

THE CITY AND COUNTY OF CARDIFF, COUNTY BOROUGH  
COUNCILS OF BRIDGEND, CAERPHILLY, MERTHYR TYDFIL,  
RHONDDA CYNON TAF AND THE VALE OF GLAMORGAN

THE GLAMORGAN ARCHIVES  
JOINT COMMITTEE  
9 DECEMBER 2011

REPORT OF TREASURER TO THE  
GLAMORGAN ARCHIVES JOINT  
COMMITTEE

AGENDA ITEM NO. 5

ANNUAL STATEMENT OF  
ACCOUNTS 2010/11.

**Purpose of Report**

1. This report provides Members with the Glamorgan Archives Audited Statement of Accounts for 2010/11.
2. The International Standard on Auditing (ISA) 260 requires the Appointed Auditor to report to those charged with governance, on the key matters arising from the audit examination of the Statement of Accounts for the year ending 31 March 2011.

**Background**

3. The Statement of Accounts for 2010/11 is the first to be prepared in accordance with International Financial Reporting Standards (IFRS). The changes required for the Glamorgan Archives Statement of Accounts were not significant being limited to the creation of unuseable reserves for accumulated absences and restatements to reflect the changes to the treatment of Government Grants.
4. The Draft Statement of Accounts for 2010/11 were made available for public inspection in accordance with relevant statutory requirements between 27 June – 22 July 2011.
5. The accounts have now been audited by the appointed auditors. The audited Glamorgan Archives Statement of Accounts for 2010/11 is included at Appendix 1.
6. The appointed auditor proposes to issue an unqualified audit report on the financial statements subject to receipt of a Letter of Representation from the Glamorgan Archives Joint Committee. Subject to the Joint Committee's approval this letter is to be signed at the end of this meeting.
7. Appendix 3 of the Wales Audit Office report lists corrections that the Auditor has requested should be drawn to the attention of the Joint Committee. During the audit, some amendments were deemed to be required in the accounts. The main amendment required concerned the

treatment of the retention of GRO building costs which had been charged to Cash rather than included in Creditors. This was corrected during the audit. There were also some other minor amendments and these are detailed in Appendix 2.

8. There are no misstatements identified in the Financial Statements which remain uncorrected.
9. The only significant issue raised by the Appointed Auditor in his report was that difficulties were encountered during the audit with respect to not receiving information in a timely matter. This was due to delays in providing requested documentation to the auditors by Glamorgan Archives and was a result of training issues around the use of the Council's Finance and procurement systems. This issue has now been addressed and should not recur in 2011/12.
10. Attached is the auditor's report "Audit of Financial Statements Report", which is presented to the Joint Committee in order to fulfil the requirement of the International Auditing Standard (ISA) 260 and in discharge of the External Auditor's duty (Appendix 2).
11. The audit does not seek to obtain absolute assurance that the financial statements present fairly the financial position, or assurance that they are accurate in every regard, but instead a concept of materiality is adopted. The report highlights that there were :-
  - No significant concerns about the qualitative aspects of the accounting practices and financial reporting.
  - No material weaknesses in internal control identified
  - No other matters which need to be reported as required by other auditing standards
  - No other audit matters of governance interest to report

### **Legal Implications**

12. Approval of the Statement of Accounts is a matter for the Committee under Clause 4(a) of the Joint Archives Agreement. The Committee only has power under Clause 5(a)(ii) to spend within the agreed budget within any given year and the Statement of Accounts confirms this has been achieved.

### **Financial Implications**

13. This report is presented to the Joint Committee in discharge of its duty to approve the audited accounts for 2010/11.

## **RECOMMENDATIONS**

The Joint Committee is requested to:

1. Approve the audited Statement of Accounts for the year ended 31 March 2011 - Appendix 1
2. Note the reports of the Wales Audit Office on the Statement of Accounts of for the year ended 31 March 2011 – Appendix 2
3. Note that the following documents will be formally signed at the conclusion of the meeting:
  - Statement of Accounts for Glamorgan Archives Joint Committee – Committee Chair and Chief Corporate Services and Section 151 Officer (Treasurer)
  - Annual Governance Statement (Within the accounts) – Committee Chair and Glamorgan Archivist
  - Letter of Representation for Glamorgan Archives Joint Committee - Committee Chair and Chief Corporate Services and Section 151 Officer (Treasurer)

**CHRISTINE SALTER**

**TREASURER TO THE GLAMORGAN ARCHIVES JOINT COMMITTEE**

The following Appendices are attached:

Appendix 1 – Audited Statement of Accounts 2010/11.

Appendix 2 - Audit of Financial Statements Report - including Letter of Representation

**Glamorgan Archives**  
**Statement of Accounts**  
**2010/2011**

## Contents

	<b>Page</b>
Explanatory Foreword	3
Statement of Accounting Policies	8
Statement of Responsibilities for the Statement of Accounts	13
Certificate of the Chief Corporate Services & Section 151 Officer	14
Comprehensive Income & Expenditure Statement	15
Movement in Reserves Statement	16
Balance Sheet	17
Cashflow Statement	18
Notes to the Statement of Accounts	19
Annual Governance Statement	29
Independent Auditor's Report	35

## Explanatory Foreword

### 1. Introduction

This document presents the Statement of Accounts for the Glamorgan Archives Joint Committee. These are prepared in accordance with proper accounting practices as contained in the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 and supported by International Financial Reporting Standards (IFRS).

The Statement of accounts for 2010-11 is the first to be prepared on an IFRS basis. Adoption of the IFRS-based Code of Practice on Local Authority Accounting in the United Kingdom 2010-11 has resulted in the restatement of the prior year comparatives from those presented in the Statement of Accounts for 2009-10. This restatement exercise requires the accounts to include an additional balance sheet and associated notes at 1 April 2009.

The main changes affecting the Joint Committee resulting from IFRS are outlined below:

	Significant IFRS Changes
Financial Statements	New statements and amended layouts. More flexibility – detail can be in the statements or the notes; terminology can be amended; and the order of the statements can be changed to suit the authority
Reserves	Reserves are split into those that can be used to deliver services and those that cannot.
Employee Expenditure	Untaken holiday pay and similar items are accrued for at the year end. See note 14 to the accounts for further information.

These changes have had no impact on the financial contributions required from the Member Authorities to fund the Glamorgan Archives Joint Committee.

Glamorgan Archives collects, preserves and makes accessible to the public, documents relating to the area it serves, and maintains the corporate memory of its constituent Local Authorities. It currently serves the largest population base of any record office in Wales (circa one million people). The service attracts approximately 10,000 visitors a year.

Glamorgan Archives has operated as a joint service since 1974. From 1<sup>st</sup> April 2009 The County Council of the City and County of Cardiff (Cardiff Council) became the Host Authority for the Joint Committee, taking over from Rhondda Cynon Taff County Borough Council.

Glamorgan Archives is managed and administered by the Glamorgan Archives Joint Committee under powers conferred by the Local Government Act 1994. The Member Authorities of the Joint Committee are Bridgend CBC, Caerphilly CBC, the City and

County of Cardiff, Merthyr Tydfil CBC, Rhondda Cynon Taf CBC, and the Vale of Glamorgan CBC, who appoint representatives to the Joint Committee.

The voting rights and population in respect of each Authority is:

Constituent Authority	Voting Rights	Population	
		No.'s	%
Bridgend	2	130,600	14
Cardiff	5	305,200	32
Merthyr Tydfil	1	59,700	6
Rhondda Cynon Taf	4	238,900	25
Caerphilly	2	104,300	11
Vale of Glamorgan	2	118,800	12
<b>Total</b>	<b>16</b>	<b>957,500</b>	<b>100</b>

The population numbers are based on the 2001 Population Census.

The most recent Census took place on March 27<sup>th</sup> 2011. This will update the Population numbers currently used and may also result in a requirement to amend the voting rights allocation. However, the results of the 2011 Census are not expected to be published until July 2012 so are unlikely to impact on the Joint Committee's Voting rights and budget preparation until 2013/2014.

