

Tyne & Wear Archives & Museums Joint Committee
Annual Audit Letter on the 2013/14 Audit
October 2014

Audit Committee
Tyne & Wear Archives & Museums
Discovery Museum
Blandford Square
Newcastle-upon-Tyne
NE1 4JA

31 October 2014

Dear Sirs

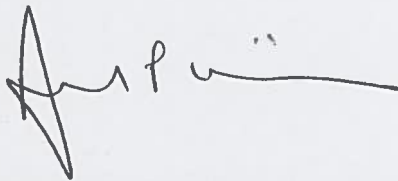
We have pleasure in setting out this Annual Audit Letter to summarise the key matters arising from the work that we have carried out in respect of the audit of the financial statements of Tyne & Wear Archives & Museums Joint Committee ("the Committee") for the year ended 31 March 2014.

Although this letter is addressed to the members of the Committee, it is also intended to communicate the significant issues we have identified, in an accessible style, to key external stakeholders, including members of the public. The letter will be published on the Audit Commission website at www.audit-commission.gov.uk and also on the Committee's website.

This letter has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission. This is available at www.audit-commission.gov.uk.

This letter has been discussed and agreed with the Head of Finance, Governance & Resources. A copy of the letter will be provided to all Members.

We would like to take this opportunity to express our appreciation for the assistance and co-operation provided during the course of the audit. Our aim is to deliver a high standard of audit which makes a positive and practical contribution that supports the Committee's own agenda. We recognise the value of your co-operation and support.



David Wilkinson FCA CF (Engagement Lead)
For and on behalf of Deloitte LLP
Appointed auditor
Newcastle, United Kingdom

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Key messages

Statement of Accounts

Unqualified opinion issued on 25 September 2014

In 2013/14 the Committee was required to prepare its Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14, changes within the Code resulted in a number of minor changes to accounting policies and disclosures.

The Statement of Accounts was prepared, audited and closed in accordance with the agreed timetable. The Committee achieved a good standard of financial reporting.

We issued an unqualified audit opinion on the Statement of Accounts on 25 September 2014.

Value for money conclusion

Unqualified opinion issued on 25 September 2014

We issued an unqualified Value for Money conclusion on 25 September 2014.

Annual Governance Statement

All relevant governance matters were adequately and appropriately disclosed

We considered the contents of the Annual Governance Statement and confirmed that it adequately and appropriately disclosed all relevant governance matters arising in the year.

Financial reporting systems

No significant weaknesses noted

We did not identify any significant weaknesses in the financial reporting systems.

Responsibilities and scope

Responsibilities of the Committee and Auditor

The Committee is responsible for maintaining the control environment and accounting records and preparing the accounting statements in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 based on International Financial Reporting Standards (“IFRS”) and other relevant legislation.

We are appointed as the Committee’s independent external auditor by the Audit Commission, the body responsible for appointing auditors to local public bodies in England.

As the Committee’s appointed external auditor, we are responsible for planning and carrying out an audit that meets the requirements of the Audit Commission’s Code of Audit Practice (“the Code”).

Under the Code, we have responsibilities in two main areas:

- the Committee’s Statement of Accounts; and
- whether the Committee has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (the Value for Money (“VFM”) conclusion).

The scope of our work

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) as adopted by the UK Auditing Practices Board (“APB”).

The audit opinion on the Statement of Accounts reflects the financial reporting framework adopted by the Committee, being the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 based on IFRS and other relevant legislation.

We conducted our work on the VFM conclusion in line with guidance received from the Audit Commission in respect of other local government bodies for the financial year ended 31 March 2014.

The audit of the accounts

Key issues arising from the audit of the accounts

Statement of Accounts

Unqualified opinion issued on 25 September 2014

Before we give our opinion on the accounts, we are required to report to those charged with governance any significant matters arising from the audit. A detailed report was discussed with the members of the Tyne & Wear Archives & Museums Audit Committee on 22 September 2014 and the Tyne & Wear Archives & Museums Joint Committee on 25 September 2014 and there were no significant issues to report.

We issued an unqualified opinion on the Committee's 2013/14 Statement of Accounts on 25 September 2014, in advance of the deadline set for local government bodies of 30 September 2014.

Our opinion confirmed that the accounts presented a true and fair view of the financial position of the Committee and its income and expenditure for the year.

Key issues from work performed on the Statement of Accounts

There were no material misstatements noted that would impact net assets or the surplus on the provision of services

We received a set of draft accounts in advance of the agreed deadline, which were supported by good quality working papers.

