

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2008/09

COMMITTEE

**THE GLAMORGAN ARCHIVES
JOINT COMMITTEE
4 JULY 2008
REPORT OF:**

**GROUP DIRECTOR, CORPORATE
SERVICES**

AGENDA ITEM NO. 8

**Statement of Accounts 2007/08
and Letter of Representation**

1. PURPOSE OF REPORT

- 1.1 This report provides Members with the draft Statement of Accounts for 2007/08 (including Statement on Internal Control) as approved by Rhondda Cynon Taf County Borough Council on 25th June 2008.
- 1.2 It also provides Members with the letter of Representation issued to the Wales Audit Office prior to the start of the annual audit of the financial statements

2. RECOMMENDATION

- 2.1 Members are asked to note :-
- (i) The Statement of Accounts for 2007/08
 - (ii) The Letter of Representation
- 2.2 It is requested that the Chair of the Glamorgan Archives Joint Committee countersigns the Statement of Responsibilities for the Preparation of the Statement of Accounts that is contained within the Statement of Accounts.

3. BACKGROUND

- 3.1 It is a requirement of the Accounts and Audit (Wales) Regulations 2005 that the annual Statement of Accounts of Local Authorities and Joint Committees are approved by 30th June with the subsequent external audit process completed by the 30th September each year.
- 3.2 The audit process for the accounts of the Joint Committee is currently underway. Any significant adjustments identified and required during

the course of the audit will be reported to the next available Glamorgan Archives Joint Committee meeting.

- 3.3 The Statement on Internal Control included within the Statement of Accounts has been considered by Rhondda Cynon Taf County Borough Council Audit Committee who recommended it for approval by the Chief Executive and the Leader of the Council. The Audit Committee is the designated Committee to receive and consider these Statements before they are presented for certification and inclusion in the Annual Accounts.
- 3.4 Wales Audit Office have requested that the Chair of the Glamorgan Archives Joint Committee countersigns the Statement of Responsibilities for the Preparation of the Statement of Accounts that is contained within the Statement of Accounts.

4. SUMMARY

- 4.1 The Statement of Accounts and Letter of Representation for 2007/08 are attached for Members to note.

Appendix 2

Date/Dyddiad:
25th June 2008

Please ask for/Gofynnwch am:
Barrie Davies
(01443) 680559

Gill Lewis
Appointed Auditor
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LG

Dear Gill,

Representations regarding the 2007/08 Glamorgan Archives Joint Committee (Glamorgan Record Office) Financial Statements

This representation letter is provided in connection with your audit of the financial statements of Glamorgan Archives Joint Committee for the year ended 31 March 2008. Its purpose is to express an opinion as to whether the financial statements present fairly, in all material respects, the financial position of the Joint Committee as at 31 March 2008 and of the result of its operations and its cash flows for the year then ended in accordance with the Accounts and Audit (Wales) Regulations 2005 and the 2007 Local Government Statement of Recommended Practice (the LG SORP).

Chief Officers have been consulted, as part of the process, to provide full details of any necessary representations within their respective areas of responsibility.

Overall Representations

- 1 All the transactions undertaken by the Joint Committee have been properly reflected and recorded in the accounting records.
 - *The administering authority, Rhondda Cynon Taf County Borough Council has controls in place to ensure that transactions are properly accounted for. For example, robust budgetary control, financial information system controls, asset and reconciliation registers, balance sheet and internal quality assurance processes.*
 - *In addition, transactions in respect of the new building are undertaken by the City and County of Cardiff and are therefore subject to their internal controls.*
- 2 There are no subsidiaries, associates, joint ventures or joint arrangements other than those disclosed in the accounting³ statements and associated notes.

- *There are none. Glamorgan Archives itself is a joint arrangement between Rhondda Cynon Taf CBC and other local authorities as disclosed in the Statement of Accounts.*
- 3 The Joint Committee has complied with all conditions imposed by relevant grant paying organisations and can reasonably expect to receive the amounts of grant included within the accounts.
- *Confirmed.*
- 4 The Joint Committee has complied with all aspects of contractual agreements that would require adjustment to, or disclosure in, the financial statements.
- *Confirmed.*
- 5 The financial statements and related notes are free of material misstatements, including omissions.
- *Confirmed*
- 6 All books of account and supporting documentation and all minutes of meetings of the Joint Committee, Council, Cabinet and Scrutiny Committees have been made available to you.
- *Confirmed*
- 7 There are no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- *Please refer to point 12 below.*
- 8 The measurement methods, including the related assumptions, used in determining fair values are appropriate and have been applied consistently. Disclosures relating to fair values are complete and appropriate.
- *Confirmed*

ASSETS

General

- 9 All assets included in the balance sheet were in existence at the balance sheet date and owned by the Joint Committee, and free from any lien, encumbrance or charge, except as disclosed in the accounts.
- *Confirmed*
- 10 The balance sheet includes all tangible assets owned by the Joint Committee.
- *Archived records held by the Joint Committee have been deemed to meet the criteria set by CIPFA for Community Assets. As the records acquired are*

mainly of historical value, no entry has been made in the Statement of Accounts.

