaknesses that are identified during audits. Audits help to prevent, detect and investigate possible fraud.
- 6.3 NAS work continues to evolve to cover all areas of risk as well as traditional financial audit.
- 6.4 During 2009/10 work NAS finalised work on the 2008/09 bi-annual National Fraud Initiative (NFI) data-matching scheme organised by the Audit Commission.
- 6.5 Work will begin on the next bi-annual NFI data matching exercise in the Autumn of 2010. Norfolk County Council will continue to contribute to this work.
- 6.6 The Councils Anti-Fraud and Corruption strategy continues to be developed and promoted to embed a strong anti-fraud and corruption culture within the Council, including the NMAS.

7 Responsibilities in relation to fraud

- 7.1 The NMAS has adopted the Norfolk County Council Anti Fraud and Corruption Strategy. Norfolk Audit Services risk based audit planning includes work that will help prevent, detect, investigate and prosecute fraud risks. Based upon the work carried out this financial year, the internal controls and risk management relating to fraud are considered to be adequate and effective for the NMAS. Additional information can be found at section 11 of the attached report.

8 Risk Management

- 8.1 This report has fully taken into account any relevant issues arising from the NCC and Cultural Services policy and strategy for risk management.

9 Compliance with the CIPFA Code of Practice 2006

9.1 Norfolk Audit Services continues to be compliant with the CIPFA Code of Practice 2006.

10 Alternative Options

10.1 There are no alternative options for the Norfolk Joint Museums and Archaeology Committee to consider.

11 Conclusion

11.1 NAS performs audit work on the main systems provided to the service for example payroll, payments and accounts receivable. No specific issues have arisen that require reporting here.

11.2 The Norfolk Joint Museums and Archaeology Committee should note that three audits were planned for 2009/10. All reports were issued with an audit opinion that internal controls 'have key issues that need to be addressed'. Planned actions were agreed with the Chief Officer. (For further details see section four of the attached report)

11.3 A follow up audit was undertaken at Gressenhall Museum and it was found that overall satisfactory action had been taken to reduce the risks identified at the original audit, and no further action by NAS has been planned.

11.4 There were no corporately significant reports in terms of monetary risk, policy implications and political or public interest during the year.

11.5 My opinion is that the adequacy and effectiveness of risk management and internal control within the Norfolk Joint Museums and Archaeology Committee is '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.

11.6 My opinion is based upon:

- final reports issued in the year
- the results of other work carried out by internal audit
- the corporate significance of the reports.

11.7 The Norfolk Joint Museums and Archaeology Committee should note that the 2010/11 audit plan has been agreed with the then Director of Corporate Resources and Cultural Services prior to and approval by the Norfolk County Councils Audit Committee in April 2010.

11.8 The Committee should adopt the Council's Anti Fraud and Corruption Strategy.

12 Recommendation

12.1 It is recommended that the Norfolk Joint Museums and Archaeology Committee should adopt the Council's Anti Fraud and Corruption Strategy and consider:

- the Norfolk Joint Museums and Archaeology Committee Annual Internal Audit Report for 2009/10 and the key message:

12.2 Based on an analysis of the audit work carried out and reports issued, Chief Internal Auditor can assure 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 arrangements for fraud are adequate and have been reviewed in the light of the economic downturn
- the content of the 2010/11 Audit Plan from the NAS Annual Report.

Adrian Thompson
Chief Internal Auditor
(01603) 222784
Email: adrian.thompson@norfolk.gov.uk

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Norfolk Joint Museums and Archaeology Committee NAS Annual Internal Audit Report 2009/10

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1. Introduction

- 1.1. Since April 2010 the functions of the Norfolk Joint Museums and Archaeology Committee are largely delivered through the Community Services Department (formerly known as Cultural Services Department until 31 March 2010) of Norfolk County Council and the Norfolk County Council Audit Committee covers that department's work.
- 1.2. Norfolk Audit Services (NAS) produces an annual report for the Norfolk Joint Museums and Archaeology Committee. The NAS Annual Audit Report details the overall opinion on internal control and risk management within the Norfolk Museums and Archaeology Service (NMAS) and details the level of audit coverage for the NMAS for the year in question.
- 1.3. This report details the audit work carried out and the opinion given to individual audits from April 2009 to March 2010.
- 1.4. With the emergence and increasing significance of some risk topics including sustainability and Anti-Fraud and Corruption activity, the Chief Internal Auditor's Annual Internal Audit Report also briefly comments on the adequacy and effectiveness of those arrangements.
- 1.5. During the year to March 2010, NAS reported detailed reports on every audit including where necessary, an audit opinion and an agreed action plan.
- 1.6. Internal Audit's role is to ensure that there is evidence of compliance with the NMAS' objectives, rules and procedures. Where such compliance does not exist, internal audit makes recommendations to ensure that proper controls are in place. Some audits carried out are based on the perceived risk to the NMAS as assessed using the internal audit risk model, whilst others are requested by the Head of Service.
- 1.7. The approach that NAS takes to its role is set out in its Internal Audit Terms of Reference, Code of Ethics and Strategy. These were approved by the Norfolk County Council Audit Committee during the year.
- 1.8. The Internal Audit Team, as part of the system of internal audit has provided an effective, efficient and economic function during the year, supporting the Audit Committee, the Norfolk Museums and Archaeology Committee, Chief Officers and the service.

2 Audit Opinion Explanation

- 2.1 As part of the overall good governance framework reporting, the Chief Internal Auditor provides an annual opinion on the adequacy and effectiveness of internal control and risk management. This informs the reporting of the Annual Governance Statement which is published in the Annual Statement of Accounts for the Committee.
- 2.2 The NAS overall audit opinion is based on work undertaken during the year. Each report has one of two possible grades, which are explained in the table below:

Opinion	Assessment of internal control	Action required from the recipient – as agreed with the auditors
Acceptable	Few or no weaknesses, mostly insignificant	Remedial action required within six months
Key issues that need to be addressed	A number of weaknesses, mostly significant or one or more major weaknesses	Remedial action required immediately or within six months

3 Key messages

- 3.1 The key messages from the year are:
- Based on an analysis of the audit work carried out and reports issued, NAS can assure the Norfolk Joint Museums and Archaeology Committee that the adequacy and effectiveness of internal control and risk management for the Norfolk Museums and Archaeology Service during 2009/10 was “Acceptable” subject to further strengthening of controls through the implementation of the agreed actions arising from the audits shown at 7.1 of the attached report.
 - NMAS systems of internal audit were effective during 2009/10 for the purposes of the latest regulations.
 - An upgrade of the NAS auditing software has been successfully implemented to improve NAS ways of working and efficiency. NAS procedures are subject to continuous review
 - Anti Fraud arrangements are acceptable but, as the best practice standards are continually rising, ongoing improvements need to be considered. The arrangements have been reviewed in light of the economic downturn.
 - NAS has received overall positive feedback on audits during the year ended 31 March 2010.

Appendix A

3.2 The work of NAS continues to evolve to cover all areas of the Norfolk Joint Museums and Archaeology Committee. Some audits are carried out based on the perceived risk to the Norfolk Joint Museums and Archaeology Committee as assessed using the NAS risk model, whilst others are requested by the Head of Norfolk Museums & Archaeology Service).

Three audits were undertaken for the NMAS (see table at 4.1) and final reports were issued in all cases with an audit opinion that internal controls 'have key issues that need to be addressed'. Planned actions were agreed with the Chief Officer.

A follow up audit was undertaken at Gressenhall Museum and it was found that overall satisfactory action had been taken to reduce the risks identified at the original audit, and no further action by NAS has been planned.

3.3 Other significant points to note are that:

- The NMAS has adopted the Norfolk County Council Anti Fraud and Corruption Strategy
- The Risk register is reviewed by the NMAS Board (as described in the Joint Museums Archaeology Agreement), which meets every 6 months
- The NMAS supports the key themes of the Norfolk Ambitions sustainable community strategy to ensure that sustainability issues are adequately addressed (1.3). The economic impact is considered as part of the NMAS Risk register. JMAC also receives reports on NMAS admissions annually, which reviews visitor numbers which, in turn impacts on income generation. Income generation is also considered as part of the regular finance reports.

4 Museums and Archaeology Service Internal Audit Work

4.1 Details of audits are given in the table below:

Audits planned for 2009/10	Final report issued	Opinion
Gressenhall Farm and Workhouse Museum follow up	Y	Satisfactory action (see 3.2 above)
Cromer Museum	Y	Key issues to be addressed
Renaissance in the Regions	Y	Key issues to be addressed
Museums and Archaeology Project Management (Financial Management and Budget Monitoring)	Y	Key issues to be addressed (Findings and required action related to Museums)

		only. Controls within Archaeology were found to be acceptable.)
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4.2 Suitable planned actions were agreed with the Chief Officer and it is considered that this together with the other work performed on the Council's systems provides a reasonable basis to draw a representative opinion as a sufficient amount of work has been completed.

5 2010/11 Audit Plan

5.1 The following audits were approved for the 2010-11 audit plan

- Museums Income
- Museums and Archaeology Project Management follow up,
- Cromer Museum follow up,
- Renaissance in Regions follow up

6 Review of effectiveness of systems of internal audit

6.1 The Accounts and Audit (Amendment) (England) Regulations 2006 require the effectiveness of its systems of internal audit to be reviewed annually. There is currently no guidance or good practice available for meeting this requirement. Informal advice from CIPFA and discussions with other local authorities provided various options for reviewing the effectiveness of the system of internal audit.

6.2 The elements of the Museums and Archaeology Service systems of internal audit and the assurance on their effectiveness is derived as follows:

- Internal audit – the annual plan and work of internal audit
The results of internal audit work for 2009/10 have been summarised in section 4.1.
- Management processes of checking, reconciliation's, supervisions and controls

The annual internal audit plan includes the Council's main systems on a rotational basis and our opinion on these is "Acceptable" (section 4.2).

7 Performance Reporting

7.1 NAS will continue to develop performance reporting during 2010/11 and report progress on the audit plan and feedback from customer satisfaction questionnaires to the Audit Committee.

7.2 NAS has received overall positive feedback on audits during year ended 31 March 2010.

8 Engaging Specialists

- 8.1 NAS engages specialists from external sources to deliver audits that require specialist expertise that does not exist within the team, eg. ICT audits. This ensures that specialist areas receive a high quality assurance.

9 Quality Assurance Programme

- 9.1 A quality strategy for NAS has been developed, which includes a Quality Assurance Programme to review completed audit projects to ensure they meet quality standards. An internal review of completed audit projects has been undertaken and assurance can be gained that audit projects meet our quality standards and procedures.
- 9.2 NAS procedures are subject to continuous review and were updated during the year. Included in these is a procedure for reviewing audit work, which ensures that NAS audits are conducted to the required standard.

10 Working with the Audit Commission

- 10.1 NAS has a very good working relationship with the Audit Commission and NAS's work is planned and co-ordinated to ensure that there is:
- No duplication of work
 - The “audit burden” on clients is minimised
 - The benefit of all audits to the NMAS is maximised.
- 10.2 The Audit Commission places reliance on the work of NAS where relevant.

11 Responsibilities in relation to fraud

- 11.1 The NMAS has adopted the Norfolk County Council Anti Fraud and Corruption Strategy. Norfolk Audit Services risk based audit planning includes work that will help prevent, detect, investigate and prosecute fraud risks. Based upon the work carried out this financial year, the internal controls and risk management relating to fraud are considered to be adequate and effective for the NMAS.
- 11.2 On 1 March 2010 an email was sent to each Council manager, including the NMAS teams, to remind them of the Council’s Anti Fraud and Corruption Strategy.