Up to six further members with an interest in archives and records may be co-opted by the Committee to make a contribution to the Committee's work. These members do not have voting rights.

Current co-opted members are:

**Murray McLaggan, MA JP**

Former Lord Lieutenant and chair of pre 1996 Glamorgan Archives Joint Committee. Represents private depositors.

**Mrs K Thomas**

HM Lord Lieutenant of Mid Glamorgan.

The new Glamorgan Archives Office in Leckwith was opened to the public on 16<sup>th</sup> February 2010. The building has been purpose built to house about 8 kilometres of records in the form of either paper, parchment, books, maps, plans, photographs, prints, films, videos or computer-generated records. These are an important and fascinating source of information for historical research.

Cardiff Council as the host authority provides committee, legal, financial, personnel, payroll and procurement support.

**2. Summary of Financial Performance for 2010/2011**

The Comprehensive Income and Expenditure Account provides an analysis of the Glamorgan Archives costs.

Table 1 below gives a summary of the controllable budgets against actuals analysed by Chartered Institute of Public Finance and Accountancy (CIPFA) groupings.

**Table 1**

	<b>Budget</b> £	<b>Actual</b> £	<b>Variance</b> £
<b>Expenditure</b>			
Employees	521,698	490,552	(31,146)
Premises	347,007	200,858	(146,149)
Transport	8,676	5,586	(3,090)
Supplies & Services	54,634	124,996	70,362
Support Services	28,500	24,000	(4,500)
<b>Gross Expenditure</b>	<b>960,515</b>	<b>845,992</b>	<b>(114,523)</b>
<b>Income</b>	<b>(45,903)</b>	<b>(29,962)</b>	<b>15,941</b>
<b>Net Expenditure</b>	<b>914,612</b>	<b>816,030</b>	<b>(98,582)</b>

The reasons for the main variances between budgeted and actual expenditure were:

### **Employee Expenditure**

Employee costs were lower than budgeted mainly due to delays in recruiting to the revised establishment structure which was budgeted to take effect from the 1st April 2010. However, these savings were partly offset by the cost of employing agency staff to cover vacancies and staff on long term sickness absence.

Further savings were also achieved from reduced employer superannuation contributions as a result of some staff declining to join the Local Government Pension Scheme.

### **Premises Expenditure**

The main contributor towards the large underspend against the premises budget during 2010/2011 was a very significant under spend against the NNDR budget.

The budget was set based on an initial estimate of the rateable value of the new building by the Valuation Agency although when the final charge was calculated this was almost £102,000 less than the original estimate. The main reason for this variance was an acceptance by the Valuation Agency that large areas of the building were used solely for storage therefore resulting in a significantly reduced assessment of the building's rateable value.

There were also significant under spends against repairs and maintenance budgets and insurance budgets. The under spend against insurance is linked to an ongoing issue whereby the Archives Service has been unable to obtain a policy which adequately covers the unique items deposited within the Glamorgan Archives. As a result the Archives are currently covered by Cardiff Council's standard premises

insurance policy which attracts a lower charge than it is anticipated a more appropriate and comprehensive insurance policy would cost.

### **Supplies & Services Expenditure**

The main contributing factors to the £70,000 overall Supplies and Services over spend are adverse variances against budgets for purchase of furniture and equipment. These were mostly unforeseen, one off purchases required to make the new building fit for purpose in its first full year of operation.

There was also an over spend against the conservation budget which has subsequently been re-aligned to a more appropriate level for 2011/2012.

### **Support Services Expenditure**

The £4,500 under spend against Support Services Budgets is due to there being no charges made by Cardiff Council against the Legal Support budget for 2010/2011. This reflects the fact that very little legal support was required by Glamorgan Archives during the financial year.

### **Income**

The income target budgeted in 2010/2011 was not achieved largely due to there being no requirement to proceed with a budgeted drawdown against the general reserve of £39,000 in 2010/2011.

This budget was anticipated to be required in order to offset one-off costs in the first full year of operation. Ultimately however this was not required due to the significant in year under spends against various expenditure budgets.

## **Guide to the Financial Statements**

### **Statement of Accounting Policies (pages 8 -11)**

The purpose of this statement is to explain the basis of the figures in the accounts. It outlines the accounting policies adopted.

### **Statement of Responsibilities (page 13)**

This sets out the responsibilities of the Joint Committee and the arrangements for the preparation of the Statement of Accounts. The Statement is to be signed by the Joint Committee Chair on behalf of the Committee.

### **Certificate of the Chief Corporate Services & Section 151 Officer (page 14)**

This is the certificate of the true and fair presentation of the accounts by the Chief Corporate Services & Section 151 Officer

### **Comprehensive Income and Expenditure Statement (page 15)**

This statement is prepared in accordance with generally accepted accounting practices to record the day-to-day expenditure on an accruals basis on items such as salaries and wages, running costs of the service and income received in order to calculate the net operating expenditure of the Glamorgan Archives. .

### **Movement in Reserves Statement (page 16)**

This statement shows the movement in the year on the different reserves held by the Joint Committee, analysed into 'usable reserves' (ie those that can be applied to fund expenditure) and other reserves.

### **Balance Sheet (page 17)**

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Joint Committee. The net assets of the Joint Committee (assets less liabilities) are matched by the reserves held by the Joint Committee.

### **Cash flow Statement (page 18)**

The Cash Flow Statement shows the changes in cash and cash equivalents of the Joint Committee during the reporting period. The statement shows how the Joint Committee generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

### **Annual Governance Statement (pages 29 - 34)**

This statement sets out the framework within which the Glamorgan Archives Joint Committee manages and reports on the effectiveness of its system of internal controls. It outlines the main components of the system including details of the other parties involved in ensuring that internal control is exercised.

## Statement of Accounting Policies

In accordance with the Accounts and Audit (Wales) Regulations 2005, this Statement of Accounts summarises the Joint Committee's transactions for the 2010/11 financial year and its position at the year-end of 31 March 2011. The accounts are prepared in accordance with proper accounting practices as contained in the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 and supported by International Financial Reporting Standards (IFRS).

### 1. Accounting policies issued but not yet adopted

A new accounting policy for Heritage Assets will be incorporated into the Code of Practice on Local Authority Accounting in 2011/12. The impact of the accounting change to the extent that it is known or reasonably estimable is disclosed in these accounts.

### 2. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not when cash payments are made or received. Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.

### 3. Property, Plant and Equipment

#### Recognition:

Expenditure on the acquisition, creation or enhancement of Property, Plant & Equipment is capitalised on an accruals basis in the accounts. A de-minimus policy for recording assets in the asset register is £50,000 for Plant & Equipment.

#### Measurement:

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the specific asset into working condition for its intended use.

Assets are then carried in the Balance Sheet using the following measurement bases:

Operational Land & Buildings are included in the balance Sheet at Fair value (EUV). Vehicles, plant, furniture & Equipment have been valued on the basis of Historic Cost, depreciated over its useful life.

Land and buildings were valued when they became operational and will be re-valued at least every 5 years.

#### Depreciation:

Depreciation is provided for on all Property, Plant & Equipment assets by an allocation of their depreciable amounts over their estimated useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets). A full year's depreciation is charged on Capital Expenditure incurred in the year.

Operational buildings have been depreciated on a straight-line basis over the estimated life of the asset. It has been assumed that the new Glamorgan Archives building has a useful life of 40 years.

Vehicles, plant, furniture & equipment have been depreciated on a straight-line basis over the useful life of the asset, which in this instance is between 7 and 15 years.

**Impairment:**

Assets are assessed at each year-end as to whether there is any indication that an asset may be reduced in value. Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (upto the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written out to the Comprehensive Income and Expenditure Statement
- Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

**Community Assets:**

Archived records held by the Service have been deemed as community assets as they meet the criteria set by CIPFA. Community assets are usually valued in the balance sheet at historic cost. However, the records acquired by the Joint Committee are mainly of an archival value therefore no entry has been made in the Statement of Accounts. Some of these records are owned by the Joint Committee and some are held on behalf of other people or organisations.