- *Rhondda Cynon Taf C.B.C. has legal title of the majority of assets of the G.R.O. Exceptions are:*
 - *The new building which will become the G.R.O.'s new premises upon completion. The new building project is being managed by the City and County of Cardiff who will retain legal title of the building held in trust on behalf of the Joint Committee. The assets and liabilities of the Joint Committees are not consolidated into the Council's accounts but are within the Statements of Account for the relevant Joint Committee.*
 - *Assets held on deposit by the G.R.O. where legal title is retained by the depositor.*

Fixed Assets

11 Capitalisation thresholds are defined in the Statement of Accounting Policies. Assets are revalued every five years via a rolling programme using revaluation bases also defined in the Statement of Accounting Policies. Depreciation is calculated to reduce the net book amount of each asset to its estimated residual value by the end of its estimated useful life in the Joint Committee operations.

- *Confirmed*

12 There are no plans or intentions that may affect the valuation or classification of assets.

- *As discussed in point 10, a project is currently underway to construct new premises.*

13 Any permanent diminution in the valuation of fixed assets has been identified.

- *There is no diminution in the value of fixed assets.*

Current Assets

14 On realisation in the ordinary course of the Joint Committee's operations, the other current assets in the balance sheet are expected to produce at least the amounts at which they are stated. Adequate provision has been made against all amounts owing to the Joint Committee which are known, or may be expected, to be irrecoverable.

- *Confirmed*

15 There are no formal or informal compensating balance arrangements with any of our cash and investment accounts.

- *Glamorgan Archives does not operate its own bank account. All transactions are undertaken through the bank account of Rhondda Cynon Taf C.B.C. (and the City and County of Cardiff for the new building project).*

LIABILITIES

General

16 All liabilities, both actual and contingent, have been recorded and disclosed as appropriate as well as all guarantees that we have given to third parties.

- *Confirmed*

17 There are no pending litigation claims which may result in significant loss to the Joint Committee, which have not been disclosed in the financial statements, either as current or contingent liabilities.

- *Confirmed*

18 All obligations under finance leases or hire purchase contracts have been disclosed in the accounts.

- *Confirmed*

19 All obligations under operating leases have been disclosed in the accounts.

- *Confirmed*

20 All unfunded benefits (such as discretionary added years) have been considered in the compilation of the FRS17 figures included in the financial statements.

- *The employees of the Joint Committee participate in the Rhondda Cynon Taf Pension Fund. The Joint Committee is not treated as a separate employer in the Pension Fund but grouped with Rhondda Cynon Taf Council employees. The resultant assets and liabilities relating to the employees of the Joint Committee are included within the balance sheet of Rhondda Cynon Taf. This is disclosed in the Statement of Accounts.*

Results

21 Except as disclosed in the financial statements, the results for the year were not materially affected by transactions of a sort not usually undertaken by the Joint Committee, or circumstances of an exceptional or non-recurring nature.

- *The GRO is administering a grant from the Heritage Lottery Fund on behalf of the Women's Archive of Wales as disclosed in the notes to the Statement of Accounts.*

Internal Control

22 I acknowledge my responsibility for the design and implementation of internal control to prevent and detect error. There have been no:

- irregularities involving management who have significant roles in the system of internal accounting control;
 - *Confirmed*
- irregularities involving other employees that could have a material effect on the financial statements;
 - *Confirmed*
- communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.
 - *Confirmed*

Post Balance Sheet Events

23 Except as disclosed in the notes to the accounts, there have been no material changes since the date of the balance sheet affecting liabilities and commitments, and no events or transactions have occurred which, though properly excluded from the financial statements, are of such importance that they should have been brought to the notice of the auditor.

- *Confirmed*

Representations by those charged with governance

- 1 We acknowledge that the representations made by management, above, have been discussed with us.
- 2 We acknowledge our responsibility for the fair presentation of the financial statements in accordance with the applicable financial reporting framework.
- 3 We acknowledge our collective responsibility for the preparation of the financial statements, which were approved by Council on 25th June 2008.
- 4 We have disclosed to you all known or possible non-compliance with laws and regulations whose effects should have been considered when preparing the financial statements (where applicable include the actual or contingent consequences arising from the non-compliance).
- 5 There are no other material transactions with related parties (as defined by FRS 8 and the SORP), other than those recorded and disclosed in the financial statements.
- 6 We acknowledge our responsibility for the design and implementation of internal control to prevent and detect fraud and have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

- 7 We have disclosed to you our knowledge of any allegations of fraud, or suspected fraud, affecting the Joint Committee's financial statements communicated to the Joint Committee by employees, former employees, regulators or others.
- 8 We have disclosed to you our knowledge of fraud or suspected fraud affecting the Joint Committee involving:
 - those charged with governance;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- 9 We confirm, to the best of our knowledge and belief, that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Signed by

S.151 Officer

Leading Member

Date

Date

Appendix 2

Glamorgan Archives
Statement of Accounts
2007/08

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Explanatory Foreword

1. Introduction

The Glamorgan Record Office (GRO) collects, preserves and makes accessible to the public, documents relating to the area it serves, and maintains the corporate memory of its constituent 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.