Appendix A

- 11.3 During the year internal audit have reviewed the internal controls and risk management of the Council's main financial systems. Those systems cover the transactions, balances and assets of this Committee. That work and the assurance it provides helps this Committee to reasonably assess the risk that the financial statements are not materially misstated due to fraud.
- 11.4 Internal Audit has planned and delivered audits during the year which include reasonable measures to detect fraud and to give assurance on internal controls that would prevent it. Reports on the audit findings clearly set out those findings which increase the risk of fraud and whose responsibility it is to ensure that recommendations are completed.
- 11.5 The Council has an Anti Fraud and Corruption Strategy which covers the scope of this Committee. The Strategy has been applied where appropriate throughout the year and any significant fraud investigations have been reported where they have been completed. There have been no frauds investigated for the services covered by this Committee. The Committee are therefore aware of the process for identifying and responding to the risks of fraud generally and of the specific risks of misstatement in the financial statements when they are asked to approve those Annual Financial Statements at the end of the year.
- 11.6 Actual fraud cases that have been fully investigated would be reported to the Council's Audit Committee. The Chairman would be informed of any significant fraud which had implications for this Committee. There have been no such cases during the last year. The Committee is therefore aware of the arrangements in place for Chief Officers to report about fraud to the Committee. The Committee would therefore have knowledge of actual or suspected fraud and the actions that Chief Officers are taking to address it if it were required.
- 11.7 The Anti Fraud and Corruption Strategy, Whistle blowing Strategy, Money Laundering Policy and the Standards of Conduct are promoted through staff newsletters and on the Council's Intranet site as well as through training for non financial managers. The Committee is aware of the arrangements Chief Officers have in place for communicating with employees, members, partners and stakeholders regarding ethical governance and standards of conduct and behaviour.
- 11.8 The Council's Audit Committee has responsibility for reviewing the Anti Fraud and Corruption arrangements. The Audit Committee approved the 2009-10 edition of the Anti Fraud and Corruption Strategy in June 2009. This Committee receives this Annual Internal Audit reports, Risk Management reports and other reports from the Audit Commission giving assurance on the adequacy and effectiveness of risk management and internal control, Anti fraud and corruption ensures and of the governance and value for money arrangements. These assurances support the Council's Annual Governance Statement that the Council's Audit Committee considers and approves. This

Appendix A

Committee therefore oversees management arrangements for identifying and responding to the risks of fraud and the establishment of internal control.

Adrian Thompson
Chief Internal Auditor
01603 222784
Email: adrian.thompson@norfolk.gov.uk

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Norfolk County Council

Anti-Fraud and Corruption Strategy

2009- 10 Edition

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Anti-Fraud and Corruption Strategy

Letter from the Leader of the Council and Chief Executive

To all Members, staff, partner organisations, contractors, suppliers and members of the public:

The Council has established itself as an authority that puts probity and accountability high on its agenda and one that takes issues of fraud and corruption seriously. Good corporate governance and the protection of public assets are a key priority for the Council within the current strategy.

The public is entitled to demand conduct of the highest standard, and employees and members are expected to conduct themselves in accordance with the standards that apply to them.

We expect the highest standards of political, professional and personal conduct to be upheld.

The Council's strategy has now been updated and revised to ensure it reflects best practice. Please read the strategy, seek clarification where necessary and help us to apply its principles.

David White

Daniel Cox

Chief Executive

Leader of the Council

June 2009

1 ANTI-FRAUD AND CORRUPTION STRATEGY – General

1.1 Introduction

Norfolk County Council is one of the largest organisations in the County, employing around 19,500 people and having gross expenditure of around £1.5bn in 2009/10, mainly derived from taxation.

The Council has a County Council plan for 2009-12 which sets out the three strategic ambitions and cross cutting Corporate Objectives. The Council's strategic ambitions for Norfolk are to:

- Be an Inspirational place with a clear sense of identity
- Have a Vibrant, strong and sustainable economy; and
- Aspirational people with high levels of achievement and skills.

In delivering the plan the way in which the resources are put in place, capacity is managed and focus is sharpened is through having a real customer focus, developing and supporting the workforce and providing value for money.

In managing these responsibilities and particular the value for money the County Council is committed to the eradication of fraud, corruption and misappropriation and to the promotion of high standards of integrity.

Promoting a zero tolerance culture for fraud is inextricably linked to the Council's strategic aims. One pound lost to fraud or corruption means one pound less for public services and for the achievement of Norfolk County Council's Strategic Ambitions. Fraud or corruption is not acceptable and will not be tolerated.

This strategy has been established to promote and facilitate the development of controls that will aid in the prevention and detection of fraud and corruption against Norfolk County Council. It is the Council's intention to promote consistent organisational behaviour, by providing guidelines, training and assigning responsibility for the development of controls and the conduct of investigations. Controls include Disciplinary Rules, Contract Standing Orders, Financial Regulations, Codes of Conduct and Standards of Behaviour.

In addition to the laws on theft, the Fraud Act 2006 defines three types of fraud:

- False representation
- Failing to disclose information
- Abuse of position.

For the purposes of this strategy, fraud is defined as, 'the intentional distortion of records for gain'. Corruption is defined as, 'the offering or acceptance of inducements designed to influence official action'. Financial malpractice is defined as, 'theft of funds, or assets from the Council or its clients and

intentional, unauthorised breaches of financial regulations'. Misuse of official position is defined as, 'employees or their friends, relatives, or acquaintances benefiting inappropriately from exercise of duty'.

Any investigation activity that is required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to the Council.

To deliver the Council's corporate strategy we need to maximise the financial resources available to us. In order to do this we must reduce fraud and misappropriation to an absolute minimum. The Council recognises its responsibility to protect public funds and we will endeavor to implement secure systems and promote high standards of conduct. We will seek the strongest possible sanctions against those who seek to defraud the Council. This includes our own Members, officers, contracting partners and external individuals and organizations the Council does business with. Fraud and Corruption risks are considered as part of the Council's strategic risk management arrangements.

The Council's affairs are open to scrutiny by a variety of external bodies and people, for example:

- The External Auditor is required to ensure that the Authority has adequate arrangements for the prevention of fraud and corruption
- The Public:
 - as Council Tax payers
 - as service users
 - annual inspection of accounts
- The Business Community - annual business consultation for Non-Domestic Rates
- Her Majesty's Revenue and Customs.

In addition there is internal scrutiny applied by the Audit Committee via the Head of Finance, through internal audit, under Section 151 of the Local Government Act, 1972; and through the Standards Committee via the Head of Law who acts as Monitoring Officer, under Section 5 of the Local Government and Housing Act, 1989.

Norfolk County Council will measure the success of this strategy against agreed criteria and welcomes external scrutiny as a demonstration of its commitment to the Anti-Fraud and Corruption Strategy.

1.2 Policies

This strategy will be supported where appropriate by up to four separate policies on Anti Fraud and Corruption. Each of the four policies has distinct features and outcomes and will be agreed with the relevant groups and stakeholders.

The Anti-Fraud and Corruption policies cover:

- Employees
- Members
- Contractors and suppliers and their employees
- Partners; and
- The County Council.

The Council's Whistle-blowing, Complaints and Anti Money Laundering policies also support the Anti-Fraud and Corruption arrangements.

These policies will be subject to review and approval by the appropriate approving bodies as required.

1.3 Scope of the Strategy

This strategy applies to any irregularity or suspected irregularity, involving members, employees as well as consultants, suppliers, contractors, outside agencies doing business with employees of such agencies and/or any other parties with a business or in a formal partnership relationship with the Council, including the wholly owned companies. Details on the arrangements for each of these groups are covered in the sections that follow. In some cases the principles will be a requirement, in others principles may apply as appropriate and others are encouraged to recognize and support the principles and how we want to work with them.

Chief Officers are responsible for the prevention and detection of theft, fraud, corruption and other irregularities within their area of responsibility . Each Chief Officer will:

- Identify, be familiar with and assess the types and risks of fraud or corruption that might occur within their area of responsibility
- promote the strategy, publicity and relevant training to staff and bodies they do business with
- be alert for any indication of fraud or corruption; and
- be ready to take appropriate action in a timely way, should there be a suspicion of theft, fraud or corruption.

1.4 Culture

Norfolk County Council is determined that the culture and tone of the organisation is one of openness, honesty and opposition to fraud and corruption. There is an expectation and requirement that Council Members and staff, at all levels, will lead by example in these matters and that all individuals and organisations associated in whatever way with the Council, will recognize our strategy and how we want to do work with them.

Under Section 17 of the Crime and Disorder Act, the Council has a statutory general duty to take account of the crime and disorder implications of all of its work and do all that it reasonably can to prevent crime and disorder in Norfolk. This strategy to reduce fraud is based on deterrence, prevention, detection, investigation, and sanctions within an over-riding anti-fraud and corruption culture. The Council will promote this culture across all our service areas and within the community.

The Council takes a holistic approach to anti-fraud and corruption measures. Fraud prevention and system security is an integral part of the development of new systems, strategic and operational risk management and ongoing operations. Chief Officers will consider the fraud threats and take advice where appropriate, when implementing any financial or operational system.

The holistic approach extends to the investigation of allegations and the prevention of fraud through system reviews. The Internal Audit team provides the Council's fraud investigation and system audit functions. They act to promote the deterrence, prevention, detection, investigation, sanctions and redress of fraudulent activity. The arrangements also take into account relevant requirements and professional guidance relating to money laundering and terrorist financing. In addition the team is free to work with other agencies in the pursuance of the Council's anti-fraud and corruption aims. Clear outcomes will be agreed, measured and reported to the Audit Committee for the counter fraud and corruption work.

1.5 Actions Constituting Fraud

The terms misappropriation, and other fiscal irregularities include, but are not limited to:

- Any dishonest or fraudulent act (see 1.1).
- Theft of funds, investments, supplies, data, intellectual property or other assets.
- Impropriety in the handling or reporting of money or financial transactions.
- Profiteering as a result of 'insider' knowledge of Council activities.
- Accepting or seeking anything of material value from contractors, suppliers or persons providing services/materials to the Council.
- Destruction, removal or inappropriate use of records, furniture, fixtures and equipment.
- Abuse of IT equipment, systems, software or security procedures
- Any similar or related irregularity.

1.6 Other Irregularities

Irregularities concerning an employee's moral, ethical, or behavioural conduct are covered by the Council's Standards of Conduct and Behaviour and should be resolved by departmental management and Human Resources rather than the Internal Audit Unit. However, if there is any question as to whether an action constitutes fraud, the Chief Internal Auditor or Head of Law should be consulted and they will provide guidance.

1.7 Deterrence – The Corporate Framework

The Council takes ultimate responsibility for the protection of our finances and those that are administered on behalf of the Government or the Community. In turn Chief Officers have a duty to protect their service area on a risk assessed basis from losses due to fraud and corruption and are responsible for implementing proper internal controls and risk management arrangements.

The corporate framework, which underpins the operation of the Council has a number of facets that exist to protect the Council against losses and reputational damage from fraud and corruption and act as a deterrent. These include:-

- An established Standards Committee and an adopted code of conduct for Members.
- An established Audit Committee
- The Constitution, Financial Regulations, Standing Orders and the Scheme of delegation.
- The Council's Constitution arrangements are published on the Council's web pages to the public, partners, staff and members.

- Risk Management arrangements including Risk Registers both Corporate and Departmental
- Training for staff and members on the corporate strategy documents and what the arrangements mean for their behaviour.
- Monitoring and testing of the operation of the ethical framework.
- A dedicated team within Internal Audit whose work programmes include proactive work.
- Participation in national anti-fraud initiatives for example the National Fraud Initiative (NFI)
- The promotion of awareness of anti-fraud and corruption issues reinforced by training and publicity.
- Effective disciplinary procedures
- Effective recruitment procedures.

The respective roles and responsibilities of stakeholders are detailed within this document. For clarity the specific responsibilities are summarised at section 4.

The objectives of each part of the strategy and how they are to be measured are highlighted in a box at the conclusion of each chapter for clarity.

Objective: High Staff and Member awareness of the risks, controls and consequences of fraudulent or corrupt acts measured through staff and member feedback

Objective: Professional investigation of identified frauds measured and confirmed through internal and independent review.

The Chief Internal Auditor will comment and give an assurance on the adequacy and effectiveness of the Anti Fraud and Corruption corporate framework, being the controls and risk management that support the Anti Fraud and Corruption culture, in the Annual Audit Report as one of the performance measures.

1.8 The Fraud Threats:

The Council is responsible for the proper administration of its finances. This not only includes direct income and expenditure, but also that which we administer on behalf of the Government, on behalf of our clients and that for which we are the responsible accountable body. Fraudsters may attack all of these sources of income, expenditure and our valuable assets.