**4. Benefits Payable during Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Joint Committee. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement.

**5. Retirement Benefits**

International Accounting Standard 19 (IAS 19) "Employee Benefits" requires that the accounts reflect the cost of retirement benefits in the period the Local Authority (or Joint Committee) is committed to paying them and not simply in the period the benefits are paid.

The joint committee does not have the legal power to directly employ staff. Staff involved in joint committee activities are therefore employed by a constituent authority. Each constituent authority participates in a defined benefit pension scheme. The joint committee meets the cost of the actual pension contributions and accounts for them in the income and expenditure account. Pension costs are therefore accounted for as if contributions had been made to a defined contribution pension scheme because it is not possible to determine the underlying assets and liabilities in the schemes relating to the staff involved in joint committee activities on a reasonable and consistent basis. Therefore, no liability for future payments of benefits is recognised in the Balance Sheet.

## **6. Grants - Revenue**

Grants and other contributions relating to revenue expenditure are accounted for on an accruals basis and recognised in the Comprehensive Income and Expenditure Statement when there is reasonable assurance that :

- the conditions for their receipt have been complied with
- the grant or contribution will be received.

The accounting treatment will vary depending on whether it is deemed that conditions inherent in the agreement have been complied with. Monies advanced as grants for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the Comprehensive Income and Expenditure Statement.

## **7. Inventories**

Inventories are measured and held at the lower of cost or net realisable value and relates mainly to publications, maps and posters. When such inventories are sold, exchanged or distributed, the carrying amount is recognised as an expense in the Comprehensive Income and Expenditure Statement.

## **8. Operating Leases – The Joint Committee as a Lessee**

Payments for operating leases are charged to the revenue account on an accruals basis. The charges are made evenly throughout the period of the lease.

## **9. Overheads and Support Services Costs**

An element of central departmental support of Cardiff Council is allocated to the Service on a basis of the estimated time spent by staff on Glamorgan Archives work or on proportional use of internal systems. Charges will be reviewed annually.

## **10. Value Added Tax**

The Comprehensive Income and Expenditure Statement has been prepared exclusive of Value Added Tax. The Joint Committee is not separately registered for VAT and therefore the net value of VAT incurred is recoverable from HM Revenue & Customs under the umbrella of Cardiff Council's VAT registration.

## **11. Reserves**

The Joint Committee holds one usable reserve. This General reserve is used to hold accumulated operational surpluses which can be used to fund future expenditure

and as a contingency against unforeseen events. The Joint Committee also holds certain unusable reserves to manage the accounting processes for non-current assets, and employee benefits. These do not represent usable resources for the Joint Committee.

## **Critical Assumptions in Applying Accounting Policies**

Accounting policies are only applied to material transactions of the Joint Committee. In applying policies, the Committee has had to make certain assumptions about complex transactions or those involving uncertainty about future events. Examples of critical assumptions made in the Statement of Accounts are:

### **Fixed Interest Rate**

Due to the nature of the Joint Committee, Property, Plant & Equipment shown in the balance sheet are owned by the six contributing authorities. Each of the individual authorities has their own arrangements for the funding of their share of the Property, Plant & Equipment. As the entries in the Glamorgan Archives Statement of Accounts for interest payable is a notional charge only a Fixed interest rate of 5.3% has been assumed in the calculations based on Cardiff Council's average rate of borrowing. In reality each individual authority will have their own arrangements for the repayment of their individual borrowing.

### **Fixed Prudent Minimum Revenue Provision**

The repayment terms (Prudent Minimum Revenue Provision) for the borrowing funded by the Constituent Authorities are assumed to be 4% of the principal outstanding on a straight line basis.

## **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 an appropriate officer has the responsibility for the administration of those affairs. In 2010/2011 this officer was Christine Salter, Chief Corporate Services & Section 151 Officer of Cardiff Council.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Chair**  
**Glamorgan Archives Joint Committee**

## **The Chief Corporate Services & Section 151 Officer's Responsibilities**

The Chief Corporate Services and Section 151 Officer is responsible for the preparation of the statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

### **In preparing the Statement of Accounts, the Chief Corporate Services & Section 151 Officer has:**

- Selected suitable accounting policies, and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the local authority Code.

### **The Chief Corporate Services & Section 151 Officer 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 of Chief Corporate Services & Section 151 Officer as Treasurer of the Joint Committee**

I certify that the foregoing Statement of Accounts presents a true and fair view of the financial position of the Joint Committee at 31<sup>st</sup> March 2011 and its income and expenditure for the year then ended.

**Signed:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Christine Salter**  
**Chief Corporate Services & Section 151 Officer**

## Comprehensive Income and Expenditure Statement for the year ended 31<sup>st</sup> March 2011

2009/2010 (Restated) £		2010/2011 £	Note
525,970	Staff costs	490,552	2
302,847	Premises	200,858	
4,383	Transport	5,586	
152,727	Supplies and Services	124,996	
26,215	Central Departmental Support	24,000	
421,531	Capital Charges	442,053	8
<b>1,433,673</b>	<b>Operating Expenditure</b>	<b>1,288,045</b>	
(1,421,725)	Contributions from Local Authorities	(1,536,470)	3
(45,873)	Fees and Charges	(23,979)	
<b>(1,467,598)</b>	<b>Operating Income</b>	<b>(1,560,449)</b>	
<b>(33,925)</b>	<b>Net Cost of Services</b>	<b>(272,404)</b>	
(1,420)	Interest and Investment Income	(1,996)	6
252,176	Interest Payable	343,736	
<b>250,756</b>	<b>Financing and Investment Income &amp; Expenditure</b>	<b>341,740</b>	
<b>216,831</b>	<b>Surplus/(Deficit) on Provision of Services</b>	<b>69,336</b>	
0	Other Comprehensive Income & Expenditure	0	
<b>216,831</b>	<b>Total Comprehensive Income &amp; Expenditure</b>	<b>69,336</b>	

### Movement in Reserves Statement for the year ended 31<sup>st</sup> March 2011

	Glamorgan Archives General Reserve	Usable Reserves	Unusable Reserves	Total Reserves
	£	£	£	£
<b>Balance at 31 March 2009</b>	<b>(626,878)</b>	<b>(626,878)</b>	<b>(1,859,955)</b>	<b>(2,486,833)</b>
<u>Movement in Reserves during 2009/2010</u>				
Surplus or (deficit) on the provision of Services	216,831	216,831	0	216,831
Other Comprehensive Income and Expenditure	0	0	0	0
<b>Total Comprehensive Income and Expenditure</b>	<b>216,831</b>	<b>216,831</b>	<b>0</b>	<b>216,831</b>
Adjustments between accounting basis & funding basis under regulations (note 20)	(149,777)	(149,777)	149,777	0
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>67,054</b>	<b>67,054</b>	<b>149,777</b>	<b>216,831</b>
Transfers to/from Earmarked Reserves	0	0	0	0
<b>Increase/Decrease in 2009/10</b>	<b>67,054</b>	<b>67,054</b>	<b>149,777</b>	<b>216,831</b>
Other Movements in Reserves	(11,306)	(11,306)	(160,196)	(171,502)
<b>Balance at 31 March 2010 C/f</b>	<b>(571,130)</b>	<b>(571,130)</b>	<b>(1,870,374)</b>	<b>(2,441,504)</b>
<u>Movement in Reserves during 2010/11</u>				
Surplus or (deficit) on the provision of Services	69,336	69,336	0	69,336
Other Comprehensive Income and Expenditure	0	0	0	0
<b>Total Comprehensive Income and Expenditure</b>	<b>69,336</b>	<b>69,336</b>	<b>0</b>	<b>69,336</b>
Adjustments between accounting basis & funding basis under regulations (note 20)	(167,918)	(167,918)	167,918	0
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>(98,582)</b>	<b>(98,582)</b>	<b>167,918</b>	<b>69,336</b>
Transfers to/from Earmarked Reserves	0	0	0	0
<b>Increase/Decrease in 2010/11</b>	<b>(98,582)</b>	<b>(98,582)</b>	<b>167,918</b>	<b>69,336</b>
Other Movements in Reserves	0	0	(51,443)	(51,443)
<b>Balance at 31 March 2011 carried forward</b>	<b>(669,712)</b>	<b>(669,712)</b>	<b>(1,753,899)</b>	<b>(2,423,611)</b>