The GRO has operated as a joint service since 1974. From 1st April 1996 Rhondda Cynon Taf County Borough Council became the host authority for the Joint Committee, taking over from the joint arrangement between the former Mid and South Glamorgan County Councils.

The GRO 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	
		Nos	%
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
Total	16	957,500	100

Up to six further members may be co-opted, but without voting rights.

Current co-opted members are:

The Venerable AJF Lewis

Church In Wales Represents a major depositor of prime interest to family historians, Glamorgan Record Office's main user group.

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.

Dr C M Williams

University of Glamorgan. Represents academic historians.

The Record Office Headquarters has been based in Cathays Park, Cardiff since its foundation in 1939 by Glamorgan County Council. The development of a new headquarters for the GRO is progressing with a start date for construction of March 2008 and an estimated completion date of Summer 2009.

Rhondda Cynon Taf CBC has been nominated as the administering authority, currently providing committee, legal, financial, personnel, payroll and procurement support. On relocation to the new headquarters it has been agreed that responsibility for the Joint Committee will move to the City and County of Cardiff.

2. Summary of Financial Performance

The Income and Expenditure Account provides an analysis of GRO 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

	Budget £	Actual £	Variance £
Expenditure			
Employees	497,179	472,080	(25,099)
Premises	230,050	229,825	(225)
Transport	5,400	5,668	268
Supplies & Services	49,110	93,844	44,734
Support Services	27,000	34,030	7,030
	808,739	835,447	26,708
Income	(21,500)	(72,263)	(50,763)
Total	787,239	763,184	(24,055)

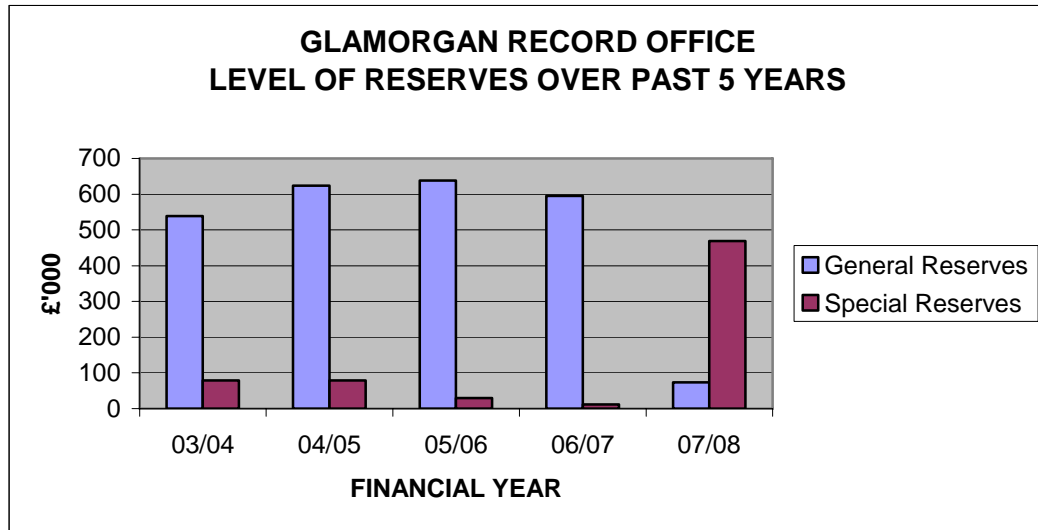
The reasons for the variances between budgeted and actual expenditure were:

- Employee costs were lower than budgeted due to the transfer of the Programme Director to the project management of the new building, together with secondments and maternity leave that were not fully or immediately replaced.
- Supplies and Services costs were higher than budgeted due to the purchase of equipment essential to the planned move to the new building.

- Support Service costs were higher than anticipated due to additional costs incurred for the new building.
- Income received was higher than expected due to the Programme Director transfer and increased grant funding.

Table 2 provides a summary of the GRO level of reserves over the past 5 years.

Table 2



The reduction in General Reserve between 2006/07 and 2007/08 was primarily a result of the setting up of an Earmarked Reserve to set aside monies to part finance the new GRO building.

With regard to special reserves, these have been steadily utilised over the last five years in line with their intended purpose, to the extent that there are no balances remaining on these reserves as at 31st March 2008, other than the new Earmarked Reserve for the new GRO building.

3. Statement of Recommended Practice 2007

The 2007 Statement of Recommended Practice (SORP) has introduced a number of amendments to local authority and local authority joint committee financial statements applicable for financial years commencing on or after 1st April 2007. These changes include:

- Replacement of the Capital Financing Account (CFA) with a Capital Adjustment Account (CAA). The new CAA represents the difference between the cost of fixed assets used by the joint committee and the capital financing set-aside to pay for them. The balance on the CFA was transferred to the CAA at 31st March 2007, which will be reflected in the 2006/07 comparators.

- Establishment of a Revaluation Reserve that records the unrealised net gain from asset revaluations made after 1st April 2007. The opening balance on this reserve is nil as at 31st March 2007, and therefore it will only be included in the balance sheet when a revaluation has taken place. Gains arising before 1st April 2007 have been consolidated into the Capital Adjustment Account.