The Council will be vigilant in all of these areas and will apply the same principles of risk assessed deterrence, prevention, detection, investigation, sanctions and redress across all its services. The Council will not be afraid to tackle difficult or uncomfortable cases and will take a robust line and seek the maximum appropriate sanctions and redress.

The cost of fraud or corruption to the Council will be monitored. The Chief Internal Auditor will report on the cost of investments in work to counter fraud and corruption and of any investigatory work that is required in the Annual Audit Report as one of the performance measures.

The Council will make a proportionate investment in work to counter fraud and corruption bearing in mind the risk that has been identified.

The Strategy explains the arrangements for each of the parties covered by the Anti-Fraud and Corruption policies and these are set out in the following sections as follows:

- Members (1.9)
- Staff (1.10)
- Contractors, Suppliers and Partners (1.11)
- Wholly owned companies (1.12)
- Public and External Organisations (1.13)

Objective: Consideration and reporting of the cost of each investigation and loss reported to the Audit Committee

The Chief Internal Auditor will report on the cost of investments in work to counter fraud and corruption and of any investigatory work that is required in the Annual Audit Report as one of the performance measures

1.9 Members

The role of members in this strategy is to:

- Champion and promote the Council's strategy and the zero tolerance culture towards fraud and corruption
- Raise matters of concern that may come to their attention during their work
- Review, consider and approve the strategy and its performance measures annually
- Consider the Annual Report of the delivery against the strategy's performance measures
- Encourage the public to report concerns or to pass on concerns raised by the public to the appropriate officer
- Participate in any reviews, disciplinary meetings or appeals as required.

Members will be provided with advice on how to respond if an allegation of fraud or corruption is passed to them.

Our Members are expected to act in a manner which sets an example to the community whom they represent and to the staff of the Council.

Prevention

Our Members are required to operate within the:

- The Council's Constitution
- Members Code of Conduct
- Sections 94 - 96 of the Local Government Act 1972
- Local Authorities Members' Interest Regulations 1992 (S.I.618)
- County Council Standing Orders

The Council will provide fraud awareness training to our Members and encourage an open and honest dialogue between Members and officers.

These matters and other guidance are specifically brought to the attention of Members at the Induction Course for new Members and are in each Member's handbook. Also included are rules on the declaration and registration with the Head of Law of potential areas of conflict between Members' County Council duties and responsibilities and any other areas of their personal, professional lives or other activities.

The Council will ensure that the processes that are particularly vulnerable such as planning, disposals, procurement and expenses are adequately protected through internal control mechanisms.

Detection

Through Internal Audit and Risk Management reviews and the work of the Monitoring Officer the Council will ensure that the possibility of fraud and corruption is considered in all vulnerable areas and appropriate tests are devised to detect them.

Investigation

Allegations of fraud and corruption made against our Members will be fully investigated in accordance with the provisions of the Local Government Act 2000 and any subsequent statute or codes of practice. Following an appropriate investigation the Standards Committee is responsible for the initial assessment into Members misconduct.

The Council will fully assist the Standards Committee or other law enforcement agencies with any investigation concerning a Member. Allegations about Members that are received by Internal Audit will be referred immediately to the Monitoring Officer. The Monitoring Officer will utilise Internal Audit for the purposes of any investigation relating to financial matters.

Sanctions and Redress

The Council will utilise its own Standards Committee to the fullest extent to promote high standards and regulate the conduct of our Members and will take action as they see fit or as required by the Standards Board for England.

Objective: High Member awareness of the risks, controls and consequences of fraudulent or corrupt acts measured through member feedback.

The Head of Law will comment and give assurance on the adequacy and effectiveness of the Standards Committee's work in their Annual report to this committee, as one of the performance measures.

1.10 Staff

The Council's staff are an important element in its approach to minimizing the risk of fraud and corruption and they are positively encouraged to raise any concerns that they may have on these issues where they are associated with the Council's activities. Staff can raise concerns in the knowledge that they will be treated in confidence and properly investigated. Normally reporting matters to their line manager or departmental finance officer will be appropriate however, if necessary, a route other than a line manager or departmental finance officer may be used, see Contacting Us at 1.14 on page 28.

Staff are expected to conduct themselves in ways which are beyond reproach, above suspicion and are fully open and accountable. No financial malpractice will be tolerated and those found guilty of it will be pursued to the fullest extent.

It is the responsibility of directors and managers to be aware of the appropriate financial and other anti-fraud regulations and to be responsible for raising awareness of and ensuring conformance to them, by the staff for whom they are responsible.

The Council will normally expect to deal with staff under the Disciplinary Procedures before referring a case to the Police. Referral to the Police is a matter for the Disciplinary Action Review Group (DARG) described later in the strategy, following consideration of the facts of each case. Referral to the Police will not prohibit action under the disciplinary procedures.

Where financial impropriety is discovered, the Council's presumption is that, subject to consideration by the DARG, the Police will be informed and arrangements made, where appropriate, for the prosecution of offenders by the Crown Prosecution Service.

Prevention

The Council recognises that its systems are vulnerable from attack from within the organization, particularly by those who may gain 'inside' knowledge of potential control weaknesses through their official position. Prevention is better than cure and all managers must ensure that as far as possible and on a risk assessed basis their systems are adequately protected by sound internal controls. It is the responsibility of all managers to establish and maintain systems of internal control and to ensure that the Council's resources are properly applied. Manager's duties include responsibility for the prevention and detection of fraud, corruption and malpractice.

The Chief Internal Auditor will ensure that an adequate and effective internal audit is undertaken of the Council's systems and processes. Internal Audit assists managers to implement proper controls and remedy control failures.

The Council will ensure that procedures relating to recruitment, staff conduct and disciplinary processes are robust and are followed. With regard to the vetting of new entrants, references will be taken in all cases and personal testimonials will not be accepted. Where qualifications are required for a particular post, candidates will be required to submit original certificates for checking. If a doubt arises as to the authenticity of a qualification, this will be verified with the examination board/professional body. Where necessary officers will undertake checks with the Criminal Records Bureau (CRB).

Staff of the Council are expected to follow any Code of Conduct related to their Professional Institute and also abide by the Council's Standards of Conduct and Behaviour.

The Council has in place a Disciplinary Procedure for all categories of its staff. The role that appropriate staff are expected to play in the Council's framework of internal control should feature in employee induction and training.

Staff must operate under Section 117 of the Local Government Act 1972 regarding the disclosure of pecuniary interests in contracts relating to the County Council or the non-acceptance of any fees or rewards whatsoever other than their proper remuneration. These requirements are set out in the Council's Standards of Conduct and Behaviour.

As part of the longer term strategy Internal Audit propose that the Council will identify those posts considered to be in key, high risk, financial/fraud sensitive positions. Internal Audit will recommend to all Heads of Service that their staff who meet this criteria are considered for higher levels of pre-employment checks and more closely monitored for indicators of fraudulent behaviour, such as unusual leave and working patterns.

Detection

All internal audit reviews will have regard to the possibility of fraud. Auditors will receive training to ensure that they have a full understanding of systems controls and potential fraud areas. Internal Audit will undertake proactive anti-fraud audits in high risk areas with a view to identifying any fraud or misappropriation.

The Council actively encourages staff to whistle blow on colleagues who are suspected of committing fraud. All members of staff, the public and Councillors are encouraged to contact Internal Audit with any suspicion of fraud, corruption, financial malpractice or the misuse of official position.

The Council operates a Confidential Reporting Code (Whistleblowing Policy) for those employees who wish to utilise the protection offered by the Public Interest Disclosure Act 1998. The Council encourages a strong ethical and counter fraud culture and that staff have high levels of awareness and recognise their responsibilities to protect the organisation and its resources. It also encourages that its staff, and staff within contracting organisations, have confidence in the whistle-blowing arrangements and feel safe to make a disclosure.

The Annual Internal Audit Plan allows resources to undertake pro-active detection work. We will utilise all methods available to detect fraud. This includes data matching, open source research, surveillance and intelligence led investigation where appropriate. We will also actively participate in the Audit Commission's National Fraud Initiative (NFI). Weaknesses identified by all of these methods will be reviewed to ensure that appropriate action is taken to strengthen the internal control arrangements.

The need for fair processing notification on application forms for the Council's services which permit data sharing, will be continuously reviewed by Internal Audit, as the NFI extends into new areas.

The array of preventative systems, particularly internal control systems within the Council, has been designed to provide indicators of any fraudulent activity, although generally they should be sufficient in themselves to deter fraud.

It is the responsibility of Chief Officers, their managers and all staff to prevent and detect fraud and corruption. It is often the alertness of staff, Members and the public that enables detection to occur and the appropriate action to take place when there is evidence that fraud or corruption may have been committed, or is in progress.

Despite the best efforts of managers and auditors, many frauds are discovered by chance or "tip off", and the Council has in place arrangements to enable such information to be properly dealt with. These are covered by the response plans covered in Section 3 of the strategy.

Investigation

The Internal Audit Unit (Norfolk Audit Services) is charged with leading the Council's fight against fraud. The unit is led by the Chief Internal Auditor and will examine all allegations of fraudulent, financial misconduct, corruption and other behaviour affecting the finances or integrity of the Council on a risk assessed basis.

Internal Audit will investigate any allegation that may have a direct or indirect impact on the finances for which we are responsible. This will include cases where staff may have financial information relating to organisations which are or have been funded by the Council, or with whom the Council has a contract.

Staff have a duty to assist the Council with any matter under investigation. Failure to assist with an investigation may be considered as a breach of trust or failure to comply with financial regulations. This could lead to disciplinary action being taken.

Authorising the Investigation of Suspected Fraud

Members of Internal Audit will have:

- Free and unrestricted access to all Council records and premises, whether owned or rented.
- The authority to examine, copy and/or remove all or any portion of the contents of files, desks, cabinets and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation
- These arrangements for Internal Audit's access to partnership's records should be set out in all partnership agreements.

Allegations of Fraud

Chief Officers are responsible for following up any allegation of fraud or corruption and will do so through clearly defined procedures which are covered below and in the more detailed Fraud Response Plans described in Section 3. Chief Officers are expected to deal swiftly and firmly with those who may have defrauded the Council, or may have acted corruptly. The Council will be robust in dealing with financial malpractice.

There is a need to ensure that any investigation process is not misused and, therefore, any abuse (such as raising unfounded malicious allegations) may be dealt with as a disciplinary matter.

In general terms and in support of the more detailed Manager's Response plan (see section 3) Chief Officers are responsible for following up any allegation of fraud and corruption received and will do so by:

- contacting the Norfolk Audit Services (see below) and, or the Head of Law, as soon as possible
- arranging for the allegation to be investigated promptly
- recording all evidence received ensuring that evidence is sound, adequately supported and secure
- if appropriate calling a meeting of a Disciplinary Action Review Group (see below) by contacting the Head of Organisational Development and Human Resources
- liaison with the Police, if it is considered a criminal matter (see page 22)
- notifying the Council's Risk and Insurance manager
- implementing Council Disciplinary Procedures where appropriate.

Role of Risk and Insurance

The Risk and Insurance Section within Corporate Finance is responsible for leading on risk management within the Council, promoting, co-ordinating and reporting on risk to the Audit Committee.

Risk and Insurance will lead and advise on the risk profiling of functions and roles overseen by Chief Officers that are considered to have a higher risk potential.

Risk and Insurance will also provide advice on the recovery of losses through the Council's insurers.

Role of Norfolk Audit Services

Chief Officers of the County Council are required by Financial Regulations to report all suspected irregularities to the Head of Finance; in practice reporting is to the Chief Internal Auditor who manages Norfolk Audit Services within Corporate Finance. Reporting is essential to the success of the Anti-Fraud and Corruption Strategy and ensures:

- there is a focal point for gathering information and noting trends if they are emerging
- consistent treatment of information regarding fraud and corruption
- proper and proportionate investigation by an independent and experienced audit team
- a proper professional response to fraud investigations
- the optimum protection of the County Council's interests through proactive counter fraud audits.

Depending on the nature and anticipated extent of the allegations, Norfolk Audit Services will work closely with Chief Officers and other agencies, such as the Police, to ensure that all allegations and evidence are properly investigated and reported upon, and where appropriate, maximum recoveries are made for the Council. Those working to counter fraud and corruption will be professionally trained and accredited for their role and attend regular refresher training to ensure they are aware of new developments and legislation.

