

Annual Audit Letter

Tyne and Wear Archives and Museums
Joint Committee

Audit 2008/09

November 2009



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Status of our reports

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

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

This report summarises the findings from our 2008/09 audit of the Tyne and Wear Museums Joint Committee, which now forms part of the Tyne and Wear Archives and Museums Joint Committee. It includes messages arising from the audit of your financial statements and the results of the work I have undertaken to assess your arrangements to secure value for money in your use of resources.

Audit Opinion

- 1 I have completed my audit of the Tyne and Wear Museums Joint Committee's financial statements. I issued an unqualified opinion on 25 September 2009.

Financial Statements

- 2 The financial statements presented for audit were free from material errors but were amended to correct minor errors and improve presentation.

Value for money

- 3 The Tyne and Wear Museums Joint Committee has appropriate arrangements in place to secure value for money.

Audit fees

- 4 We completed the audit within the fee agreed with you in February 2008.

Table 1 Audit fees

	Actual	Proposed	Variance
Financial statements and annual governance statement	16,012	16,012	0
Value for money	2,383	2,383	0
Total audit fees	18,395	18,395	0
Non-audit work	-	-	-
Total	18,395	18,395	0

Actions

- 5** Recommendations are shown within the body of this report and have been agreed with officers.

Independence

- 6** The audit has been carried out in accordance with the Audit Commission's policies on integrity, objectivity and independence.

Recommendation

- R1** Review quality assurance arrangements to ensure that the draft accounts are free from error.

Financial statements and annual governance statement

The Tyne and Wear Museums Joint Committee's financial statements and annual governance statement are an important means by which the Joint Committee accounts for its stewardship of public funds.

Main issue arising from the audit

- 7 The cash flow statement was amended. Although the figures were accurate, the statement originally showed a net cash outflow rather than inflow.
-

Material weaknesses in internal control

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

Accounting Practice and financial reporting

- 9 I considered the qualitative aspects of your financial reporting and application of appropriate accounting practice in accordance with statute and guidance.
- 10 Following this consideration, I did not identify any issues which need to be brought to the Committee's attention.

Value for money conclusion

I assessed whether the Tyne and Wear Museums Joint Committee put in place adequate corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money (VFM) conclusion.

VFM Conclusion

- 11** I assessed your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. From 2008/09, the Audit Commission will specify each year, which of the use of resources KLOE are the relevant criteria for the VFM conclusion at each type of audited body. My conclusions on each of the areas are set out in Appendix 1.
- 12** I issued an unqualified conclusion stating that the Joint Committee had adequate arrangements to secure economy, efficiency and effectiveness in its use of resources.
- 13** Staff produced a comprehensive self-assessment which was well supported by appropriate evidence. This demonstrated that the Joint Committee has sound arrangements in place for financial reporting, governance, internal control and risk management and to understand its costs and achieve efficiencies.

Closing remarks

- 14** I have discussed and agreed this letter with the Director and the Senior Manager - Corporate Affairs and with the Audit Committee on 11 November 2009. Copies will be provided to all Joint Committee members.
- 15** Further detailed findings, conclusions and recommendations in the areas covered by our audit are included in the reports issued to the Joint Committee during the year.

Table 2

Report	Date issued
Audit Plan	February 2008
Opinion Audit Plan	May 2009
Annual Governance Report	September 2009

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- 16** The Joint Committee has taken a positive and constructive approach to our audit. I wish to thank the Joint Committee's staff for their support and co-operation during the audit.

Steve Nicklin
District Auditor
November 2009

Appendix 1 – Value for money conclusion

The following tables summarises the key findings and conclusions for each of the three use of resources themes.

Managing finances

<p>KLOE 1.2 (understanding costs and achieving efficiencies) VFM criterion met</p>	<p>Yes</p>
<p>Key findings and conclusions</p>	
<p>The Joint Committee is working to understand its costs, the main cost drivers and factors that influence these and how these change with activity over time. There are regular budget updates to the Committee and efficiency savings are being made.</p> <p>Costing information supports decision making and includes consideration of costs, social and environmental impact and comparative information (other museums) where available</p> <p>Cost and performance information is used in the financial and service planning process to make decisions about policies and service provisions and to identify efficiency savings. The costs and benefits of planned changes and improvements are clearly set out. There is a clear understanding of the cost implications reflected in planning and resource allocation decisions.</p> <p>New investments are subject to an investment appraisal process which includes an evaluation of risks and the relative costs and benefits.</p> <p>The Committee regularly reviews costs to assess whether they are commensurate with the range, level and quality of services provided. It uses benchmarks to help it assess its own performance and to challenge underperformance.</p> <p>The Committee sets itself efficiency targets. There are performance reports to each Committee meeting for each of the Tyne and Wear areas.</p>	

Appendix 1 – Value for money conclusion

<p>KLOE 1.3 (financial reporting) VFM criterion met</p>	<p>Yes</p>
<p>Key findings and conclusions</p>	
<p>Regular budget information is produced and reported to members. Budget monitoring leads to action where required and outturns (accounts) match the reporting during the year. Members receive information not just on finance, but performance/activity information for venues</p> <p>Minor issues have arisen during the accounts audit but overall accounts meet statutory/SORP requirements and are produced on time with supporting working papers. The 2007/08 AAL and accounts, as well as 2008/09 draft accounts are readily accessible online. There is some evidence that accessibility has been considered. The website for the new Joint Committee is fully operational, and the sites of the former Joint Committees explain the change</p> <p>An annual report is produced summarising financial information and activities in year.</p>	

Governing the business

<p>KLOE 2.3 (good governance) VFM criterion met</p>	<p>Yes</p>
<p>Key findings and conclusions</p>	
<p>The Committee has published details of roles and responsibilities. These are being reviewed to ensure they remain appropriate for the new/merged Committee. There are good relationships between members and officers. The Committee has Investors in People, suggesting that staff relationships are good. Induction training is in place for staff, as well as ongoing training for staff and members.</p> <p>The Corporate Plan 2008 to 2013 sets out objectives, in the six priority areas. The Committee provides a range of exhibitions at its various sites and works hard to increase attendances - performance reports demonstrate the success of measures.</p> <p>The Committee has its own policies to ensure high governance standards, except for staff/members where Newcastle City Council's code is followed. Financial regulations are in place and regularly updated. The website easily allows contact with the Committee and there is a corporate code. However the complaints procedure or whistleblowing information are not available on the website. Arrangements are in place to review partnerships, although the code was approved only in March 2009. There is an up to date partnership register.</p>	

<p>KLOE 2.4 (risk management and internal control) VFM criterion met</p>	<p>Yes</p>
<p>Key findings and conclusions</p>	
<p>The Committee's arrangements for identifying and managing its risks are robust, and are regularly reviewed and updated eg risks from the merger with Archives were considered, documented and addressed. The recent processes for partnerships assessment mean that risks are also assessed for partnerships.</p> <p>The Committee has a counter fraud policy, and there is no evidence of any fraud in the year.</p> <p>A strong Audit Committee is in place and Internal Audit complies with CIPFA requirement. There is a thorough process for producing the annual governance statement, which is open and honest.</p>	

Appendix 2 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
Annual Audit Letter 2008/09 Recommendations						
4	R1 Review quality assurance arrangements to ensure that the draft accounts are free from error.	2	Jackie Reynolds Senior Manager: Corporate Affairs	Yes 28 October 2009	<ul style="list-style-type: none"> Issue more detailed instruction notes to TWAM budget holders on estimation techniques for raising debtors and creditors. Re-examine timetable to allow additional proof reading of Draft Accounts to include peers and non-accountants. 	June 2010

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