4. Introduction to Accounting Statements

Statement of Accounting Policies

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 for the Statement of Accounts

This sets out the responsibilities of the Council as the administering Authority and the Group Director - Corporate Services for the preparation of the Statement of Accounts. The Statement has to be signed and dated by the presiding member at the Council meeting at which the Accounts are approved. The Chair of the Joint Committee that considers the accounts also countersigns it.

Certificate of the Group Director - Corporate Services

This is the certificate of the fair presentation of the accounts by the Group Director - Corporate Services.

Income and Expenditure Account

This statement is prepared 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 to calculate the net operating expenditure of the GRO. The statement is based upon UK GAAP (Generally Accepted Accounting Practice).

Statement of Movement on the General Reserve Balance

This statement shows the movement of the General Reserve Balance and reconciles the surplus/deficit of the Income and Expenditure account to the total movement of General Reserve Balance.

Statement of Total Recognised Gains and Losses

This statement brings together all the gains and losses of the GRO for the year and shows the aggregate increase/decrease in Net Worth.

Balance Sheet

This statement shows the GRO financial position as at 31st March 2008. It includes the fixed assets, current assets and liabilities of all activities of the Joint Committee together with the balances and reserves at the it's disposal.

Cash flow Statement

This summarises the inflows and outflows of cash arising from transactions with third parties.

Statement on Internal Control

This statement sets out the framework within which Rhondda Cynon Taf CBC, as administering authority, manages and reviews internal control. It outlines the main components of the system, including the arrangements for Internal Audit.

Statement of Accounting Policies

The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) and with the statutory framework established by the Accounts and Audit (Wales) Regulations 2005.

1. Debtors and Creditors

The revenue transactions of the Joint Committee are recorded on an accruals basis. All known debts due to the Joint Committee as at 31st March 2008 are taken into account, as are all known liabilities for goods received or work carried out by this date. Where there was insufficient information available to provide actual figures, estimated amounts have been included.

2. Stock

Stock has been valued at the lower of cost and net realisable value and relates mainly to publications, maps and posters.

3. Value added Tax

Income and expenditure are shown net of Value Added Tax.

4. Fixed Assets

All expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis in the accounts.

A de-minimis policy for recording assets in the asset register is £5,000 for Plant and Equipment.

Fixed assets are valued in accordance with the CIPFA recommended code of practice. Land and buildings are valued on an historic cost basis, but will be held at market value on completion of the building. Equipment is shown at historic cost written down for depreciation.

Archived records held by the GRO have been deemed as community assets, as they meet the criteria set by CIPFA. As the records acquired by the Joint Committee are mainly of a historical value 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/organisations. Examples include Fonmon Papers, photographs and prints.

The assets purchased are as follows:

Date	Records Purchased	Price £
19/08/91	Building Plans	15
25/11/94	Photographs (c1940's & 1950's)	251
09/95	Fonmon Papers	75,000
08/12/95	Photographic Prints	62
27/03/97	Register of Midwives 1904-1908	25
16/04/97	Ferndale Oddfellows Sunday School Records	60
11/06/01	Merchant Shipping Logbooks	41
10/02/02	Engraving Penllyn Castle	10
	Total	75,464

Land and buildings will be revalued when the asset becomes operational, and thereafter at five yearly intervals.

An increase in value arising out of the periodic revaluations is credited to the revaluation reserve, or exceptionally to the income and expenditure account to reverse any impairment loss previously charged.

A decrease in value resulting from the clear consumption of economic benefits, such as physical damage to the asset, is charged directly to the Income and Expenditure Account. Where accumulated revaluation gains are held in the Revaluation Reserve for the asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

A decrease in value due to a general fall in prices is written off against any revaluation gains attributable to the asset in the Revaluation Reserve, with any excess charged to the Income and Expenditure Account.

5. Depreciation

Equipment is depreciated on a straight-line basis over the life of the asset.

Land & Buildings will be depreciated on a straight-line basis over the life of the asset when they become operational.

No depreciation is charged in the year of purchase.

6. Income

Income is credited to the year of account for which it relates regardless of when that income was actually received.

7. Retirement Benefits

Financial Reporting Standard (FRS) 17 "Retirement 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.

GRO employees participate in the Rhondda Cynon Taf CBC Pension Fund. They are not treated as a separate employer in the Pension Fund but grouped with Rhondda Cynon Taf CBC employees. For this reason, the Joint Committee is unable to comply with FRS 17. Disclosures are unable to be calculated, as it is not possible to separately identify the Glamorgan Archives share of the underlying assets and liabilities within the scheme on a consistent and reasonable basis. The resultant assets and liabilities relating to GRO employees are included within the Balance Sheet of Rhondda Cynon Taf CBC.

8. Allocation of Central Departmental Support

A proportion of central departmental support of Rhondda Cynon Taf CBC is allocated to the GRO on a basis of the estimated time spent by staff on GRO work. The staff time analysis is reviewed annually.

9. Government Grants

Where the acquisition of a fixed asset is financed either wholly or in part by a government grant or other contribution, the amount of the grant or contribution is credited initially to the Government Grants Deferred Account on the Balance Sheet. Amounts are released to the Income and Expenditure Account over the useful life of the asset to offset the depreciation on the asset to which it relates.