The Council's Disciplinary Procedures will be used where the outcome of the audit investigation indicates improper behaviour.

The external auditor also has powers to independently investigate fraud and corruption, and the County Council can use his services for this purpose. The external auditor also needs to have an understanding of how the Audit Committee exercises oversight of management's processes for identifying and responding to the risks of fraud and the internal controls established to mitigate them. They must seek written representations to properly discharge their responsibilities under the relevant standards and make enquiries for a 'letter of representation' for that purpose.

Any such arrangements will be reported to the Audit Committee as part of the Internal Audit Annual Report.

Investigations by internal audit will be conducted in accordance with best practice and where appropriate with regard to statutory requirements, e.g. Police and Criminal Evidence Act, Regulation of Investigatory Powers Act, Data Protection Act and by appropriately trained staff. The Chief Internal Auditor holds the CIPFA Investigative Practices Certificate. Internal Auditors taking part in investigations are either studying for or qualified to suitable levels of technical or professional competencies. Investigations are managed by either a qualified IIA auditor or accountant.

The Disciplinary Action Review Group (DARG)

Where the Head of Human Resources and Organisational Development (OD and HR) has been informed of suspected misconduct or other matter having a corporate significance, they will according to the value and significance of the concerns provide advice or if appropriate arrange a meeting of a DARG as soon as possible.

A DARG consists of representatives of the Head of Law, the Head of HR and OD, the Chief Officer and, in cases involving financial matters, the Head of Finance.

The DARG will seek to agree whether Disciplinary Procedures should begin, whether further investigations should be carried out and whether the case should be referred to the Police. The DARG will clarify responsibilities for ensuring that action is taken to avoid future similar situations occurring.

It should be noted that the responsibility for proceeding with disciplinary matters lies primarily in the hands of the relevant Chief Officer.

Confidentiality

The Chief Internal Auditor and their team treat all information received confidentially. Any one who suspects dishonest or fraudulent activity should either inform their line manager, Finance Officer or if more appropriate notify the Internal Audit Unit immediately and should not attempt to personally conduct investigations or interview/interrogations related to any suspected fraudulent act. (See Reporting Procedures section below and 'Contacting Us' at 1.14 on page 28).

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the Council from potential civil liability.

Reporting Procedures for Employees

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

An employee who discovers or suspects fraudulent activity should either report the concerns immediately to their manager or if that is not felt appropriate by the methods set out in 'Contact Us' (1.14) on page 28. The employee or person who wishes to remain anonymous should use the Public Concern at Work route, but it is more helpful to the investigation if contact is possible.

All inquiries concerning the activity under investigation from the suspected individual, their legal advisor attorney or representative, or any other inquirer should be directed to Internal Audit or the Legal Department. No information concerning the status of an investigation will be given out without proper authority.

The proper response to any general inquiries is: "I am not at liberty to discuss this matter". Under no circumstances should any reference be made to the allegation, the crime, the fraud or any other specific details.

The individual who reports the concern should be informed of the following:

- Do not contact the suspected individual in an effort to determine facts or to try to investigate the matter.
- Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Legal Department or Internal Audit.

Details of how to make contact are covered in 'Contact Us' on page 28.

Sanctions and Redress

We will seek the strongest available sanctions against staff who commit fraud against the Council, its clients or the public purse. This will include disciplinary action, prosecution and civil proceedings (including seeking the recovery of pension entitlements). Employees found guilty of gross misconduct at disciplinary for offences of fraud, theft or serious financial malpractice, using their position for personal gain, or for the gain of others will be subject to dismissal. This applies to employees who improperly benefit from the Council as a corporate body and not just those who steal funds from their own unit. It also applies to employers who defraud or steal from the Council's clients. We will also take disciplinary action against staff who commit fraud against other Local Authorities or any other agency administering public funds.

At the conclusion of each investigation, the Investigator will produce a report. The manager whose responsibility encompasses the area of that investigation will formally accept the report and take the appropriate action, (disciplinary or other). If the Chief Internal Auditor is not satisfied that the appropriate action has been undertaken they will refer the matter to the Head of Law and the Head of Finance. As with all disciplinary matters, the level of proof required is that of the balance of probability. Disciplinary cases involving allegations of fraud, corruption and financial malpractice will be handled on this basis.

The decision to refer the matter on for further action such as prosecution will be taken by the Disciplinary Action Review Group.

Internal Audit will highlight any system weaknesses that are identified as a result of an investigation. These will be addressed through an agreed action plan. The relevant service area manager is responsible for implementing the plan. Internal Audit will monitor implementation of agreed actions. Failure to implement adequate system controls following a loss to fraud will be the subject of a report to the relevant Director, Management Team and/or Committee. All potential misconduct cases must be handled using the Authority's Disciplinary Procedure and Internal Audit's investigating officers will liaise with line managers and Human Resources advisers to ensure effective use of the Authority's procedures.

Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and senior management.

Objective: High Staff Awareness of the risks, controls and consequences of fraudulent or corrupt acts measured through staff feedback.

Objective: Professional investigation of identified frauds measured and confirmed through internal and independent review

The Chief Internal Auditor will comment and give an assurance on the adequacy and effectiveness of the controls and risk management for staff and investigations that support the Anti Fraud and Corruption culture, in the Annual Internal Audit Report as one of the performance measures.

1.11 Contractors, Suppliers and Partners

Those organisations supplying or undertaking work on behalf of the Council are expected to maintain strong anti-fraud and corruption principles as set out in this strategy. The Council is happy to work with such organisations to provide advice on anti-fraud and corruption measures through the Central Purchasing Unit or Internal Audit. Through contract documentation we will ensure that our partners take the issue of fraud seriously. Our suppliers, contractors and partners will be expected to:

- have adequate recruitment procedures and controls when their staff are handling finance on behalf of the Council.
- be responsible for any losses affecting Council funds attributable to their employees.

These expectations will be written into all contract terms and agreements where appropriate. We ask our partners to recognize the Council's strategy and how we want to do work with them.

Prevention

The Council expects our suppliers, contractors and encourages partners to have adequate controls in place to prevent, minimize and detect fraud. The Council will provide publicity materials, leaflets and access to fraud awareness training as required. We will also provide support and training to our community partners to help them implement proper controls and protect the funds they administer.

Detection

Where our suppliers, contractors and partners are involved with the administration of our finances, or those for which we have responsibility they are responsible for:

- ensuring there are adequate and effective systems of internal control and risk management in place to give a reasonable expectation that fraud or corruption would be detected
- providing adequate evidence of suitably qualified reviews on functions and transactions concerning our finances or to allow us to conduct internal audit reviews and pro-active anti-fraud detection exercises as we would for our own service areas.

Investigation

Our suppliers, contractors will and we encourage partners to participate fully with any investigation by the Council or Police investigation and provide full access to their financial records as they relate to our finances, and their staff will be asked to assist fully with any investigation and prosecution if required. These conditions will be included in any contract terms or agreements where possible.

At the conclusion of each investigation, the Investigator will produce a report. The manager whose responsibility encompasses the area of that investigation will formally accept the report and take the appropriate action (disciplinary or other). If the Chief Internal Auditor is not satisfied that the appropriate action has been undertaken, they will refer the matter to the relevant Commissioning /Contract Manager and ultimately the Chief Officer for the relevant service and the Head of Law.

The decision to refer the matter on for further action, such as reporting the matter to the Police, will be taken by the Disciplinary Action Review Group and Chief Officer.

System weaknesses identified as a result of fraud investigations will be highlighted by Internal Audit. The supplier, contractor will be expected to and partner organisation will be encouraged to address these issues in a timely way. Failure to implement adequate system controls will be the subject of a report to the Chief Officer, Management Team and, or Committee.

Sanctions and Redress

We will seek the strongest available sanctions against any supplier or contractor's staff who commit fraud against the Council or who commit fraud against the public purse and we will encourage partners to do the same. We will request that the organisation takes appropriate disciplinary action against the individual and/or we will require that they are removed from the Norfolk County Council account. The ability to request removal of staff will be written into contract terms where appropriate. The Council will seek to use the full extent of the penalties or sanctions allowed for in the contract, service level agreement, partnership agreement or through legal action if required.

Objective: High supplier, contractor and partner awareness of the risks, controls and consequences of fraudulent or corrupt acts measured through client side monitoring.

The Chief Internal Auditor will comment and give an assurance on the adequacy and effectiveness of the controls and risk management by the Council for their Suppliers, Contractors and partner bodies that support the Anti Fraud and Corruption culture, in the Annual Audit Report as one of the performance measures.

1.12 Wholly owned Companies

NORSE is a company wholly owned by the Council. The NORSE group of companies recognise this strategy and will apply the principles to their trading activities where appropriate.

Objective: High awareness of the risks, controls and consequences of fraudulent or corrupt acts by the NORSE Board, measured through client side monitoring.

The Chief Internal Auditor will comment and give an assurance on the adequacy and effectiveness of the controls and risk management by the Council for NORSE that support the Anti Fraud and Corruption culture, in the Annual Audit Report as one of the performance measures.

1.13 The Public and External Organisations

Members of the public and organisations that work with the Council have an important role to alert to the Council to any concerns about the potential for fraud or corruption that they may become aware of. Not every organisation has a formal contract with the Council. We will promote and ask that every organisation that works with the Council recognises our strategy and its principles. The Council also has a Whistle-blowing Strategy available on its website.

Details of how to contact us appear on page 28.

Members of the public may receive financial assistance from the Council through a variety of sources. Unfortunately, all of these areas are vulnerable to attack by fraudsters. Fraud and corruption means less money is available for those in genuine need. Our anti fraud and corruption efforts will be balanced against our desire to ensure genuine service users receive their full entitlement. We will apply the same principles in dealing with fraud or corruption in all of areas of expenditure that directly support the community.

The Audit Commission is leading and developing arrangements to encourage the exchange of information between the Council and other agencies on national and local fraud and corruption activity in relation to Local Authorities through, for example, data matching.

With the rapid increase in recent years of frauds perpetrated against a variety of local authorities, usually involving fraudsters having multiple identities and addresses, the necessity to liaise between organisations has become paramount. The County Council has existing liaison and will make arrangements for this purpose with:

- The Audit Commission National Frauds Initiative office
- Norfolk Constabulary, including the Economic Crime Unit
- Society of County Treasurers
- Home Counties Chief Internal Auditors Group
- County Chief Auditor Networks (regional and national)
- Norfolk Financial Officers Association
- Norfolk Chief Internal Auditors Group
- Eastern Fraud Forum
- National Anti Fraud Network (NAFN)
- CIPFA Better Governance Forum.

Prevention

We will implement strong systems of verification of all claims for all types of financial assistance. We will utilise all data available to corroborate information given by applicants for the purposes of prevention and detection of fraud. We will also monitor and review grants and assistance given to external organisations to ensure applications are genuine. All our staff involved in assessing applications will be given ongoing fraud awareness training.

Detection

We will utilise formal referral procedures for all assessment staff and encourage early referral of suspected cases for investigation.

We will participate in national and local initiatives, including data matching and work with all Government agencies to detect and prevent fraud and other crimes affecting the well-being of our community.

We will analyse fraud trends in order to identify high risk areas and undertake pro-active anti-fraud drives based on that analysis.

Investigation

Any matters that are raised will be considered and if appropriate formally investigated or referred to the Police.

Prosecution and Sanctions

The Council will seek the strongest sanctions against anyone found to have acted in a fraudulent or corrupt way towards the Council.

Objective: Public, particularly service users and external organization awareness of the risks, controls and consequences of fraudulent or corrupt acts measured through feedback.

The Chief Internal Auditor will comment and give an assurance on the adequacy and effectiveness of the activities to promote and prevent, detect and investigate matters either reported to the Council by the public or external organisations or identified through data matching work, in the Annual Audit Report as one of the performance measures.

