

# Annual Audit

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# Letter

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**Tyne and Wear Archives and Museums Joint  
Committee  
Audit 2009/10**

**The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.**

**Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.**

**As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.**

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# Key messages

**This report summarises my findings from the 2009/10 audit. My audit comprises two elements:**

- **the audit of your financial statements (page 3); and**
- **my assessment of your arrangements to achieve value for money in your use of resources (page 4).**

## **Audit opinion and financial statements**

**1** I issued my audit report including an unqualified opinion on the Joint Committee's 2009/10 financial statements on 30 September 2010.

## **Value for money**

**2** I issued an unqualified VFM conclusion stating that the Joint Committee has adequate arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

## **Current and future challenges**

**3** The Government's October 2010 comprehensive spending review has set out an unprecedented level of cuts in public spending. The impact on the Joint Committee will be determined by the approaches taken by each constituent authority.

**4** It is clear that the Joint Committee will face significant financial challenges and Members are likely to be asked to consider some very difficult decisions.

**5** In relation to future financial reporting, the Joint Committee will need to ensure the successful implementation of International Financial Reporting Standards (IFRS) for the production of its 2010/11 financial statements.

# Financial statements and annual governance statement

**The Joint Committee's financial statements and annual governance statement are an important means by which it accounts for its stewardship of public funds. I gave an unqualified opinion on the Joint Committee's 2009/10 financial statements on 30 September 2010, within the statutory target date.**

## **Overall conclusion from the audit**

**6** I issued my audit report including an unqualified opinion on the Joint Committee's 2009/10 financial statements on 30 September 2010.

**7** A small number of relatively minor amendments were agreed to the draft financial statements. Working papers were comprehensive and officers were responsive to the queries raised with them.

**8** I did not identify any significant weaknesses in your internal control arrangements.

**9** Officers display a strong technical knowledge of accounting standards and requirements. This will be important next year as 2010/11 will be the first year that the financial statements need to be prepared under International Financial Reporting Standards (IFRS). It is essential that the Joint Committee continues to make its preparations for IFRS implementation and keeps on course against the timetable that has been set.

# Value for money

**I considered whether the Joint Committee is managing and using its money, time and people to deliver value for money.**

**I assessed your performance against the criteria specified by the Audit Commission and have reported the outcome as the value for money (VFM) conclusion.**

## VFM conclusion

**10** I assessed your arrangements to achieve economy, efficiency and effectiveness in your use of money, time and people against criteria specified by the Audit Commission. The Audit Commission specifies each year, which Key Lines of Enquiry (KLOE) are the relevant criteria for the VFM conclusion at each type of audited body.

**11** This is a summary of my findings.

Criteria	Adequate arrangements?
<b>Managing finances</b>	
Understanding costs and achieving efficiencies	Yes
Financial Reporting	Yes
<b>Governing the business</b>	
Good governance	Yes
Risk management and internal control	Yes

**12** I issued an unqualified conclusion stating that the Joint Committee had satisfactory arrangements to secure economy, efficiency and effectiveness in its use of resources.

# Current and future challenges

## Future developments

**13** The Government's October 2010 comprehensive spending review has set out an unprecedented level of cuts in public spending. The impact on the Joint Committee will be determined by the approaches taken by each constituent authority.

**14** It is clear that the Joint Committee will face significant financial challenges and Members are likely to be asked to consider some very difficult decisions.

**15** In relation to future financial reporting, the Joint Committee will need to ensure the successful implementation of International Financial Reporting Standards (IFRS) for the production of its 2010/11 financial statements.

## Closing remarks

**16** I have discussed and agreed this letter with the Acting Director of Museums and the Senior Manager. I will present this letter at the Joint Committee meeting on 25 November 2010 and copies will be provided to all Members.

**17** Full detailed findings, conclusions and recommendations in the areas covered by our audit were included in the reports I issued to the Joint Committee during the year.

Report	Date issued
Fee letter	September 2009
Updates for Audit Committee	Quarterly
Opinion audit plan	June 2010
Annual governance report	September 2010
Opinion on the financial statements	September 2010
Value for money conclusion	September 2010
Annual audit letter	October 2010

**18** The Joint Committee has taken a positive and helpful approach to our audit. I wish to thank officers for their support and cooperation during the audit. As this is the last year of my appointment, I would like to wish the Joint Committee well for the future.

Steve Nicklin  
District Auditor  
October 2010

# Appendix 1 – Audit fees

	Actual	Proposed	Variance
Financial statements and annual governance statement	16,266	16,266	0
Value for money	3,734	3,734	0
<b>Total audit fees</b>	<b>20,000</b>	<b>20,000</b>	<b>0</b>
Non-audit work	0	0	0
<b>Total</b>	<b>20,000</b>	<b>20,000</b>	<b>0</b>

## Appendix 2 – Glossary

### **Annual governance statement**

Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

It comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and where appropriate, lead their communities.

The annual governance statement is a public report by the Joint Committee on the extent to which it complies with its own local governance code, including how it has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

### **Audit opinion**

On completion of the audit of the accounts, auditors must give their opinion on the financial statements, including:

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

### **Financial statements**

The annual accounts and accompanying notes.

### **Qualified**

The auditor has some reservations or concerns.

### **Unqualified**

The auditor does not have any reservations.

### **Value for money conclusion**

The auditor's conclusion on whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of money, people and time.

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