Statement of Responsibilities for the Statement of Accounts

The Council's responsibilities

The Council is required:

- To make arrangements for the proper administration of its financial affairs, and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer is the Group Director - Corporate Services.
- To manage its affairs to ensure economic, efficient and effective use of resources and safeguard its assets.
- To approve the accounts.

Signature: _____ **Date:** _____

Cllr. Margaret Davies

Mayor

Civic Offices
Municipal Buildings
Gelliwastad Road
Pontypridd
CF37 2DP

Signature: _____

Cllr. Alana E. Davies
Chair of Glamorgan Archives Joint Committee

The Group Director - Corporate Services' Responsibilities

The Group Director is responsible for the preparation of the statement of accounts. In terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain, the Statement of Accounts is required to present fairly the financial position of the organisation at the accounting date and its income and expenditure for the year ended 31st March 2008.

In preparing the Statement of Accounts, the Group Director has:

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

The Group Director has also throughout the financial year:

- Maintained proper accounting records that were kept up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of Group Director - Corporate Services as Treasurer of the Joint Committee

I certify that the foregoing statement of accounts present fairly the financial position of the Joint Committee at 31st March 2008 and its income and expenditure for the year then ended.

Signed: _____

Date: _____

Steve Merritt
Group Director - Corporate Services
Bronwydd House
Porth
CF39 9DL

Income and Expenditure Account for the year ended 31st March 2008

2006/07 £		2007/08 £	Note
	Continuing Operations		
	Expenditure		
488,128	Employees	472,080	2.0
216,344	Premises	229,825	
5,139	Transport	5,668	
155,047	Supplies And Services	93,844	
29,404	Central Departmental Support	34,030	
1,928	Capital Charges	63,026	9.0
895,990		898,473	
	Income		
(755,635)	Contributions from Local Authorities	(787,239)	3.0
(48,025)	Fees and Charges	(72,263)	
(803,660)		(859,502)	
92,330	Net Cost Of Services	38,971	
(30,748)	Interest and Investment Income	(31,980)	7.0
61,582	Net Operating Expenditure	6,991	
61,582	Net (Surplus)/Deficit	6,991	

Statement of Movement on the General Reserve Balance for the year ended 31st March 2008

2006/07 £		2007/08 £	Note
61,582	(Surplus)/Deficit for the Year on the Income and Expenditure Account	6,991	
	Amounts Included in the Income and Expenditure Account but Required by Statute to be Excluded when Determining the Movement on the General Reserve Balance		
(2,595)	Depreciation and Impairment of Fixed Assets	(2,595)	10.0
667	Government Grants Deferred Amortisation Matching Depreciation and Impairment	667	13.0
0	Deferred Charges	(61,098)	9.0
	Amounts not included in the Income and Expenditure Account but Required to be Included by Statute when Determining the Movement on the General Reserve Balance for the Year		
0	Capital Expenditure Charged to the General Reserve Balance	61,098	9.0
	Transfers (to)/from the General Reserve Balance that are Required to be Taken into Account when Determining the Movement on General Reserve Balance		
(17,740)	Net Transfer to/(from) Earmarked Reserves	457,246	14.4
41,914 (638,384)	General Reserve (Surplus)/Deficit General Reserve Balance Brought Forward	462,309 (596,470)	14.1
(596,470)	General Reserve Balance Carried Forward	(134,161)	14.1

Statement of Total Recognised Gains and Losses for 2007/08

2006/07 £		2007/08 £
61,582	(Surplus)/Deficit on the Income and Expenditure Account for the Year	6,991
61,582	Total Recognised (Gains)/Losses for the Year	6,991

Balance Sheet as at 31st March 2008

31/03/07 £		31/03/08 £	Note
	Tangible Fixed Assets		
	Operational Assets		
776	Land & Buildings	776	
33,736	Vehicles, Plant, Furniture & Equipment	31,141	10.0
34,512		31,917	
	Current Assets		
25,228	Stock	24,418	
642,019	Debtors	634,169	11.0
300	Cash in Hand	300	
667,547		658,887	
	Current Liabilities		
(60,197)	Creditors	(56,600)	12.0
607,350	Net Current Assets	602,287	
(8,666)	Government Grants - Deferred	(7,999)	13.0
633,196	TOTAL ASSETS LESS LIABILITIES	626,205	
	Represented By:		
	Capital Reserves:		
(25,070)	Capital Adjustment Account	(23,142)	14.2
	Revenue Reserves:		
(596,470)	General Reserves	(134,161)	14.1
	Earmarked Reserves:		
0	New Building	(468,902)	14.4
(11,656)	Publication Fund	0	14.3
(633,196)	NET WORTH	(626,205)	

Cashflow Statement for the Year Ended 31st March 2008

2006/07 £		2007/08 £
	Revenue Activities	
	Cash Outflow	
(488,128)	Cash Paid to and on Behalf of Employees	(472,080)
(366,721)	Other Operating Cash Payments	(426,585)
	Cash Inflows	
44,762	Cash Received for Goods & Services	78,059
755,635	Other Operating Cash Receipts	787,239
(54,452)		(33,367)
	Returns on Investment and Servicing of Finance	
	Cash Inflows	
30,748	Interest Received	31,980
(23,704)	Net Cash Inflow/(Outflow)	(1,387)
	Analysis of Changes in Cash and Cash Equivalents	
658,571	Balance as at 1 st April 2007	634,867
(23,704)	Net Cash Inflow/(Outflow)	(1,387)
634,867	Balance as at 31st March 2008	633,480

Rhondda Cynon Taf CBC administers all cash transactions, as the GRO does not operate its own bank account.