### Balance Sheet as at 31<sup>st</sup> March 2011

01/04/2009 (Restated)	31/03/2010 (Restated)		31/03/2011	Note
£	£		£	
776	8,257,157	Land & Buildings	8,005,001	
4,777,500	0	Assets Under Construction	0	
28,546	185,194	Vehicles, Plant, Furniture & Equipment	156,058	
<b>4,806,822</b>	<b>8,442,351</b>	<b>Property, Plant &amp; Equipment</b>	<b>8,161,059</b>	9
22,647	21,151	Inventories	20,890	
0	12,759	Short Term Debtors	2,860	10
650,816	596,111	Cash and Cash Equivalents	881,516	
<b>673,463</b>	<b>630,021</b>	<b>Current Assets</b>	<b>905,266</b>	
(47,362)	(60,886)	Short Term Creditors	(241,537)	
<b>(47,362)</b>	<b>(60,886)</b>	<b>Current Liabilities</b>	<b>(241,537)</b>	11
(2,946,090)	(6,569,982)	Long Term Borrowing	(6,401,177)	
<b>(2,946,090)</b>	<b>(6,569,982)</b>	<b>Long Term Liabilities</b>	<b>(6,401,177)</b>	15
<b>2,486,833</b>	<b>2,441,504</b>	<b>NET ASSETS</b>	<b>2,423,611</b>	
(626,878)	(571,130)	General Reserve	(669,712)	
<b>(626,878)</b>	<b>(571,130)</b>	<b>Usable Reserves</b>	<b>(669,712)</b>	12
(1,859,955)	(1,872,369)	Capital Adjustment Account	(1,759,882)	13
0	1,995	Accumulated Absences Account	5,983	14
<b>(1,859,955)</b>	<b>(1,870,374)</b>	<b>Unusable Reserves</b>	<b>(1,753,899)</b>	
<b>(2,486,833)</b>	<b>(2,441,504)</b>	<b>TOTAL RESERVES</b>	<b>(2,423,611)</b>	

## Cashflow Statement for the Year Ended 31<sup>st</sup> March 2011

31 March 2010		31 March 2011	Note
£0		<b>£0</b>	
216,831	Net (Surplus) /Deficit on the provision of services	69,336	
(160,706)	Adjust net surplus or deficit on the provision of services for non-cash movements	(352,745)	16
0	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	0	
<b>56,125</b>	<b>Net cash flows from operating activities</b>	<b>(283,409)</b>	
(1,420)	Interest Received	(1,996)	
	Net cash flow from other operating activities		
<b>0</b>	<b>Investing activities</b>	<b>0</b>	
<b>0</b>	<b>Financing activities</b>	<b>0</b>	
<b>54,705</b>	<b>Net (increase)/ decrease in cash and cash equivalents</b>	<b>(285,405)</b>	
650,816	<b>Cash and cash equivalents at the beginning of the reporting period</b>	596,111	
<b>596,111</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>881,516</b>	

Cardiff Council administers all cash transactions, as the Glamorgan Archives does not operate its own bank account.

## Notes to the Statement of Accounts

### 1. Transition to International Financial Reporting Standards (IFRS)

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

The following tables explain the material differences between the amounts presented in the 2009/10 financial statement and the equivalent amounts presented in the 2010/11 financial statements.

#### Short-term accumulating compensated absences

Short-term accumulating compensated absences refers to benefits that employees receive as part of their contract of employment, entitlement to which is built up as they provide services to the authority. The most significant benefit covered by this heading is holiday pay.

Employees build up an entitlement to paid holidays as they work. Under the Code, the cost of providing holidays and similar benefits is required to be recognised when employees render service that increases their entitlement to future compensated absences. As a result, the authority is required to accrue for any annual leave earned but not taken at 31 March each year. Under the previous accounting arrangements no such accrual was required.

The government has issued regulations that mean local authorities are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to the Accumulated Absences Account until the benefits are used.

Accruing for short-term accumulating compensated absences has resulted in the following changes being made to the 2009/10 financial statements:

<b>31 March 2010 Balance Sheet</b>	<b>2009/10 Statements</b>	<b>Adjustments Made</b>
	£	£
Creditors repayable within 1 year	(58,891)	(1,995)
Accumulated Absences Adjustment Account	0	1,995

<b>2009/10 Comprehensive Income and Expenditure Statement</b>	<b>2009/10 Statements Expenditure</b>	<b>Adjustments Made</b>
	£	£
Staff Costs	523,975	1,995
<b>Impact on Net Cost of Services</b>		<b>1,995</b>

## Government Grants

Under the Code, grants and contributions for Capital schemes are recognised as income when they become receivable. Previously, grants were held in a grants deferred account and recognised as income over the life of the assets which they were used to fund.

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

- The balance on the Government Grants Deferred Account at 31 March 2009 has been transferred to the Capital Adjustment Account in the opening 1 April 2009 balance sheet.
- Portions of Government Grants deferred were previously recognised as income in 2009/10; these have been removed from the Comprehensive Income and Expenditure Statement in the comparative figures.

This has resulted in the following changes being made to the 2009/10 financial statements:

<b>Opening 1 April 2009 Balance Sheet</b>	<b>2009/10 Statements</b>	<b>Adjustments Made</b>
	£	£
Government Grants Deferred	(7,332)	7,332
<b>Impact on Net Assets</b>		<b>7,332</b>
Capital Adjustment Account	(1,852,623)	(7,332)
<b>Impact on Total Reserves</b>		<b>(7,332)</b>

<b>31 March 2010 Balance Sheet (cumulative adjustments)</b>	<b>2009/10 Statements</b>	<b>Adjustments Made</b>
	£	£
Government Grants Deferred	(6,665)	6,665
<b>Impact on Net Assets</b>		<b>6,665</b>
Capital Adjustment Account	(1,865,704)	(6,665)
<b>Impact on Total Reserves</b>		<b>(6,665)</b>

<b>2009/10 Comprehensive Income and Expenditure Statement</b>	<b>2009/10 Statements Expenditure</b>	<b>Adjustments Made</b>
	£000	£000
Capital Charges	420,864	667
<b>Impact on Net Cost of Services</b>	<b>(36,587)</b>	<b>667</b>

## 2. Officers' Remuneration

Under the Accounts and Audit (Wales) Regulations 2005 as amended, Local Authorities and Joint Committees must disclose in their accounts the number of staff whose remuneration exceeded £60,000 (listed in ranges, in multiples of £5,000). For the purpose of this disclosure, remuneration includes gross pay, employer's National Insurance contributions, redundancy payments etc., but excludes employer's Pension Contributions.

No individual member of staff received remuneration in the year above £60,000.

The total staff costs for the year were £490,552 analysed as follows:

	£
Pay	365,062
Pension costs	68,846
National Insurance	24,652
Agency Staff	26,379
Indirect employee costs	5,613
<b>Total staff costs</b>	<b>490,552</b>

The staff participate in the Cardiff & Vale of Glamorgan Pension Fund, which is part of the Local Government Pension Scheme (LGPS).

### **3. Contributions Received**

The joint agreement provides for contributions towards estimated expenditure for each year to be notified in advance to each Authority, and to be made in two equal instalments.