1.14 Contacting Us

Any one concerned about possible Fraud or Corruption concerning the Council, its partner bodies or wholly owned companies are encouraged to report concerns either in person, by letter, e-mail or by telephone as below:

- In person asking for a member of the internal audit team at County Hall, Martineau Lane Norwich NR1 2DW
- By Letter: The Chief Internal Auditor, Norfolk Audit Services, County Hall, Martineau Lane, Norwich, Norfolk, NR1 2DW
- By E-mail at: Chief.Internal.Auditor@norfolk.gov.uk
- By telephone either:
 - Customer Service Centre (0344) 800 8020*
 - Chief Internal Auditor (01603) 222777**

*from July 2009 (the number was previously 0844 800 8020)

** there is an answerphone for out of hours

We will treat your concerns seriously, confidentially and explain to you what will happen next. If you prefer to remain anonymous we will understand but it may significantly limit our ability to investigate your concerns.

If you do feel unable or uncomfortable to raise your concerns through any of these routes, then you may wish to raise them through Public Concern at Work, www.pcaw.co.uk (telephone number 0207 404 6609), a registered charity whose services are independent, free and strictly confidential.

These options will be included on the Council's Website with a link to enable reporting of suspicions or allegations via the internet for convenience.

<p>Objective: Professional investigation of identified frauds measured and confirmed through internal and independent review</p>

<p>The Chief Internal Auditor will comment and give an assurance on the adequacy and effectiveness of the contact arrangements, the numbers of contacts and the standards of the investigations in the Annual Audit Report as one of the performance measures.</p>
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1.15 Internal Control and Risk Management Systems

Council Standing Orders and Financial Regulations provide direction and requires staff, when dealing with the Council's affairs, to act in accordance with best practice.

The Head of Finance has a statutory duty under Section 151 of the Local Government Act 1972 to ensure the proper arrangements of the Council's financial affairs and has developed Financial Regulations, as part of the Constitution, which outline the systems, procedures and responsibilities of staff in relation to the Council's financial activity.

The Head of Finance maintains a Head of Profession role within the Council and through this exercises quality control on financial administration throughout the Council.

The Head of Law has two roles. Firstly, to monitor the legality of decisions and is the statutory 'Monitoring Officer'. Secondly, to advise on Corporate Standards which seek to ensure a minimum level of compliance and understanding of the legal context in which the Council and individual departments operate.

The Council has developed and is committed to continuing with systems and procedures which incorporate efficient and effective internal controls and risk management. These include adequate separation of duties to minimise the risk of error or impropriety. Chief Officers are required to ensure that such controls, including those in a computerised environment, are properly maintained and documented. The existence, appropriateness, and effectiveness of these internal controls and risk management is independently monitored by Norfolk Audit Services. The Council, through the Risk and Insurance Manager, will develop a fraud profile and fraud risks will be identified with mapping of compensating controls with ongoing monitoring.

The Audit Committee of the Council, has in place reporting arrangements so that it can form a view on the overall effectiveness of internal controls and risk management. These arrangements will include regular reports from internal and external audit and responses from Chief Officers on cases where ineffective internal control has been highlighted.

Objective: Delivery of a plan of Anti-Fraud and Corruption preventative and detective audits in the Annual Internal Audit Plan agreed by the Audit Committee

The Chief Internal Auditor will comment and give an assurance on the adequacy and effectiveness of the Anti Fraud and Corruption controls and risk management in the Annual Audit Report as one of the performance measures.

1.16 Publicity and Training

The Head of Law, supported by advice from the Chief Internal Auditor, will lead the promotion of the strategy through a programme of training, publicity and a 'Bite Sized' leaflet to be available to members, staff, partner bodies, contractors and the public. The Head of Law will be supported by the Chief Internal Auditor in raising awareness and understanding of the strategy.

Links to the strategy will be published on both the internal and public facing Council websites incorporating links (see Contact Us on page 28) for any concerns to be raised.

The Council recognises that the continuing success of its Anti-Fraud and Corruption Strategy and its general credibility will depend largely on the effectiveness of its annual anti-fraud publicity campaign, programmed training and responsiveness of staff and Members throughout the Council.

The Council will have a comprehensive communications plan for Anti Fraud and Corruption publicity including:

- Awareness raising events
- Posters
- 'Bite sized' leaflets
- Items in staff newsletters (Finance News, Our Norfolk)
- Items in Norfolk Matters
- Team Briefings.

The Council can evidence that it is creating a strong deterrent effect, including publicising:

- Successful cases of proven fraud/corruption
- The likelihood of proportionate sanctions being applied should fraud or corruption be detected and losses recovered
- The extension of NFI to new areas with the appropriate 'fair processing notifications' on forms
- Notified data subjects of the use of data for NFI purposes; and
- Promptly conducted NFI investigations to prevent prolonged exposure.

To facilitate awareness and understanding of the strategy, the Council supports the concept of eLearning training, particularly for staff involved with internal control systems, to ensure that their responsibilities and duties are regularly highlighted and reinforced.

Disciplinary action will be taken against employees who ignore such training and guidance.

Norfolk Audit Services (NAS) staff will be involved in investigating most allegations of fraud and corruption. It is important, therefore, that auditors should be experienced and trained to do so. The Chief Internal Auditor will ensure that training and development plans of internal audit staff will reflect this requirement.

Objective: High staff, member, supplier, contractor, NORSE and partner and public, particularly service users and external organization awareness of the risks, controls and consequences of fraudulent or corrupt acts measured through feedback or client side monitoring as appropriate.

The Chief Internal Auditor will comment and give an assurance on the success of the publicity and training in the Annual Audit Report as one of the performance measures.

1.17 Redress and Success measures

The Council is developing a clear strategy on the recovery of losses incurred from fraud and corruption including the use of criminal and civil law to the full.

The Council is developing success measures and monitoring of the proceedings for the recovery of losses and the effectiveness of recovery rates.

The Strategy's success objectives will be reported in an Annual Report on the 'Effectiveness and Impact' of the Anti Fraud and Corruption Strategy, to the Audit Committee annually covering all these measures:

Objectives:

High Staff Awareness of the risks, controls and consequences of fraudulent or corrupt acts measured through staff feedback.

High Member awareness of the risks, controls and consequences of fraudulent or corrupt acts measured through member feedback.

High contractor, NORSE and partner awareness of the risks, controls and consequences of fraudulent or corrupt acts measured through client side monitoring.

Public, particularly service users and external organization awareness of the risks, controls and consequences of fraudulent or corrupt acts measured through feedback.

Delivery of a plan of Anti-Fraud and Corruption preventative and detective audits in the Annual Internal Audit Plan agreed by the Audit Committee.

Professional investigation of identified frauds measured and confirmed through internal and independent review.

Consideration and reporting of the cost of each investigation and loss reported to the Audit Committee.

ANTI-FRAUD STRATEGY - Prosecution

2. Prosecution Policy

2.1 Introduction

The Council's anti-fraud policy and strategy sets out our aims and objectives with regard to tackling fraud and corruption. It states that we will seek the strongest possible sanction against any individual or organisation that defraud, or seek to defraud the Council. The use of sanctions will be governed by the following principles which shall apply equally to any fraud against the Council or against funds for which the Council has responsibility.

2.2 Objectives

The objectives are:

1. To ensure that the Council applies a full range of sanctions in a fair and consistent manner.
2. To ensure that sanctions are applied in an effective and cost efficient manner.
3. To ensure that the sanction decision making process is stringent, robust, transparent and fair.

These principles are designed to provide a framework within which to ensure the most appropriate resolution to a case is reached. The sanction decision will have regard at all times to the Council's disciplinary policy and anti-fraud policy objectives, the individual circumstances of each person concerned and the overall impact of the punishment to both the individual and the community. A range of sanctions is available to the Council. These include disciplinary action, civil proceedings, criminal proceedings, official cautions and administrative penalties.

The ultimate sanction available to the Council is referral for criminal prosecution to the Police. We recognise that this is a serious step to take and the decision to refer cases for prosecution will not be taken lightly.

In some cases, the ultimate decision on prosecution will be taken by the Crown Prosecution Service. This will be as a result of a referral of cases to the Police. We will utilise the Police in cases where their additional powers are required to secure evidence or recovery of funds or where the matter is considered too serious to be pursued in-house.

We will utilise the Council's Legal Service to support and undertake civil action if appropriate. In these cases, the decision to refer cases for civil action will be taken by the Head of Law, in consultation with the Head of Finance and the Chief Officer.

In appropriate cases, we will also utilise the prosecution arm of other public agencies. This will usually be for cases involving joint investigations.

When considering referring a case for prosecution, it is generally accepted that there are two “tests” to be applied – the evidential test and the public interest test. Only when both these tests are satisfied can a case be considered suitable for prosecution.

2.3 Evidential Test

Is there enough evidence to provide “a realistic prospect of conviction”?

In order to ensure that a “realistic prospect of conviction” exists, officers of the Investigations team will at all times ensure that investigations are conducted in accordance with relevant legislation and in line with published Codes of Practice and Guidance with regard to evidence gathering, interviewing and rules of disclosure.

To ensure the cost effectiveness of actions the evidence obtained needs to be of a standard to make the prospect of a conviction or successful civil action highly likely.

The evidence gathered will be examined in the first instance by the investigator and their manager. When both are satisfied that sufficient evidence exists to successfully prosecute and that the Public Interest test is also satisfied, in consultation with the Council’s Legal Team and a Disciplinary Action Review Group, the case file will be passed on to the police for investigation. Both the Council’s Legal team and the CPS will apply their own inspection of the evidence to ensure that a realistic prospect of conviction exists.

2.4 Public Interest Test

In order to ensure consistency and correctness when considering a case for Sanction/Prosecution, the guidelines applied by the Crown Prosecution Office – as detailed in Section 10 Prosecution of Offences Act 1985 will be followed by officers of the Investigations team. In addition, the guidance provided by relevant Government agencies on prosecution will also be considered.

2.5 Public Interest Factors

- A conviction is likely to result in a sentence.
- The defendant was in a position of authority or trust.
- The evidence shows that the defendant was a ringleader or an organiser of the offence.
- There is evidence that the offence was premeditated.
- There is evidence that the offence was carried out by a group.
- The defendant's previous convictions or cautions are relevant to the present offence, if known.
- There are grounds for believing that the offence is likely to be continued or repeated, for example, by a history of recurring conduct; or the offence, although not serious in itself, is widespread in the area where it was committed.
- Aggravating and mitigating factors will be taken into consideration when deciding on the appropriate sanction.

2.6 Officer Fraud and Corruption

In all cases of theft, fraud, financial misconduct, serious and intentional breach of financial regulations and corruption committed by officers we will seek parallel disciplinary action. The normal recommendation would be gross misconduct.

Where a financial loss has been identified, we will always seek to recover this loss either through the civil or criminal process. We will also seek recovery of losses from pension entitlements where appropriate.

Fraud committed by officers will also be considered for criminal prosecution.

The factors that will affect our decision to refer for prosecution will be based on the evidential and the public interest test. We will seek prosecution in all cases involving theft from vulnerable clients or where there is evidence of corruption of public officials.

ANTI-FRAUD STRATEGY – Response Plans

3.1 Fraud Response Plan – Internal Fraud

Where managers identify or are informed of suspicions of fraud or corruption they must act promptly. The general steps that need to be taken are set out in page 21 of this strategy. More detailed steps that should take will be set out in a detailed Manager's Fraud Response Plan. It is not intended to publish the detailed Managers Fraud Response Plan. The plan will be circulated separately to Service Area Managers.

There is also a separate Fraud and Corruption Response Plan for the internal audit section, this will not be published either.

Both Response Plans will be reviewed and approved annually by the Head of Finance and the Head of Law.