Notes to the Core Financial Statements

1.0 Prior Period Adjustments

In accordance with the accounting policy changes identified in the 2007 SORP (see explanatory foreword), the Balance Sheet figures for 31st March 2007 have been adjusted from those included in the Statement of Accounts for 2006/07 to accommodate the implementation of the Revaluation Reserve. At 31st March 2007 the credit balance of £25,070 on the Capital Financing Account has been transferred to the new Capital Adjustment Account. The Revaluation Reserve has a zero opening balance, and will only be included in the balance sheet to reflect revaluation gains accumulated from 1st April 2007.

2.0 Officers' Emoluments

Under the Accounts and Audit (Wales) Regulations 2005, Local Authorities and Joint Committees must disclose in their accounts the number of employees whose remuneration in the year fell in each bracket of a scale of £10,000 commencing at £60,000 (excluding pension contributions). The disclosure includes redundancy payments.

During 2007/08 the GRO paid 18 staff, paying total salaries of £472,080. Within this, no individual employee received remuneration in the year above £60,000.

The employees participate in Rhondda Cynon Taf CBC Pension Fund, which is part of the Local Government Pension Scheme (LGPS).

3.0 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 and are calculated as follows for 2007/08:

Authority	Population	%	Contribution £
Bridgend	130,600	14	110,214
Cardiff	305,200	32	251,916
Merthyr Tydfil	59,700	6	47,234
Rhondda Cynon Taf	238,900	25	196,810
Caerphilly	104,300	11	86,596
Vale of Glamorgan	118,800	12	94,469
	957,500	100	787,239

4.0 **Publicity**

No expenditure on publicity has been incurred by the GRO for the financial year ending 31st March 2008.

5.0 **Related Party Transactions**

In accordance with FRS 8, the GRO have 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 GRO is managed and administered by the Glamorgan Archives Joint Committee under powers conferred by the Local Government (Wales) Act 1994. The Joint Committee has 20 members in total, of which 16 are elected members, with voting rights. There are 4 Rhondda Cynon Taf CBC Councillors on the Joint Committee.

During 2007/08, the GRO was charged £34,030 by Rhondda Cynon Taf CBC in respect of Central Departmental Support.

As a result of the commencement of works on the new GRO building £530,000 was transferred from Rhondda Cynon Taf CBC to the City and County of Cardiff. The overall cash balances held by the individual authorities relating to the GRO as at 31st March 2008 were £633,480. Split between the two authorities:

	£
Rhondda Cynon Taf CBC	146,475
City & County of Cardiff	487,005

6.0 **Audit Fees**

In 2007/08 the GRO incurred the following fees relating to external audit and inspection:

Category	2006/07 £	2007/08 £
With Regards to External Audit Services Carried Out by the Appointed Auditor	2,190	1,680

7.0 Interest

This is the interest earned on the balance invested by Rhondda Cynon Taf CBC to the City and County of Cardiff on behalf of the GRO for the financial year 2007/08. The average rate of interest was:

	%
Rhondda Cynon Taf CBC	5.708
City & County of Cardiff	5.070

8.0 Leases

The following table shows expenditure in respect of operating leases for 2007/08 and commitments through to 2010/11.

Equipment	Paid 2007/08 £	2008/09 £	2009/10 £	2010/11 £
Land & Buildings (Glamorgan Bldg)	57,000	116,000	72,000	0
Equipment (Photocopier)	1,218	1,656	1,656	1,656

9.0 Capital Charges

	2006/07	2007/08
Depreciation	2,595	2,595
Government Grants Deferred	(667)	(667)
Deferred Charges	0	61,098
	1,928	63,026

Equipment is depreciated on a straight-line basis, over an estimated useful life of 15 years. The release of the Deferred Grant partially offsets the depreciation charge.

The Land & Buildings entry relates to costs incurred relating to the acquisition of new premises. Depreciation will not be charged until the asset is brought into use.

Deferred Charges of £61,098 were incurred in 2007/08. This relates to capital spend incurred by City and County of Cardiff Council relating to preparation works for the new GRO building.

10.0 Movements in Fixed Assets

	Land & Property £	Plant & Equipment £	Total £
Historic Cost	776	38,926	39,702
Accumulated Depreciation	0	(5,190)	(5,190)
Net Book Value at 1st April 2007	776	33,736	34,512
Additions	0	0	0
Revaluations	0	0	0
Depreciation	0	(2,595)	(2,595)
Net Book Value at 31st March 2008	776	31,141	31,917

11.0 Debtors

This represents net cash receipts invested by Rhondda Cynon Taf CBC and the City & County of Cardiff on behalf of Glamorgan Archives Joint Committee (see below). The remaining balance is made up of a number of small items representing income expected in the year but not received until after 31st March 2008.