Contribution rates have been agreed in proportion to the relevant populations of each Authority as per the 2001 Census and were calculated as follows for 2010/2011.

<b>Authority</b>	<b>Population</b>	<b>%</b>	<b>Cash Contribution based on Population %</b>	<b>Notional Contribution based on Debt Funding</b>	<b>Total Contribution</b>
Bridgend	130,600	14	128,046	111,335	239,381
Cardiff	305,200	32	292,676	103,917	396,593
Merthyr Tydfil	59,700	6	54,877	25,038	79,915
Rhondda Cynon Taf	238,900	25	228,653	198,814	427,467
Caerphilly	104,300	11	100,607	87,478	188,085
Vale of Glamorgan	118,800	12	109,753	95,276	205,029
	<b>957,500</b>	<b>100</b>	<b>914,612</b>	<b>621,858</b>	<b>1,536,470</b>

### **4. Related Party Transactions**

In accordance with IAS 24 – Related Party Disclosures, there is a duty to disclose any material transactions with a “related party”. This is to ensure that financial statements contain disclosures necessary to draw attention to the possibility that the reported financial position and results may have been affected by the existence of related parties and by material transactions with them.

The Glamorgan Archives Service is managed and administered by the Glamorgan Archives Joint Committee under powers conferred by the Local Government (Wales) Act 1994. The Joint Committee currently has 18 members in total, of which 16 are elected members, with voting rights.

During 2010/2011, Glamorgan Archives was charged £24,000 by Cardiff Council in respect of Central Departmental Support.

Cardiff Council also holds cash on behalf of Glamorgan Archives in its role as Lead Authority. The total cash balance held by Cardiff Council on behalf of Glamorgan Archives at 31<sup>st</sup> March 2011 is £881,516.

## 5. Audit Fees

The Income & Expenditure Account includes an accrual of £3,200 in respect of the anticipated cost of external audit services to be carried out by the appointed Auditor with respect to the 2010/2011 accounts.

## 6. Interest Receivable and Payable

Interest is received on the balance invested by Cardiff Council on behalf of the Glamorgan Archives. During 2010/2011 interest was earned on the balance of the General Reserve. The average rate of interest for the year was only 0.33% in line with the 7 day LIBID (London Interbank Bid) rate.

Interest is payable, notionally, on the borrowing undertaken by constituent authorities to pay for their share of the Glamorgan Records Office. There is an equal and opposite entry in the contributions from Local Authorities line to ensure that this has no net revenue impact.

## 7. Leases

The following table shows expenditure in respect of operating leases for 2010/2011 and commitments through to 2011/2012. Glamorgan Archives does not have any Finance Lease agreements.

Operating Leases	2009/2010	2010/2011	2011/2012
------------------	-----------	-----------	-----------

	£	£	£
Land & Buildings (Glamorgan Building)	150,000	0	0
Vehicles	5,692	3,123	1,079
Plant & Equipment	2,258	4,311	4,611

## 8. Capital Charges

	2009/2010 £	2010/2011 £
Depreciation	226,636	226,636
Impairment	194,895	215,417
	<b>421,531</b>	<b>442,053</b>

Depreciation has been charged on operational land & buildings (£197,500) and vehicles, plant, furniture & equipment (£29,136). Depreciation has been charged on a straight-line basis over the estimated useful life of the asset which, in the case of the new building, is 40 years.

The impairment charge relates to the new building (£215,417). This charge brings the asset values in line with their valuations as at 31<sup>st</sup> March 2010 as recognised in the balance sheet.

## 9. Movements in Property, Plant and Equipment

	Land & Buildings £	Plant & Equipment £	Total £
<b>Gross Book Value</b>	<b>8,454,657</b>	<b>224,710</b>	<b>8,679,367</b>
Accumulated Depreciation	(197,500)	(39,516)	(237,016)
<b>Net Book Value at 1<sup>st</sup> April 2010</b>	<b>8,257,157</b>	<b>185,194</b>	<b>8,442,351</b>
Reclassification	0	0	0
Additions	160,761	0	160,761
Impairment	(215,417)	0	(215,417)
Other revaluation	0	0	0
Depreciation	(197,500)	(29,136)	(226,636)
<b>Net Book Value at 31<sup>st</sup> March 2011</b>	<b>8,005,001</b>	<b>156,058</b>	<b>8,161,059</b>

## Comparative Movements for 2009/2010

	<b>AUC</b>	<b>Land &amp; Property</b>	<b>Plant &amp; Equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Gross Book Value</b>	<b>4,777,500</b>	<b>776</b>	<b>38,926</b>	<b>4,817,202</b>
Accumulated Depreciation	0	0	(10,380)	(10,380)
<b>Net Book Value at 1<sup>st</sup> April 2009</b>	<b>4,777,500</b>	<b>776</b>	<b>28,546</b>	<b>4,806,822</b>
Reclassification	(4,777,500)	4,777,500	0	0
Additions	0	3,872,052	185,784	4,057,836
Impairment	0	(194,895)	0	(194,895)
Other revaluation	0	(776)	0	(776)
Depreciation	0	(197,500)	(29,136)	(226,636)
<b>Net Book Value at 31<sup>st</sup> March 2010</b>	<b>0</b>	<b>8,257,157</b>	<b>185,194</b>	<b>8,442,351</b>

## 10. Short Term Debtors

Short Term Debtors in the Balance Sheet consists of:

<b>2008/2009</b>	<b>2009/2010</b>	<b>Debtor Category</b>	<b>2010/2011</b>
<b>£</b>	<b>£</b>		<b>£</b>
0	0	Central Government Bodies	0
0	12,759	Other Local Authorities	1,996
0	0	NHS Bodies	0
0	0	Public Corporations & Trading Funds	0
0	0	Other Entities and Individuals	864
<b>0</b>	<b>12,759</b>		<b>2,860</b>

## 11. Short Term Creditors

Short Term Creditors in the Balance Sheet consists of:

2008/09 £	2009/2010 £	Creditor Category	2010/2011 £
1,900	4,097	Central Government Bodies	7,297
0	24,646	Other Local Authorities	3,065
0	0	NHS Bodies	0
0	0	Public Corporations & Trading Funds	0
45,462	32,143	Other Entities and Individuals	231,175
<b>47,362</b>	<b>60,886</b>		<b>241,537</b>

## 12. General Reserve

The balance on the General Reserve at 31<sup>st</sup> March 2011 was £669,712. This represents the combined brought forward balances on the General and New Building reserves of £571,130 and the 2010/2011 surplus on the revenue account of £98,582.

The decision was made by the Joint Committee to combine the brought forward balance on the New Building Earmarked reserve with the balance on the General Reserve during 2010/2011 as the New Building reserve was no longer required. These reserves are available for general use by Glamorgan Archives in future years. They are accumulated working balances and are not ring fenced for any particular activity.

<b>Movements on Glamorgan Archives General Reserve</b>	<b>£</b>	<b>£</b>
	<b>2009/2010</b>	<b>2010/2011</b>
Balance Brought Forward at 1 <sup>st</sup> April	(626,878)	(571,130)
Drawdown from Reserve – New Building	86,152	0
Revenue Surplus	(30,404)	(98,582)
<b>Balance as at 31<sup>st</sup> March</b>	<b>(571,130)</b>	<b>(669,712)</b>

## 13. Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

<b>Movements on Capital Adjustment Account</b>	<b>2009/2010</b>	<b>2010/2011</b>
	<b>£</b>	<b>£</b>
<b>Balance as at 1<sup>st</sup> April</b>	<b>(1,859,955)</b>	<b>(1,872,369)</b>
New Building – Capital Receipts	(160,196)	(51,443)
Minimum Revenue Provision	(273,749)	(278,123)
Impairment	194,895	215,417
Depreciation	226,636	226,636
<b>Balance as at 31<sup>st</sup> March</b>	<b>(1,872,369)</b>	<b>(1,759,882)</b>

#### **14. Accumulated Absences Account**

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to and from the Account.