The finance staff were helpful throughout the process and responded swiftly to all queries. This performance reflects well on the professionalism of the finance staff and their commitment to maintaining high-level controls over financial systems.

There was one uncorrected immaterial factual misstatement of £2.7k and an associated projected misstatement of £9.9k due to an over accrual.

There were a small number of immaterial disclosure deficiencies noted which were corrected by management prior to our opinion being issued.

Annual Governance Statement

The Statement includes all appropriate disclosures and is consistent with our understanding of the Committee's governance arrangements

As appointed auditor, we review the Annual Governance Statement ("AGS") and comment on any inconsistencies noted between the AGS and our audit work, other work relating to the Code, and our understanding of the Committee's governance arrangements.

We concluded that the AGS included all appropriate disclosures and was consistent with our understanding of the Committee's governance arrangements and internal controls noted during our audit work.

The audit of the accounts (continued)

Key issues arising from the audit of the accounts

Audit Certificate

**Issued on 25
September 2014**

When our audit is complete we are required to certify the closure of the audit.
The certificate was issued on 25 September 2014.

Local challenge work

**No local challenge
work was
undertaken in the
year**

We undertook no local challenge work in the 2013/14 financial year.

Value for Money

Background and approach

Under the Audit Commission Code of Audit practice, as appointed auditors, we are required to draw a conclusion regarding the organisation's arrangements to secure economy, efficiency and effectiveness of its use of resources (the value for money (VFM) conclusion).

In 2013/14 as set out in the Work Programme and Scales of Fees 2013/14: Local Government, the approach to local VFM audit work at specified bodies, including the Committee, is based on criteria specified by the Commission. For 2013/14, auditors of these bodies continued to meet their VFM duty by:

- reviewing the Annual Governance Statement;
- reviewing the results of the work of the Commission and other relevant regulatory bodies or inspectorates, to consider whether there is any impact on the auditor's responsibilities at the audited body; and
- undertaking other local risk-based work as appropriate, or any work mandated by the Commission.

We did not identify any local risk-based work, nor was there any additional work mandated by the Commission.

The VFM conclusion

Having performed our work in line with guidance received from the Audit Commission we issued an unqualified VFM conclusion for the 2013/14 financial year. This means that we are satisfied that, in the areas reviewed, the Committee has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources during the year.

Financial resilience

We considered the financial standing of the Committee as at 31 March 2014. We have assessed this based on current and on-going expenditure demands, expected income levels and the current cash position of the Committee. Also as South Tyneside Council have served notice that they will 'probably' leave the Joint Committee arrangement at the end of 2014/15 we have reviewed the possible effects on the Committee's funding streams and considered the impact of declining membership on the Committee's ability to secure grant income in the short and medium term.

Following the Government's comprehensive spending review and the extent of reduction in the funding settlement, and major changes in Government policy, the Committee continues to face severe financial pressures over the next few years but we have no specific concerns over the response to those challenges or the financial standing of the Committee.

Other matters

Reports issued

Reports issued during the course of the 2013/14 audit were:

- Fee letter – April 2013;
- Audit plan – June 2014;
- Report to the Committee on our audit findings – September 2014; and
- Annual Audit Letter – October 2014.

Analysis of audit fees

	2013/14 £	2012/13 £
Total fees for the audit of the annual accounts and VFM conclusion (excluding VAT)	14,564	14,564
Total	14,564	14,564

We have not performed any non-audit services in either the current or prior year. In addition there have been no additional VFM projects undertaken in the current or prior year.

Independence and objectivity

In our professional judgement, our policies and safeguards in place ensure that we are independent within the meaning of all regulatory and professional requirements and that the objectivity of the audit partner and audit staff is not impaired.

Responsibility Statement

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 and this report is prepared on the basis of, and our audit work is carried out, in accordance with that statement.

The matters raised in this report are only those that came to our attention during our audit and are not necessarily a comprehensive statement of all weaknesses that exist or of all improvements that might be made. You should assess recommendations for improvements for their full implications before they are implemented. In particular, we would emphasise that we are not responsible for the adequacy and appropriateness of the national data and methodology supporting our value for money conclusion as they are derived solely from the Audit Commission.

This report has been prepared for the Members, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other party since this report has not been prepared, and is not intended, for any other purpose.

An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the Annual Audit Letter since first published. These matters are the responsibility of the Committee but no control procedures can provide absolute assurance in this area

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