	£
Rhondda Cynon Taf CBC	146,475
City & County of Cardiff	487,005
Other Debtors	689
	634,169

12.0 Creditors

Creditors in the Balance Sheet consists of:

	£
Women's Archive of Wales	47,066
Audit Fees	3,200
Other Creditors	6,334
	56,600

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

Women's Archive of Wales	£
Amount of grant received in 2007/08	93,500
Amount utilised in 2007/08	(46,434)
Remaining Balance as at 31st March 2008	47,066

13.0 Government Grants - Deferred

The account recognises any grants and contributions that have been applied to finance capital expenditure. For assets that are depreciated, an annual contribution to revenue is made from the account, over the useful economic life of the asset, to offset an element of the depreciation charged.

	£
Balance as at 1st April 2007	(8,666)
Grants Received in Year	0
Grants Written Down in Year	667
Balance as at 31st March 2008	(7,999)

14.0 Movement on Reserves

	Balance B/Fwd £	(Gains)/ Losses for the Year £	Transfers Between Reserve £	Balance C/Fwd £
General Reserve	(596,470)	5,063	457,246	(134,161)
Capital Adjustment Account	(25,070)	1,928	0	(23,142)
Publication Fund	(11,656)	0	11,656	0
New GRO Building	0	0	(468,902)	(468,902)
Total	(633,196)	6,991	0	(626,205)

14.1 General Fund

The amount of £134,161 represents accumulated surpluses on the revenue account and comprises of the balance brought forward from the previous financial year of £596,470 and the current general fund year deficit of £462,309. These reserves are available for general use of the GRO in future years. They are accumulated working balances and are not ring fenced for any particular activity.

14.2 Capital Adjustment Account

The Capital Adjustment Account replaces the Capital Financing Account. It represents the difference between the cost of fixed assets used by the Joint Committee and the capital financing set-aside to pay for them.

	£
Balance as at 1st April 2007	(25,070)
Release of Deferred Government Grant	(667)
Depreciation	2,595
Balance as at 31st March 2008	(23,142)

14.3 Publication Fund

This fund recorded transactions arising from the purchases and sales of Archives publications. The balance on this fund has now been utilised fully.

14.4 Earmarked Reserves

An amount of £530,000 was set up as an Earmarked Reserve, to part finance the build of the new GRO building, which is due for completion in the summer of 2009. This new reserve was used partly in 2007/08 to the value of £61,098.

The transfers to/(from) earmarked reserves including special funds is detailed below

	£
New Building Reserve	530,000
New Building Expenditure	(61,098)
Movement on Publication Fund	(11,656)
	457,246

15.0 Reconciliation of Income and Expenditure Account to Cashflow

2006/07 £		2007/08 £
61,582	Income and Expenditure Account (Surplus)/Deficit	6,991
(2,595)	Depreciation	(2,595)
667	Government Grants Deferred	667
(38,627)	(Increase)/Decrease in Creditors	3,597
2,595	Increase/(Decrease) in Debtors	(6,463)
(694)	Increase/(Decrease) in Stocks	(810)
30,748	Financing Items	31,980
776	Other Items	0
54,452	Cash (Inflow)/Outflow from Revenue Items	33,367

16.0 Insurance

The unique and potentially irreplaceable material deposited with the GRO 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.

17.0 Contingent Liability – Job Evaluation

GRO employees fall under the terms and conditions of Rhondda Cynon Taf CBC, who 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 the course of financial year 2008/09.

Statement on Internal Control : Glamorgan Archives

1. Scope of Responsibility

Rhondda Cynon Taf County Borough Council is responsible for ensuring that its business and that of the Joint Committees 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, used economically, efficiently and effectively.

The Council also has a duty under the Wales Programme for Improvement to make arrangements to secure continuous improvement in the way its functions are exercised.

In discharging this overall responsibility, the Council is responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

The system of internal control applies not only to the Council's core business but also applies to all Joint Committees for which the Council has administrative responsibilities.

2. The Purpose of the System of Internal Control

The system of internal control provides a reasonable assurance that the risks to the achievement of policies, aims and objectives have been identified, prioritised and evaluated in terms of their likelihood and impact if realised.

The system of internal control set out in this Statement has been in place for the year ending 31st March 2008 and continues to operate at the current time.

3. The Internal Control Environment

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

- Decision Making and the Scheme of Delegation
- Wales Programme for Improvement
- Performance Management
- Financial Management
- Project Management
- Risk Management
- Member & Officer Codes of Conduct
- Anti-Fraud and Corruption and Whistle Blowing Policies
- Internal and External Audit work.
- Other Regulatory Inspections

4. Review of the Effectiveness of the System of Internal Control

(i) Decision-making and the Scheme of Delegation

The Council - sets the Policy Framework for the Council, its Annual Budgets and its Council Tax levy. It can delegate Council functions to Committees eg Planning Committee.