<b>2008/09</b>	<b>2009/10</b>		<b>2010/11</b>
<b>£</b>	<b>£</b>		<b>£</b>
<b>0</b>	<b>0</b>	<b>Balance at 1 April</b>	<b>1,995</b>
0	1,995	Amount by which remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis differs from remuneration chargeable in the year in accordance with statutory requirements .	3,988
<b>0</b>	<b>1,995</b>	<b>Balance at 31 March</b>	<b>5,983</b>

There are no comparative figures for 2008/09 as annual leave data for this financial year is unavailable. Cardiff did not take over its responsibilities as lead authority from RCT until 2009/10.

#### **15. Borrowing**

Borrowing is included in the GRO balance sheet to reflect the method of funding used by some constituent authorities to contribute to the New Glamorgan Archives Building. These are notional entries only and the Joint Committee does not have any borrowing powers of their own.

	<b>2008/2009</b>	<b>2009/2010</b>	<b>2010/2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Balance as at 1 <sup>st</sup> April	(615,536)	(2,946,090)	(6,569,982)
New Expenditure funded by Borrowing	(2,330,554)	(3,897,641)	(109,318)
Repayment in Year	0	273,749	278,123
<b>Balance as at 31<sup>st</sup> March</b>	<b>(2,946,090)</b>	<b>(6,569,982)</b>	<b>(6,401,177)</b>

## **16. Reconciliation of the Comprehensive Income and Expenditure Account to Cashflow**

<b>2009/2010</b> <b>£</b>		<b>2010/2011</b> <b>£</b>
(421,531)	Depreciation and Impairment	(442,053)
273,749	Prudent MRP (Borrowing Repayment)	278,123
(13,524)	(Increase)/Decrease in Creditors	(180,651)
12,759	Increase/(Decrease) in Debtors & Prepayments	(9,899)
(1,496)	Increase/(Decrease) in Inventories	(261)
(12,083)	Non cash adjustments	0
1,420	Financing Items	1,996
<b>(160,706)</b>	<b>Cash (Inflow)/Outflow from Revenue Items</b>	<b>(352,745)</b>

## **17. Insurance**

The Glamorgan Archives building and its contents are currently insured under Cardiff Council's 'block' property insurance policy. Cover is for 'standard' perils of Fire, Storm, Flood, Theft etc. Quotations for artwork/restoration type covers are currently being sought, together with an overall package written specifically for Glamorgan Archives.

The unique and potentially irreplaceable material deposited with the Service has meant that the current insurance arrangements do not fully cover all deposits should a disaster or theft occur. This position has arisen due to difficulties in placing a value on deposits upon which an insurance policy can be based.

From consultation with similar service providers, the above scenario is one that is prevalent across the industry. A review is on going by the Authority (in tandem with its Insurance Broker) to investigate possible means of providing further insurance provision for the relevant archived deposits.

## **18. Job Evaluation / Single Status**

Glamorgan Archives employees have now transferred onto Cardiff Council employee terms and conditions. Cardiff Council, in line with other Welsh Councils, is undergoing a Pay and Grading Review as part of the Single Status Agreement and 2004 National Pay Award Agreement. Job Evaluation is the key to establishing a fair and transparent grading structure throughout the Council. The full costs of implementing the resultant pay and grading structure will not be known until the exercise is completed which is anticipated to be during 2011/2012.

## **19. Assets held on behalf of a Third Party**

For part of 2010/2011 Glamorgan Archives administered HLF Grant for the Women's Archive of Wales. This arrangement ceased during the financial year and the remaining Grant Funding was transferred back to the Women's Archive of Wales

Movements on monies held on behalf of Women's Archive of Wales are detailed below:

<b>Women's Archive of Wales HLF Grant</b>	<b>2009/2010 £</b>	<b>2010/2011 £</b>
Balance Brought Forward	42,960	1,973
Amount of Grant Received	0	18,700
Amount of Grant Utilised	(38,540)	(124)
Funding of creditor reserves	(2,447)	0
Amount Transferred to WAW	0	(20,549)
<b>Remaining Balance held at 31<sup>st</sup> March 2011</b>	<b>1,973</b>	<b>0</b>

## **20. Adjustments Between Accounting Basis and Funding Basis Under Regulations**

	<b>Usable Reserves General Reserve 2009/2010</b>	<b>Unusable Reserves 2009/2010</b>
Charges for Depreciation of Non-Current Assets	(226,636)	226,636
Charges for Impairment of Non-Current Assets	(194,895)	194,895
Minimum Revenue Provision	273,749	(273,749)
Accumulated Absences	(1,995)	1,995
<b>Total Adjustments</b>	<b>(149,777)</b>	<b>149,777</b>

	<b>Usable Reserves General Reserve 2010/2011</b>	<b>Unusable Reserves 2010/2011</b>
Charges for Depreciation of Non-Current Assets	(226,636)	226,636
Charges for Impairment of Non-Current Assets	(215,417)	215,417
Minimum Revenue Provision	278,123	(278,123)
Accumulated Absences	(3,988)	3,988
<b>Total Adjustments</b>	<b>(167,918)</b>	<b>167,918</b>

## **Annual Governance Statement: Glamorgan Archives Joint Committee**

### **Scope of Responsibility**

Glamorgan Archives was established in 1939 to serve the former County of Glamorgan. It has operated as a joint service since 1974 when it continued to provide archive services to the newly created Mid, South and West Glamorgan. West Glamorgan County Council withdrew from the joint agreement in 1992 and thus in 1996, on Local Government re-organisation, the served area became Mid & South Glamorgan.

Glamorgan Archives is now a partnership between Bridgend CBC, Caerphilly CBC (for the former Rhymney Valley DC), the City and County of Cardiff, Merthyr Tydfil CBC, Rhondda Cynon Taf CBC, and the Vale of Glamorgan Council. These Authorities appoint representatives to the Joint Committee, pro rata to population, each of which have voting rights. The most recent Joint Archives Agreement was formally signed by the six Local Authority partners in April 2006 and covers a period of 25 years from the date of occupation of the new Glamorgan Archives building in Leckwith.

The partnership aims to provide an Archive Service to collect, preserve and make accessible documents relating to the area it serves, and which will ultimately maintain the corporate memory of its constituent Local Authorities.

Cardiff Council is responsible for ensuring that its business and that of the Joint Committee, for which it has administrative responsibility, is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and is used economically, efficiently and effectively.

This statement is a reflection of the principles set out in the CIPFA/SOLACE Framework – Delivering Good Governance in Local Government and also meets the requirements of regulation 4 of the Accounts and Audit (Wales) Regulations 2005 in relation to the publication of a statement on internal control by the Glamorgan Archives Joint Committee.

### **The Purpose of the Governance Framework**

The Governance Framework comprises the systems and processes, and culture and values by which the Joint Committee is directed and controlled and its activities through which it accounts to and engages with the community. It enables the Joint Committee to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. The aim is, therefore, to provide reasonable, rather than 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 Glamorgan

Archives' 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.

### **The Governance Framework**

The Joint Committee's key objectives are laid out in its Partnership Agreement which details how the six Authorities will work together to deliver the Glamorgan Archives Service. This includes an agreement on the financial commitments of the Councils, including making available sufficient internal funds to cover their share of the Service, as well as the liabilities of each Council.

In order to effectively deliver its priorities, the following components are in place to make up the overall Internal Control Framework:

- The Facilitation of Policy and Decision Making
- Establishing and Monitoring of Objectives
- Performance Management and the Reporting of Performance Management
- Compliance with Established Policies, Procedures, Laws and Regulations
- Identifying, Assessing and Managing the Risks to the Services objectives
- The Economical, Effective and Efficient Use of Resources and Securing Continuous Improvement in the Way Functions are Exercised
- The Financial Management of the Archives Service

### **The Facilitation of Policy and Decision Making**

The Glamorgan Archives Joint Committee has decision-making powers as stipulated in the Joint Agreement. Committee membership of the Glamorgan Archives joint committee comprises of nominated Members of the authorities participating in the joint arrangement together with other co-opted members. Voting rights are only assigned to Local Authority Members. This framework provides an assurance that all decisions taken comply with relevant policies, procedures, laws and regulations.