ANTI-FRAUD STRATEGY - Responsibilities

4.1 Specific Responsibilities

Stakeholder	Specific Responsibilities
Members	<p>To support and promote the development of a strong counter fraud culture by working to:</p> <ul style="list-style-type: none"> • Champion and promote the Council’s strategy and the zero tolerance culture towards fraud and corruption • To raise matters of concern that may come to their attention during their work • Review, consider and approve the strategy and its performance measures annually • Consider the Annual Report of the delivery against the strategy’s performance measures • To encourage the public to report concerns or to pass on concerns raised by the public to the appropriate officer • To participate in any reviews, disciplinary meetings or appeals as required.
Chief Executive	Ultimately accountable for the effectiveness of the Council’s arrangements for countering fraud and corruption.
Monitoring Officer	To advise Councillors and officers on ethical issues, standards and powers to ensure that the Council operates within the Law and statutory Codes of Practice. Assisted by advice from the Chief Internal Auditor to lead on the promotion of the strategy including training and publicity. To review the strategy as required and report annually to members.
Head of Finance (Section 151 Officer)	To ensure the Council has an adequately resourced and effective Internal Audit and Risk Management Service including adequate Counter Fraud activities.
Audit Committee	To review, consider, approve and monitor the Council’s Anti Fraud and Corruption Strategy and policies and consider the adequacy and effectiveness of the arrangements for Counter Fraud and Whistle-blowing.
Standards Committee	The Committee monitors and advises upon the content and requirement of Codes, Protocols and other procedures relating to standards of conduct throughout the Council, with particular reference to members. The Committee needs to be aware of this

	strategy.
External Audit	Statutory duty to ensure that the County Council has in place adequate arrangements for the prevention and detection of fraud, corruption and theft.
Internal Audit	Responsible for implementing the Anti Fraud and Corruption Strategy and investigating any issues reported under this policy and the Confidential Reporting (Whistleblowing) Policy. To ensure that all suspected or reported irregularities are dealt with promptly and in accordance with this policy and that action is identified to improve controls and reduce the risk of recurrence. To report on Anti-Fraud and Corruption arrangements to the Audit Committee in an Annual Report.
Chief Internal Auditor	To support and advise the Head of Law and include an assurance statement on Anti-Fraud and Corruption controls in the Internal Audit Annual Report to the Audit Committee. To develop ongoing measuring and monitoring techniques to evaluate, remedy and continuously improve fraud and corruption prevention and detection. The measurable criteria and results are to be reported to the Audit Committee. To ensure that counter fraud and corruption work is risk assessed and adequately staffed.
Risk and Insurance Manager	To lead on the risk assessments and risk registers in relation to Fraud and Corruption risks.
Managers	To promote staff awareness and ensure that all suspected or reported irregularities are immediately referred to Internal Audit. To ensure that there are mechanisms in place within their service areas to assess the risk of fraud, corruption and theft and to reduce these risks by implementing and checking robust internal controls. To report suspicions or incidents promptly.
Staff	To comply with Council policies and procedures, to be aware of the possibility of fraud, corruption and theft, and to report any genuine concerns to the appropriate management, the Chief Executive, the Head of Finance, the Monitoring Officer, or Internal Audit promptly as appropriate.
Public, Partners, NORSE, Suppliers, Contractors & Consultants	To be aware of the possibility of fraud and corruption against the Council and report any genuine concerns or suspicions promptly.

Administration

The Head of Law is responsible for the administration, revision, interpretation and application of this policy. In order to strengthen the Councils systems and procedures, the Chief internal Auditor will annually review and revise the counter fraud and corruption arrangements. Hence the Anti-Fraud and Corruption Strategy will be reviewed every year or more frequently if required in accordance with professional guidance, best practice and the findings of its own reviews.

STRATEGY ENDORSED BY:

THE AUDIT COMMITTEE 29 June 2009

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Money laundering and terrorist financing 08/09

**Report to Norfolk Joint Museums and Archaeology Committee-
Accounts Approval Sub-Committee**

25 June 2010

Item No: 9

2009-10 Final Accounts

Report by the Head of Finance

<p>This report details the final accounts of the Norfolk Joint Museums and Archaeology Committee for 2009-10.</p>

1. Introduction

- 1.1 As part of the formal process of closing the Norfolk Joint Museums and Archaeology Committee's 2009-10 accounts, members are required to approve the draft Statement of Accounts by 30 June.

2. Background

- 2.1 The Accounts and Audit Regulations issued by the Secretary of State set out the requirements for the preparation and publication of final accounts. These regulations include the requirement for the formal approval of the Norfolk Joint Museums and Archaeology Committee's Statement of Accounts.
- 2.2 The County Council's 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 and the Best Value Accounting Code of Practice. The Statement is required to present a true and fair view of the Joint Committee's financial position at 31 March 2010 and also the income and expenditure for the financial year.
- 2.3 The Statement of Accounts will be available for public inspection during the four-week period running from 12 July to 6 August 2010.
- 2.4 The Audit Commission plan to start their detailed examination of the Statement of Accounts in September. 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.
- 2.5 Any significant amendments to the 2009-10 accounts will be notified to members of the Committee after the audit has been completed. At the same meeting the District Auditor should also present the Annual Governance Report.
- 2.6 The Accounts and Audit Regulations require that the 2009-10

Statement of Accounts must be published by 30 September.

3. Statement of Accounts - Content

- 3.1 The content and the format of the Accounts is as prescribed in the Accounting Code of Practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), which has approval from the Accounting Standards Board as a Statement of Recommended Practice (SORP).

Explanatory Foreword

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

Statement of Responsibilities

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

Annual Governance Statement

- 3.4 The Accounts and Audit Regulations require that an Annual Governance Statement, signed by the Chairman, Vice-Chairman and Chief Executive, is included in the Norfolk Joint Museums and Archaeology Committee's approved Accounts.

- 3.5 This statement is included on pages 15 to 28. It confirms that, during the 2009-10 financial year, and up to the date the accounts are published, overall Corporate Governance arrangements and internal controls in the Norfolk Joint Museums and Archaeology 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 Accounting Policies

- 3.6 This section summarises the accounting rules and conventions that have been used in preparing the accounts.

Income and Expenditure Account

- 3.7 The Income and Expenditure account shows, in the format required by the Accounting Code of Practice, the income and expenditure for the year, which resulted in a net deficit of £30,680. This has been funded from a transfer from reserves, resulting in an overall breakeven position.

Statement of movement on the General Fund Balance

- 3.8 This statement is intended to show how the surplus/deficit on the income and expenditure account links with the raising of Council Tax. However, as the Norfolk Joint Museums and Archaeology Committee does not have tax raising powers it shows how any surplus/deficit on the income and expenditure accounts has been transferred to/from reserves.

Statement of Total Recognised Gains and Losses

- 3.9 This statement brings together all the gains and losses of the Norfolk Joint Museums and Archaeology Committee for the year and shows the aggregate movement in its net worth. The statement is likely to only show the surplus/deficit on the income and expenditure account. If the Joint Committee had responsibility for fixed assets or pension arrangements, any valuation changes would be included in this statement.

Balance Sheet

- 3.10 The Balance Sheet statement sets out the financial position of the Norfolk Joint Museums and Archaeology Committee at 31 March 2010. The statement shows the reserves at the Joint Committee's disposal and net current assets employed. The Joint Committee does not hold any fixed assets.

Cashflow Statement

- 3.11 This shows the Norfolk Joint Museums and Archaeology Committee's cash transactions for the year, indicating the source of the cash income received and the actual cash spent.

Notes to the Core Financial Statements

- 3.12 The SORP requires that some specific notes have to be included in Statement of Accounts for example disclosure of related parties 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 Joint Committee's activities.

4. Next Steps

- 4.1 After approval of the accounts by this Committee, the Head of Finance will submit the Statement of Accounts to the District Auditor for auditing.
- 4.2 Subject to satisfactory progress on the audit of the accounts, any changes to the accounts together with the District Auditor's Annual Governance Report will be reported to the September Committee meeting.

5. Resource Implications

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

6. Other Implications

- 6.1 There are no legal, human rights, and communications 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.

7. Risk Implications/Assessment

7.1 There are no risk implications arising from this report.

8. Section 17 Crime and Disorder Act

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

9. Alternative Options

9.1 There are no alternative options that the Norfolk Joint Museums and Archaeology Committee needs to consider.

10. Conclusion

10.1 This report and the accompanying Statement of Accounts detail the final position for 2009-10.

11. Recommendation

11.1 The Norfolk Joint Museums and Archaeology Committee is requested to consider and approve the Joint Committee's Statement of Accounts for 2009-10.

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 01603 222806 or textphone 0344 8008011, and we will do our best to help.



Norfolk Joint Museums and Archaeology Committee

Statement of Accounts 2009-10

If you need this statement in large print, audio, Braille, alternative format or in a different language please contact Maria Fox on 01603 222806 or textphone 0344 8008011, and we will do our best to help.



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Introduction

This report presents the statutory financial statements of Norfolk Joint Museums and Archaeology Committee for the period from 1 April 2009 to 31 March 2010.

This statement of accounts has been prepared in accordance with the Accounts and Audit Regulations. The form and content of this report follows the guidance laid down in the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice (the SORP), as required by the Local Government and Housing Act 1989.

This is the final year that the SORP will apply to local authority accounts. From 2010-11, local authority accounts have to comply with International Financial Reporting Standards (IFRS) and will be set out in accordance with a new Code of Practice developed for this purpose.

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.

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.

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 is employed by Norwich City Council, 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, Great Yarmouth, King's Lynn and West Norfolk, North Norfolk and Norwich. The area committees report back to the joint committee and any issues are discussed.

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 including 1 representative of the Museums in Norfolk Group and 1 representative from Museums Friends.

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

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

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

Staff

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 2010 was 168.75 full time equivalents (FTE) (158.52 at 31 March 2009). These figures include permanent, temporary, sessional and supply staff.

Explanatory Foreword

The Norfolk Joint Museums and Archaeology Committee's statement of accounts for the 2009-10 financial year is set out on the following pages. Information on the accounts is presented as simply and clearly as possible. However, due to the technical nature of the accounts, the use of accounting terms is required. A glossary of the meaning of these terms is provided at the end of this document to help the reader's understanding.

The Main Accounting Statements

The accounts are prepared in accordance with the SORP, the Best Value Accounting Code of Practice and guidance notes issued by CIPFA on the application of Statements of Standard Accounting Practice and Financial Reporting Standards (SSAP's and FRS's). Together, these define the content and layout of the accounts

The core financial statements comprise:

- ◆ The Income and Expenditure Account – this shows the Norfolk Joint Museums and Archaeology Committee's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months.
- ◆ Statement of the Movement on the General Fund Balance – this reconciles the surplus/deficit on the Income and Expenditure account with the movement on the General Fund for setting the Council tax. The Norfolk Joint Museums and Archaeology Committee does not have tax raising powers and will therefore show no movement on the General Fund balance.
- ◆ Statement of Total Recognised Gains and Losses – this brings together all of the recognised gains and losses of the Norfolk Joint Museums and Archaeology Committee.
- ◆ The Balance Sheet – this statement shows the financial position of the Norfolk Joint Museums and Archaeology Committee at 31 March 2010.
- ◆ The Cashflow Statement - this shows the Norfolk Museums and Archaeology Joint Committee's cash transactions for the year, indicating the source of the cash income received and the actual cash spent.

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 SORP and this ensures that the accounts of local authorities (including Joint Committees) across the country are prepared on a consistent and comparable basis.

Overview

In 2009-10 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.

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 2009-10 was £320,805 in comparison with the planned expenditure of £528,527, resulting in an under spend of £208,658. This under spend is accounted for by the movement of schemes into future years, including:

£57,322	Seahenge
£44,231	Bridewell Redevelopment
£31,000	Gressenhall Farm & Workhouse – Eco Buildings
£23,723	Gressenhall CERF Works
£16,741	Carrow House Costume & Textile Study Centre
£16,788	Gressenhall Car Park Lighting
£8,090	Gressenhall Lightning Protection
£10,763	Other Minor Works

£208,658

Revenue Budget and Outturn

The net revenue budget for the Joint Committee for 2009-10 was £12.921m (£12.590m in 2008-09)

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
Expenditure:			
Employee Costs	4,914	4,829	(85)
Non- employee Costs	8,007	8,152	145
Gross Expenditure	12,921	12,981	(60)
Funded by:			
Contributions	(6,596)	(7,139)	(543)
Grant Income	(4,438)	(3,095)	1,343
Other Sources	(1,862)	(2,716)	(854)
Reserves	(25)	(31)	(6)
Total Funding	(12,921)	(12,981)	60
Net Outturn Position	0	0	0

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 29 to 32.

Pension Contributions

Actual pension contributions in respect of employees delivering the Joint Committee's activities have been charged to the income and expenditure account. The statutory requirements of Financial Reporting Standard 17 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.