Glamorgan Archives Joint Committee shall:

- Provide, maintain, administer and develop the Service.
- Appoint a duly qualified Archivist to manage the Service.
- Provide and administer accommodation, offices and buildings as are necessary for the purpose of providing the Service.
- Have delegated powers and duties in connection with the care, preservation, maintenance and management of archived records.
- Approve an annual business plan.
- Approve a draft annual budget for submission to each Partner Authority.
- Only approve spending within the agreed annual budget.

The Glamorgan Archives Joint Committee does not:

- Have the power to set an annual budget.
- Have the power to borrow money.

## **Establishing and Monitoring of the Committee's objectives**

Each year the Glamorgan Archivist prepares a plan which includes key aims and objectives. Where available it includes a target completion date and also identifies management responsibilities for each key objective.

## **Performance Management and the Reporting of Performance Management**

Performance against this plan is monitored at a local level and is regularly reported to the Joint Committee. This will enable Members to track progress against the key aims and objectives, monitor performance against targets and approve or support remedial action where required.

## **Compliance with Established Policies, Procedures, Laws and Regulations**

Glamorgan Archives is managed and administered by the Joint Archives Committee under powers conferred by the Local Government (Records) Act 1962. This Act empowers all Local Authorities in Wales to make records in their possession available for study and to contribute towards the expenses of persons looking after local records.

The Local Government Act 1972 Section 224 requires all principal councils to make proper arrangements for the care and preservation of any documents which belong to them or are in their custody and permits those Councils to discharge these functions through Joint Committees.

The Local Government (Wales) Act 1994 Section 60 states that councils can buy local records or accept them by way of gift or loan.

Since April 2009 Cardiff Council's policies and procedures have been adopted.

## **Identifying, Assessing and Managing the Risks to the Services' objectives**

Until recently the risk to service delivery has been identified as failure to provide appropriate accommodation. The risk register has concentrated on the provision of such accommodation and the risks associated with its procurement and the management of the building programme. Now that this has been achieved the risks to service delivery are identified and managed through the annual plan while a more detailed register is being developed for managing the new building.

## **The Economical, Effective and Efficient Use of Resources and Securing Continuous Improvement in the Way Functions are Exercised**

Cardiff Council, as host Authority, is responsible for ensuring that the operational budget is managed by the Archives Service. Advice is available on ways of obtaining greater value for money which is key to meeting the challenges of improving the Service within the resources available.

Cardiff Council procurement can offer support in ensuring that all procurement activities operate within the context of value for money, efficiency and continuous improvement.

### **The Financial Management of the Glamorgan Archives Service**

The system of financial management is based on a framework of regular management information, Financial Procedure Rules and a system of delegation and accountability. The Glamorgan Archives budget is managed within this framework. All staff and members have a duty to abide by the highest standards of probity in dealing with financial issues.

The Financial Procedure Rules are those of Cardiff Council as host Authority and these can be found on the Council's intranet site. Not all the rules apply to the Archives as many are specific to the role of the Council. The key controls for financial management are to ensure that it is promoted and reviewed for compliance.

Financial Management includes:

- Forecasting & monitoring budgets on a periodic basis with regular financial reports
- Setting targets to measure financial and other performance
- Clearly defined expenditure guidelines
- Maximisation of external income

Responsibility for management and financial information reporting rests with Cardiff Council and the Glamorgan Archivist.

The Committee's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

### **Review of the Effectiveness of the System of Internal Control**

Any review of the effectiveness of the system of internal control is in the main informed by external and internal audits.

#### **External Audit**

The Wales Audit Office undertakes the external audit requirements of the Glamorgan Archives Service. Reports are prepared, in relation to audit, under the relevant enabling legislation and the responsibilities detailed in the Code of Audit Practice, and in the context of the 'Statement of Responsibilities', issued by the Auditor General for Wales.

#### **Internal Audit**

Cardiff Council operates an independent internal audit function whose role is to review internal control arrangements. This function operates under the requirements of the CIPFA Code of Practice for Internal Audit in Local Government in the UK.

During 2010/2011 Cardiff Council Internal Audit function undertook work to provide an independent opinion on the adequacy and effectiveness of Internal Control within Glamorgan Archives.

The Audit report determined that the controls in place were satisfactory and made recommendations to enhance internal controls and provide greater assurance.

The only concern raised in the Audit Report was in reference to Insurance arrangements. At present, the insurance held by the Glamorgan Archives is the Cardiff Council standard cover for perils such as fire, storm, flood and theft. The Glamorgan Archivist recognises that this does not provide adequate cover and is working with the Council Insurance team, looking at other ways of providing insurance cover for the records held.

### **Significant Governance Issues**

To the best of our knowledge, the System of Internal Control, as summarised above, operated effectively throughout 2010/2011 and continues to operate effectively at the current time. No internal control issues were identified during 2010/2011.

### **Monitoring**

No significant issues were identified throughout the year however, should any significant issues have arisen processes would have been in place to manage and monitor these.

### **Certification by the Chair of Glamorgan Archives Joint Committee and the Glamorgan Archivist**

The Chief Corporate Services & Section 151 Officer who acts as Treasurer to the Glamorgan Archives Joint Committee and the members of the Joint Committee are

content that the process followed has been robust and has ensured the engagement of the Archives Services' partnering Authorities.

A review of the effectiveness will be developed and undertaken during 2011/2012 to maintain continuous improvement in the system of internal control.

On the basis of this process we certify that we approve the Annual Governance Statement for 2010/2011

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Chair  
Glamorgan Archives Joint Committee**

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Susan Edwards  
Glamorgan Archivist**

## **Independent Auditor's Report to the Members of Glamorgan Archives Joint Committee**

I have audited the accounting statements and related notes of the Glamorgan Archives Joint Committee for the year ended 31 March 2011 under the Public Audit (Wales) Act 2004. The accounting statements comprise the Comprehensive Income and Expenditure Statement, Balance Sheet, Movement in Reserves Statement and Cash Flow Statement. The accounting statements have been prepared under the accounting policies set out in the Statement of Accounts.

This report is made solely to the Glamorgan Archives Joint Committee in accordance with Part 2 of the Public Audit (Wales) Act 2004 and for no other purpose as set out in the *Statement of the Responsibilities* prepared by the Auditor General for Wales.

### **Respective responsibilities of the responsible financial officer and the independent auditor**

The Chief Corporate Services and Section 151 Officer is responsible for preparing the statement of accounts, in accordance with relevant legal and regulatory requirements and proper practices.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the accounting statements**

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Glamorgan Archives Joint Committee's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Explanatory Foreword and Summary of Financial Performance to identify material inconsistencies with the audited accounting statements and related notes. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

### **Opinion on the accounting statements of the Glamorgan Archives Joint Committee**

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the Glamorgan Archives Joint Committee as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11.

### **Opinion on other matters**

In my opinion, the information contained in the Explanatory Foreword and the Summary of Financial Performance for the financial year for which the accounting statements and related notes are prepared is consistent with the accounting statements and related notes.

### **Certificate of completion of audit**

I certify that I have carried out the audit of the accounts of the Glamorgan Archives Joint Committee in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit Practice issued by the Auditor General for Wales.

Anthony Barrett  
Appointed Auditor  
Wales Audit Office  
24 Cathedral Road  
CARDIFF  
CF11 9LJ

13<sup>th</sup> December 2011



WALES **AUDIT** OFFICE  
SWYDDFA **ARCHWILIO** CYMRU

# Audit of Financial Statements Report **Glamorgan Archives Joint Committee**

**Audit year:** 2010-11

**Issued:** November 2011

**Document reference:** 619A2011

**This document is a draft version pending further discussions with the audited body, completion of the audit and receipt of the approved Statement of Accounts**

# Status of report

---

DRAFT

This document has been prepared for the internal use of the Glamorgan Archives Joint Committee as part of work performed in accordance with statutory functions, the Code of Audit Practice and the Statement of Responsibilities issued by the Auditor General for Wales.

No responsibility is taken by the Wales Audit Office (the Auditor General and his staff) and, where applicable, the appointed auditor in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales (and, where applicable, his appointed auditor) is a relevant third party. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at [infoofficer@wao.gov.uk](mailto:infoofficer@wao.gov.uk).

# Contents

---

I intend to issue an unqualified audit report on your financial statements. There are some issues to report to you prior to their approval.

---

## Summary report

Introduction	4
Proposed audit report	4
Significant issues arising from the audit	4

---

## Appendices

Letter of Representation	6
Independent auditor's report to the Glamorgan Archives Joint Committee	9
Summary of corrections made to the draft financial statements which should be drawn to the attention of those charged with governance	11

# Summary report

---

## Introduction

1. As Appointed Auditor, I am responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of the Glamorgan Archives Joint Committee (the Committee) at 31 March 2011 and its income and expenditure for the year then ended.
2. I received the draft financial statements for the year ended 31 March 2011 on 25 July 2011 and have now substantially completed my audit work.
3. I am reporting to you the more significant issues arising from the audit, which I believe you should consider prior to approval of the financial statements. The audit team has already discussed these issues with officers.
4. I do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, I seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.

## Proposed audit report

5. I intend to issue an unqualified audit report on the financial statements once you have provided me with a Letter of Representation based on that set out in [Appendix 1](#).
6. The proposed audit report is set out in [Appendix 2](#).

## Significant issues arising from the audit

### Uncorrected misstatements

7. There are no misstatements identified in the financial statements, which remain uncorrected.

### Corrected misstatements

8. There are misstatements that have been corrected by management, but which I consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. They are set out with explanations in [Appendix 3](#).

## Significant issues arising from the audit

9. In the course of the audit I consider a number of matters both qualitative and quantitative relating to the accounts and report any significant issues arising to you. There were no issues arising in these areas this year:

- 
- **I have no concerns about the qualitative aspects of your accounting practices and financial reporting.** I concluded that accounting policies and estimates are appropriate and financial statement disclosures unbiased, fair and clear.
  - **I did encounter difficulties during the audit.** I did not receive information in a timely manner which, as a result, has delayed certification of the accounts. We will make observations, and related recommendations, in respect of the accounts preparation process in our Cardiff Council Financial Statements Memorandum.
  - **There were no significant matters discussed and corresponded upon with management which we need to report to you.**
  - **There are no other matters significant to the oversight of the financial reporting process that I need to report to you.**
  - **I did not identify any material weaknesses in your internal controls.**

DRAFT

# Appendix 1

---

## Final Letter of Representation

Anthony Barrett  
Wales Audit Office  
24 Cathedral Road  
Cardiff  
CF11 9LJ

xx XXXXXXXXX 2011

## Representations regarding the 2010-11 financial statements

This letter is provided in connection with your audit of the financial statements of the Glamorgan Archives Joint Committee (the Committee) for the year ended 31 March 2011.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

## Management representations

### Responsibilities

We have fulfilled our responsibilities for the preparation of the financial statements in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11; in particular the financial statements give a true and fair view in accordance therewith.

We acknowledge our responsibility for the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

### Information provided

We have provided you with:

- full access to:
  - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
  - additional information that you have requested from us for the purpose of the audit; and
  - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.

- 
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
  - our knowledge of fraud or suspected fraud that we are aware of and that affects the Council and involves:
    - management;
    - employees who have significant roles in internal control; or
    - others where the fraud could have a material effect on the financial statements.
  - our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
  - our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements; and
  - the identity of all related parties and all the related party relationships and transactions of which we are aware.

## **Financial statement representations**

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Where actual information had not been available when assessing the Joint Committee's liabilities at the year end, management has sought to use estimates based on its knowledge at that time. We confirm that the use of estimates has not resulted in material misstatement of the Statement of Accounts.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation, claims and penalties whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. There are no misstatements identified in the financial statements, which remain uncorrected.

## **Representations by those charged with governance**

We acknowledge that the representations made by management, above, have been discussed with us.

---

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Committee on xx xxxxxxxx 2011.

Signed by:

Christine Salter  
Chief Corporate Services and Section 151  
Officer

Signed by:

Chair Glamorgan Archives Joint Committee

Date:

Date:

DRAFT

# Appendix 2

---

## Independent auditor's report to the Glamorgan Archives Joint Committee

I have audited the accounting statements and related notes of the Glamorgan Archives Joint Committee for the year ended 31 March 2011 under the Public Audit (Wales) Act 2004. The accounting statements comprise the Comprehensive Income and Expenditure Statement, Balance Sheet, Movement in Reserves Statement and Cash Flow Statement. The accounting statements have been prepared under the accounting policies set out in the Statement of Accounts.

This report is made solely to the Glamorgan Archives Joint Committee in accordance with Part 2 of the Public Audit (Wales) Act 2004 and for no other purpose as set out in the *Statement of the Responsibilities* prepared by the Auditor General for Wales.

### **Respective responsibilities of the responsible financial officer and the independent auditor**

The Chief Corporate Services and Section 151 Officer is responsible for preparing the statement of accounts, in accordance with relevant legal and regulatory requirements and proper practices.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the accounting statements**

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Glamorgan Archives Joint Committee's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Explanatory Foreword and Summary of Financial Performance to identify material inconsistencies with the audited accounting statements and related notes. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

### **Opinion on the accounting statements of the Glamorgan Archives Joint Committee**

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the Glamorgan Archives Joint Committee as at 31 March 2011 and of its income and expenditure for the year then ended; and

- 
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11.

### **Opinion on other matters**

In my opinion, the information contained in the Explanatory Foreword and the Summary of Financial Performance for the financial year for which the accounting statements and related notes are prepared is consistent with the accounting statements and related notes.

### **Certificate of completion of audit**

I certify that I have carried out the audit of the accounts of the Glamorgan Archives Joint Committee in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit Practice issued by the Auditor General for Wales.

Anthony Barrett  
Appointed Auditor  
Wales Audit Office  
24 Cathedral Road  
CARDIFF  
CF11 9LJ

Date XX xxxxxxxxx 2011

# Appendix 3

---

## Summary of corrections made to the draft financial statements which should be drawn to the attention of those charged with governance

During our audit I identified the following misstatements that have been corrected by management, but which I consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Value of correction	Nature of correction
IFRS Various	<p>A number of amendments were required to ensure compliance with IFRS and the Code as follows:</p> <ul style="list-style-type: none"><li>• references to 'the SORP' amended to 'the Code';</li><li>• Primary Statements and notes to include 'restated' in comparative column where appropriate;</li><li>• changes to terminology for Primary Statements and associated notes;</li><li>• inclusion of prior year disclosures including a third balance sheet where required for certain notes; and</li><li>• amendments to Note 1, Transition to IFRS for completeness of reporting.</li></ul>
Other Various	<p>A number of other amendments have been made to:</p> <ul style="list-style-type: none"><li>• correct minor errors in casting to ensure that the Statement of Accounts is internally consistent;</li><li>• amendment for the retention of GRO building costs; this had not been included in creditors but had been charged to cash, resulting in the understatement of both balances at year end;</li><li>• amendment of audit fees to reflect the estimate; and</li><li>• other narrative amendments.</li></ul>



**WALES AUDIT OFFICE**  
**SWYDDFA ARCHWILIO CYMRU**

DRAFT

Wales Audit Office  
24 Cathedral Road  
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: [info@wao.gov.uk](mailto:info@wao.gov.uk)

Website: [www.wao.gov.uk](http://www.wao.gov.uk)