Council Services in Norfolk

Local Government services in Norfolk are currently provided by the County Council, seven district/borough councils and numerous town and parish councils. Norfolk County Council is one of 34 Shire County Councils in England.

The previous Government passed legislation creating unitary councils for the cities of Exeter and Norwich from 1 April 2011. This decision was challenged in Judicial Review proceedings by Devon County Council and Norfolk County Council. There was a hearing on 28th and 29th April 2010 and a judgement is awaited. Following the general election on the 6th May 2010, the coalition Government has introduced an urgent Bill to revoke the Orders that create Exeter and Norwich unitary councils. Subject to Parliament, the Government aim to enact the Bill by the summer, which will stop the restructuring of councils in Devon, Norfolk and Suffolk.

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 authority 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.

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.

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 29 to 41 presents a true and fair view of the financial position of the Joint Committee at the accounting date and its income and expenditure for the year ended 31 March 2010.

Date: 16 June 2010

Signature:

P. D. Brittain,
Head of Finance

Certification of Committee Resolution

In accordance with the requirements of Regulation 10 of the Accounts and Audit Regulations I confirm that the Statement of Accounts was approved by a resolution of the Norfolk Joint Museums and Archaeology Committee – Accounts Approval Sub-Committee on 25 June 2010.

Date: 25 June 2010

Signature:

Chairman of Norfolk Joint Museums and
Archaeology Committee

**Independent Auditor's Report To the Members of Norfolk Joint
Museums and Archaeology Committee**

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Conclusion on Arrangements for Securing Economy, Efficiency and Effectiveness in the Use of Resources

Annual Governance Statement for Norfolk Joint Museums and Archaeology Committee

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 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, and which includes 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*.
- 1.5 A copy of the code is on NCC's website at www.norfolk.gov.uk or can be obtained from Mr P D Brittain, Head of Finance, Norfolk County Council, County Hall, Martineau Lane, NR1 2DW. This statement explains how the Committee has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

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 2010 and up to the date of approval of the statement of accounts.

The key elements of the systems and processes that comprise the Committee's governance arrangements include arrangements for:

- Identifying and communicating the Committee's vision of its purpose and intended outcomes for citizens and service users.

The County Council Plan takes a three-year look ahead and is up-dated every year to ensure it remains relevant. It sets out NCC's three Strategic Ambitions for Norfolk:

- An inspirational place with a clear sense of identity
- A vibrant, Strong and sustainable economy
- Aspirational people with high levels of achievement.

The plan includes the objectives :

- Improve the health and well-being of Norfolk's residents
- Improve opportunities for people to learn throughout life
- Build vibrant, confident and cohesive communities.
- Improve Norfolk's cultural heritage and resources.

NCC's organisation values were developed in 2007-08 and launched in April 2008, taking into account the Employee Survey 2007 and refined through focus groups from staff at all levels:

- Ambitious - passionate about being the best
- Customer focus - customers at the heart of everything we do
- Working together - with each other and our partners
- Accountable - taking personal responsibility for making a positive difference
- Learn and improve - growing from our experiences
- Trust and respect - our foundations for building strong relationships.

	<p>In September 2009 the Leader of the Council, Daniel Cox, set out a blueprint for the way the Council should look, feel and deliver its services for the next three to five years and Norfolk Forward – the organisational plan of how this should be delivered – was launched at the same time by Chief Executive, David White. Both papers are available at www.norfolk.gov.uk/council.</p> <p>The County Council Plan 2008-2011 and a 2010-13 County Council Plan supplement is available electronically on NCC's website. http://www.norfolk.gov.uk/Council_and_democracy/Planning_and_performance/County_council_plan/NCC075465.</p> <p>Alternatively, to obtain a hard copy, contact the Policy and Performance team by calling (01603) 228852 or email them policyandperformance@norfolk.gov.uk</p> <p>The Norfolk Museums and Archaeology Service (NMAS) presented an Annual Plan to the Committee in March 2009 and this was approved by the Committee at the same meeting. The Annual Plan can be found on the Council's website. http://www.norfolk.gov.uk/consumption/groups/public/documents/committee_report/jntmus130309item10pdf.pdf</p> <p>The NMAS Annual Plan is reviewed and the progress reported on at the NJMAC each quarter. A year end report documenting the performance against the plan during 2009-10 was presented to the NJMAC in April 2010. http://www.norfolk.gov.uk/consumption/groups/public/documents/committee_report/jntmus230410item8pdf.pdf</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 (The County Council 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>The NMAS Annual Plan was reviewed in November 2009.</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, and each of these has one or more associated National Indicators (NIs), which have replaced the previous Best Value Indicators (BVPIs).</p> <p>NIs are an easy way of seeing if we have improved and to compare the Council to other councils providing the same or similar services.</p> <p>Current year performance for NCC is published on NCC's website.</p> <p>The Audit Commission is an independent public body responsible for ensuring that public money is spent economically, efficiently, and effectively in the areas of local government, housing, health, criminal justice and fire and rescue services.</p> <p>The Audit Commission carried out a corporate assessment of NCC over a three-year period, this was known as the Comprehensive Area Assessment (CAA). CAA looked at how well we are performing, including how well we use resources, and gives us a score. In 2009 NCC were awarded 4 stars and judged to be improving well.</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 codes of conduct for both members and staff. Our Corporate Human Resources (HR) department produces a HR Practises Manual in which there is also a code of conduct for staff.</p> <p>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 have adopted this strategy.</p> <p>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>NJMAC 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>NCC set up an Audit Committee in October 2005. The main purposes of the Audit Committee is to provide proactive and effective leadership on audit and governance issues and champion both audit and the embedding of risk management throughout the council and to review the effectiveness of the system of internal control.</p> <p>The Audit Committee receives reports on the adequacy of risk management and internal control and the scope of these reports include NJMAC functions.</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 NJMAC Annual Governance Statements are reported to the Audit Committee through the Internal Audit Annual Report.</p>

	<p>The Internal Audit Annual Report counts on the effectiveness of the governance arrangements for NJMAC.</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. Both of these are available on NCC's website.</p> <p>http://www.norfolk.gov.uk/Council_and_democracy/Have_your_say/Compliments_and_complaints/NCC038645</p> <p>NJMAC adopts NCC's Complaints and Compliments procedures.</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>
<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 Services 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 for members of the public. 'Your Norfolk' magazine is delivered to every household in Norfolk whereas 'Norfolk Matters' magazine is specifically for members, partners and stakeholders. Both are available electronically on NCC's website.</p> <p>NCC's website contains a variety of useful information, including latest news, and allows users to sign up for email updates. Users can ask the Council Leader, Daniel Cox, questions via the website as well as contacting the council or access online services such as the Norfolk Consultation Finder. This is a website dedicated to current consultations and allows members of the public to easily participate in the council's activities.</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. http://www.museums.norfolk.gov.uk/img/Newsletter%20Final.pdf</p> <p>Channels of communication are also filtered through Norfolk Archaeology Services Advisory Committee and Norfolk Museums and Archaeology Service Board.</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>
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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 The Museums & Heritage Package Project, Article 10 check of Commission Regulation was an inspection as part of the Go East Programme. Within the report the following was stated in the summary:
- “We have made no recommendations in respect of our inspection visit. The Council's financial procedures and the monitoring of project partners' financial procedures are very robust and there is a clear audit trail to support project expenditure”.
- “The Council's project monitoring and management systems are excellent. Governance is robust and well documented. There is regular monitoring of project partners, good risk management, comprehensive records of project progress and comprehensive evidence files are maintained by project partners and the Council to support the achievement of outputs”.
- 3.3 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. Museums gaining the accreditation are listed on the website http://www.mla.gov.uk/what/raising_standards/accreditation.
- 3.4 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.

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

The Authority & the Executive

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

The Committee has, where appropriate, received the full range of professional officer advice and support to enable them to carry out their functions effectively and in compliance with statutory requirements.

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

The Cabinet approved the Risk Management Strategy in December 2002 and a further update on risk management, policy and practice for reporting on risk management was reported to Cabinet in March and September 2006. This strategy was reviewed in 2007 and was reported to the Audit Committee in 2008.

The embedding of risk management in to business activity is continuing. Action is being taken throughout the Council to ensure Risk management is fully embedded.

An embedding risk management plan has been implemented and signed off.

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 with risk registers being reported six monthly to Review Panels. 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.

The linking of risk mitigation measures to resource allocation was one of many issues incorporated in the Budget considerations.

The Audit Committee/Overview and Scrutiny Committee/Risk Management Committee	
<ul style="list-style-type: none"> The audit and scrutiny function is carried out and developed through the Cabinet Scrutiny Committee, the Audit Committee. 	The Cabinet Scrutiny Committee, the Audit Committee have continued to carry out reviews across a wide range of topics.
The Standards Committee	
<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 2009-10. Its business included:</p> <ul style="list-style-type: none"> Embedding the revised Code of Conduct Introducing and training Standards Committee members on the new local determination regime. Appointing additional independent members to the Standards Committee Improving the Council's website in relation to standards matters. <p>Co-opted members follow the same NCC standards as other members.</p>
Chief Financial Officer	
<ul style="list-style-type: none"> The Head of finance is the Chief Finance Officer for NCC and the NJMAC. 	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.
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>The Committee receives an Annual Internal Audit Report, which includes reference to the effectiveness of the Governance accounts 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. • 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. 	<ul style="list-style-type: none"> • The Audit Commission issued a final Annual Governance Report for 2008-09 in April 2010. The report <ul style="list-style-type: none"> ○ gave an unqualified audit opinion, ○ stated that there were material errors in the financial statements, ○ 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 report included an action plan with respect to the financial statements which was agreed and has been completed.</p> • The Council has adopted the CIPFA Treasury Management in Public Services Code from November 2002. • The Council has implemented the Accounts and Audit Regulations 2003 and is implementing the amendments made in the 2006 regulations. • NAS has implemented the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006. • The Council's 'Four Star' status under Comprehensive Area Assessment in 2009-10 was affirmed in 2010.

We have been advised on the implications of the results of the review of the effectiveness of the governance framework by the Audit Committee.

Significant governance issues

There were no significant governance issues reported during the year.

Signed:

Leading Member

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and Chief Officer

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Statement of Accounting Policies

The accounts have been prepared in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice (the SORP), the Best Value Accounting Code of Practice and guidance notes issued by CIPFA on the application of Statements of Standard Accounting Practice and Financial Reporting Standards (SSAP's and FRS's). They comply therefore with "proper accounting practice" under the terms of the Local Government and Housing Act 1989.

The accounts are prepared under the historical cost convention, except where specifically noted below.

1. Accounting Concepts

Relevance

The objective of the financial statements is to provide information about an Authority'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 SORP 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

Materiality is a threshold quality ensuring that the information is of such significance as to justify its inclusion in the financial statements. Information is material if its omission or misstatement might reasonably be expected to influence assessments made by readers of the accounts.

Whether an item (or items considered in aggregate) is material depends on both the size and nature of the item in question.

Strict compliance with the Code of Practice, 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 authority 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 local authority's Statement of Accounts should be prepared on a going concern basis, that is, the accounts should be prepared on the assumption that the authority 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.

Primacy of Legislative Requirements

Local authorities derive their powers from statute and their financial and accounting framework is closely controlled by primary and secondary legislation. To the extent that law prescribes treatments the accounting principles outlined above may not apply in all cases. It is a fundamental principle of local authority accounting that, where specific legislative requirements and accounting principles conflict, legislative requirements shall apply.

2. Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Fees and charges due from customers are accounted for as income at the date Norfolk Joint Museums and Archaeology Committee provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the balance sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the balance sheet.
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Income and expenditure are credited and debited to the relevant revenue account, unless they properly represent capital receipts or capital expenditure.

3. Fixed Assets and Charges to Revenue for Fixed Assets

Norfolk Joint Museums and Archaeology Committee does not own any fixed assets. Whilst the Joint Committee has the use of land, buildings, vehicles, plant and equipment, ownership remains with Norfolk County Council, the District Councils, or external organisations. If Norfolk County Council finances enhancements and major repairs to any fixed assets, an annual charge is made to the Joint Committee in respect of the use of the asset. This charge represents the cost of depreciation and any impairment losses. The charge then forms part of the

contribution from Norfolk County Council, which is included within the net cost of services and has the effect of reversing it.

4. Government Grants and Contributions (Revenue)

Whether paid on account, by instalments or arrears, Government grants and third party contributions and donations are recognised as income at the date that Norfolk Joint Museums and Archaeology Committee satisfies the conditions of entitlement to the grant/contribution and there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred.

5. Overheads and Support Services

Overheads and support service costs are recharged from Norfolk County Council. These are calculated in accordance with the principles of the CIPFA Best Value Accounting Code of Practice and on an equitable basis.

The Norfolk Joint Museums and Archaeology Committee also receives a charge from Norfolk County Council for costs relating to Corporate and Democratic Core. These costs are in relation to Joint Committee's status as a democratic organisation.

Non-distributed costs are the cost of discretionary benefits awarded to employees retiring early. Any awarded by Norfolk Joint Museums and Archaeology Committee will be included as part of the net cost of services.

6. Reserves

Norfolk Joint Museums and Archaeology Committee sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Statement of Movement on the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the revenue account in that year to score against the Net Cost of Services in the Income and Expenditure Account. The reserve is then appropriated back into the General Fund Balance Statement so that there is no additional contribution required from Norfolk County Council for the expenditure.

7. Retirement Benefits

Staff undertaking Norfolk Joint Museums and Archaeology Committee's activities are employees of either Norwich City Council or Norfolk County Council. Employees of both Councils undertaking Joint Committee activities are eligible for membership of the Local Government Pension Scheme, which is a final salary defined benefit scheme.

Both Councils' Local Government Pension Scheme employer contributions in respect of staff employed on Norfolk Joint Museums and Archaeology Committee activities are included in the Joint Committee's net cost of service.

The requirements of Financial Reporting Standard No. 17 – Retirement Benefits (FRS 17) relating to staff carrying out the Joint Committee's activities are fully reflected in the accounts of Norwich City Council and Norfolk County Council as appropriate. Those accounts reflect the underlying commitment that Norwich City Council and Norfolk County Council have in the long term to pay retirement

benefits to their respective employees and to make up any shortfall in attributable net assets in the pension fund.

8. Stocks

Stocks are included in the balance sheet at the lower of cost and net realisable value.

9. Value Added Tax (VAT)

All VAT collected is payable to HM Revenue and Customs and the income and expenditure excludes any amounts related to VAT, except where the VAT is irrecoverable. Irrecoverable VAT is included in the service revenue accounts as part of Net Cost of Services.

Income and Expenditure Account

2008-09 £000's	Note	2009-10 £000's
(2,030)	Grant Income	(3,095)
(2,090)	Other Income	(2,716)
(42)	Contribution from Great Yarmouth Borough Council	(41)
(60)	Contribution from Kings Lynn and West Norfolk Borough Council	(13)
(48)	Contribution from North Norfolk District Council	(45)
(33)	Contribution from Norwich City Council	(37)
(8)	Contribution from Breckland District Council	(20)
2	Contribution from Broadland District Council	(7)
(4,313)	Total Income	(5,975)
12,625	Total Expenditure	12,981
8,312	Net Cost of Services	7,006
8,312	Net Operating Expenditure	7,006
(8,259)	4 Contribution from Norfolk County Council	(6,976)
53	(Surplus)/Deficit for the Year	30

Statement of Movement on the General Fund Balance

The Income and Expenditure Account shows the Norfolk Joint Museums and Archaeology Committee's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

The Joint Committee does not have tax raising powers and therefore the General Fund Balance is zero. The statement compares the Joint Committee's spending against its use of reserves.

2008-09		2009-10
£000s		£000s
53	(Surplus)/Deficit for the year on the Income and Expenditure Account	30
(53)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	(30)
0	Decrease in General Fund Balance for the Year	0
0	General Fund Balance brought forward	0
0	General Fund Balance carried forward	0

Note of reconciling items for the Statement of Movement on the General Fund Balance

2008-09		2009-10
£000s		£000s
	Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year	
(53)	Net transfer to or from earmarked reserves	(30)
(53)		(30)
(53)	Net additional amount required to be credited to the General Fund balance for the year	(30)

Statement of Total Recognised Gains and Losses

This statement brings together all the gains and losses of Norfolk Joint Museums and Archaeology Committee for the year and shows the aggregate increase in its net worth.

2008-09 £000s		2009-10 £000s
53	(Surplus)/Deficit for the year on the Income and Expenditure Account	30
0	Other (gains)/losses	0
<u>53</u>	Total recognised (gains)/losses for the year	<u>30</u>

Balance Sheet

31 March 2009 £000s	Note		31 March 2010
			£000s £000s
		Fixed Assets	
0		None	0
		Current Assets	
165		Stocks	205
1,539	11	Debtors	1,965
6	12	Cash and Bank	8
1,710		Total Assets	2,178
		Current Liabilities	
(1,539)	11	Creditors	(2,037)
171		Total assets less current liabilities	141
0		Long Term Liabilities	0
171		Total Assets less liabilities	141
		Financed by:	
	8	Earmarked reserves:	
40		Information Technology	37
27		Museums Income Reserve	9
104		Repairs and Renewals Reserve	95
171		Total net worth	141

P. D. Brittain
Head of Finance
Date: 16 June 2010

Cash Flow Statement

31 March 2009	31 March 2010	
£000s	£000s	£000s
0 Net Revenue Activities Net Cash Flow		2
<hr/>		
0 Net (increase)/decrease in cash		2
<hr/>		

Notes To The Core Financial Statements

1. Audit Costs

Fees relating to external audit and inspection of the Norfolk Museums and Archaeology Joint Committee 2009-10 accounts are £12,750. (£12,000 for 2008-09)

2. Overheads and Support Services

Non-employee expenditure, within the Income and Expenditure Account, includes a charge for Overheads and Support Services that are provided by central departments of Norfolk County Council to Norfolk Joint Museums and Archaeology Committee. In 2009-10 these costs were £595,000 (£700,000 in 2008-09).

There is also a charge for costs relating to Corporate and Democratic Core, which is included within employee costs. In 2009-10 the Corporate and Democratic Core costs were £8,453 (£7,632 in 2008-09). Further information on these charges is available within Norfolk County Council's Statements of Accounts.

3. Premises Recharge

Norfolk Joint Museums and Archaeology Committee's Income and Expenditure Account is charged with the annual provision for depreciation (representing the cost of using the assets) for all fixed assets used in the provision of the service. The contribution received from Norfolk County Council covers the cost of these charges.

4. Norfolk County Council Contribution

Norfolk County Council made a contribution to Norfolk Joint Museums and Archaeology Committee for revenue expenditure of £6,975,368 in 2009-10 (£8,258,683 in 2008-09)

The contribution from Norfolk County Council's consists of a number of elements, which include the amounts shown in the table below.

	2008-09	2009-10
	£'000s	£'000s
Premises Recharge	3,296	1,969
Grant Deferred	99	160
Overheads and Support Service Charge	700	595
Corporate and Democratic Core Costs	8	9
Impairment Adjustment	0	671
CERA Adjustment	0	(92)
Norse	0	(2)
General Fund adjustment	0	4
Contribution to Fund Budget	4,156	3,662
Total Norfolk County Council Contribution	8,259	6,976

5. Members Allowances and Employee Emoluments

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.

The SORP requires disclosure of employees' whose remuneration, excluding pension contributions, exceeds £50,000. In 2009-10 there was 1 (1 in 2008-09).

6. Related Party Transactions

Norfolk Joint Museums and Archaeology Committee is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence Norfolk Joint Museums and Archaeology Committee or to be controlled or influenced by Norfolk Joint Museums and Archaeology Committee. Disclosure of these transactions allows readers to assess the extent to which Norfolk Joint Museums and Archaeology 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 Norfolk Joint Museums and Archaeology Committee. These include:

Norfolk County Council and the District Councils – material transactions with Councils are disclosed elsewhere in the accounts.

Members of Norfolk Joint Museums and Archaeology Committee – have direct control over the committee's financial and operating policies. The Norfolk Joint Museums and Archaeology Committee wrote to all members requesting details of any related party transactions. There are no disclosures.

Officers – Norfolk Joint Museums and Archaeology Committee wrote to all Chief Officers requesting details of any related party transactions. There are no disclosures.

7. Retirement Benefits

Staff employed by Norwich City and 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 2004 applies to the financial years 2005-06 to 2007-08. The latest review carried out by the Actuary was at 31 March 2007 and this applies to the financial years 2008-09 to 2010-11. Under Pension Fund Regulations contribution rates are set to meet the overall liabilities of the Fund.

In 2009-10 Norfolk Joint Museums and Archaeology Committee's expenditure includes employer's contributions, including unfunded benefits, of £576,000, representing 17.3% of employees pensionable pay. This has been paid into the Norfolk Pension Fund. (In 2008-09 this was £551,000, representing 17.4% of pensionable pay)

8. Earmarked Reserves

Norfolk Joint Museums and Archaeology Committee keeps reserves in the Balance Sheet that have been set up voluntarily to earmark resources for future spending plans. The table below shows the opening and closing balances, and the movement during the year.

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.

	Balance at 31 March 2009 £'000's	Transfers (to) / from Revenue £'000's	Balance at 31 March 2010 £'000's
Information Technology	27	(18)	9
Museums Income Reserve	104	(9)	95
Repairs and Renewals Reserve	40	(3)	37
TOTAL	171	(30)	141

9. Financing of Capital Expenditure.

All capital expenditure is included in Norfolk County Council's accounts and details of financing are included in notes to Norfolk County Council's balance sheet.

In 2009-10 Norfolk County Council financed capital expenditure of £320,805 in relation to Norfolk Joint Museums and Archaeology Committee (£735,140 in 2008-09).

10. Creditors and Debtors.

A debtor of £955,406 has been included (£1,394,128 in 2008-09) within the 2009-10 Debtors total to reflect cash due to the committee as it does not operate its own bank account.

11. Cash and Bank.

The Norfolk Joint Museums and Archaeology Committee operates a number of imprest accounts at various museums and these have been reflected in the balance sheet.

13. Note relating to the Cash Flow Statement

1. Reconciliation of net surplus/deficit on the Income and Expenditure Account to the Revenue Activities net cash flow

	2008-09	2009-10
	£000s	£000s
Income and Expenditure (Surplus)/Deficit	53	30
Movement in Accruals items		
Stocks	(25)	40
Debtors	(26)	426
Creditors	(2)	(498)
Provisions	0	0
Net inflow/(outflow) on revenue activities	0	(2)

14. Authorised for Issue

The Statement of Accounts was authorised for issue by the Head of Finance on 16 June 2010.

Glossary of Terms

ACCRUAL ACCOUNTING

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

AMORTISATION

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

AMORTISED COST

This is cost that has been adjusted for amortisation.

ASSET

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

BUDGET

The statement of Norfolk Joint Museums and Archaeology Committee expressed in financial terms usually for the current forthcoming financial year.

CAPITAL EXPENDITURE

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

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 Norfolk Joint Museums and Archaeology 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 Norfolk Joint Museums and Archaeology 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.

FAIR VALUE

The price at which we could buy or sell an asset in a transaction with another organisation, less any grants we receive towards buying or using that 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.

GOVERNMENT GRANTS DEFERRED ACCOUNT

When a government grant or other contribution is received in respect of the acquisition of a fixed asset it is recorded in a government grants deferred account. The grant is subsequently charged to the revenue account over the life of the asset to match the depreciation charge and this is reflected in Norfolk County Council's contribution.

IMPAIRMENT

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

MARKET PRICE

This is the price at which another organisation is prepared to buy or sell an asset.

NON-DISTRIBUTED COSTS

These are specific overheads relating to unused assets and certain pension costs for employees' service in previous years. These are not allocated to service departments because they do not relate to the in-year cost of providing the service.

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, mainly salaries and wages, and general running expenses. Charges for goods and services.

SORP

The Code of Practice on Local Authority Accounting in the United Kingdom 2008: A Statement of Recommended Practice (the SORP) aims to achieve consistent financial reporting between all English local authorities. It is based in generally accepted accounting standards and practices.

SURPLUS

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

VALUE ADDED TAX (VAT)

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

VARIATION

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