The Executive (Cabinet) - makes all major decisions in line with the policy framework and annual budgets set by Council. The Leader can delegate Executive functions to Cabinet Committees and Chief officers.

Individual Cabinet Members - can make urgent decisions, within their agreed portfolio, having taken advice from the relevant officer.

Chief Officer Scheme of Delegation - Council/Executive functions are delegated from Council or Cabinet to Chief officers for decision.

Authorised Officers - A Chief officer with functions delegated to him or her can "authorise" an officer to take certain "delegated" decisions on his or her behalf.

The various levels of decision-making, outlined above, are incorporated into the Council's Constitution and are regularly reviewed by the Monitoring Officer. This framework provides an assurance that all decisions taken comply with relevant policies, procedures, laws and regulations.

Each Joint Committee also has decision-making powers as stipulated in the respective joint agreements. Committee membership 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.

Glamorgan Archives joint committee approves the budget of the operations, receives budget-monitoring reports and considers its Business Plan and performance.

(ii) Wales Programme for Improvement

Introduced by the Welsh Assembly Government to replace Best Value, the objective of the Wales Programme for Improvement is to achieve the delivery of high quality services to the public which meet identified local needs. It focuses the Council's attention on delivering improvements to those services that have the greatest impact on the public and enables elected Members and Officers to focus their energies and resources on tackling the biggest issues by providing a sense of clear priorities.

(iii) Performance Management

Performance Management of Glamorgan Archives is monitored at a local level and is reported to the Joint Committee.

Glamorgan Archives produces an annual business plan that is considered by the Joint Committee. The Committee also receives reports monitoring progress against the key aims and objectives of the Business Plan.

(iv) Financial Management

Financial Management is an essential function that underpins all the Council's and Joint Committees activities.

The financial management framework is at the heart of its System of Internal Control and its Improvement Agenda. The framework includes:-

A Robust System of Budget Setting and Monitoring – Financial resources are linked to service priorities. Detailed annual reviews of budget need are undertaken, that determine resource allocations each year. Currently, Revenue budgets are agreed annually. Capital budgets are considered on a three-year timeframe, and the Council is currently undertaking a comprehensive and holistic approach to Medium Term financial planning.

Budgets are monitored and controlled using agreed protocols. Budget monitoring is seen as both an early warning mechanism to alert services to financial pressures and, also, as an opportunity to review overall spending patterns regularly and divert resources to meet identified service needs. The Director of Financial Services coordinates monthly Section 151 meetings across the Service Groups to identify budget pressures. An annual review of budget holder performance was also introduced from 2006/07 financial year.

Effective Internal Financial Procedures - As part of the Council's establishment of a new Constitution in May 2002, Financial and Contract Procedure Rules were updated to reflect the requirements of a large, complex organisation in terms of strong internal controls and stewardship over its resources. Allied with this is a need to maintain flexibility in order to encourage Services to innovate and improve.

The Procedures do this, for example, by providing guidance on dealing with new forms of partnership, securing external grant funding and other potential new ways of working.

The Procedure Rules Working Group ensures that the Financial and Contract Procedure Rules are regularly reviewed, training is provided to staff on their implementation and compliance is monitored through internal audit programmes. Links to electronic versions are available on the Council's intranet site.

Glamorgan Archives budgetary control and performance management is co-ordinated by the Corporate Service finance team. As such, it is subject to the same processes and controls of other Council functions.

Proactive Financial Management – Financial Management is proactive and goes beyond what can be considered the traditional ‘accounting’ role. An example of this is the importance of sourcing new types of funding, including grants from existing Welsh Assembly Government initiatives and from other external sources. The Council has secured significant additional resources from various external grants in 2007/08 and into the medium term. This approach is adopted for both the Council’s own initiatives and that of the Joint Committees in which it participates.

Community Focus – Effective Financial Management contributes to the openness and transparency of Joint Committee affairs and decision-making. Financial information is available to the community through published annual accounts. Regular financial information is also presented to Members at meetings that are open to the Press and Public, which again promotes the transparency needed to engage local communities.

(v) Project Management

The Council and Joint Committees for which it has administrative responsibility utilises the PRINCE 2 model for Project Management and 2-day training modules have been undertaken by over 200 Heads of Service and Senior Managers.

(vi) Risk Management

The Council has a Corporate Risk Management Group, chaired by the Head of Internal Audit & Risk Management. The Group has developed a Corporate Risk Register that identifies key business risks, who is responsible for managing them and the progress made in limiting their potential to impede the Council’s key objectives. A Corporate Risk Management Strategy has been developed and was adopted by Cabinet in May 2007.

Heads of Service and Senior Managers have received Risk Management training, facilitated by Marsh UK. The Council is also affiliated to the Association of Local Authority Risk Managers (ALARM).

(vii) Members and Officers Codes of Conduct

The Members’ Code of Conduct is clearly set out in the Council’s Constitution and every Member has been provided with advice and guidance on the Code. As part of the Constitution, it is also available on the Council’s internet & intranet sites. The Council also has a Standards Committee to deal with issues in respect of Member conduct.

An Officers Code of Conduct is a key element of the Constitution and the Council also has clear guidelines in terms of the receipt of Gifts and Hospitality.

The Council's Disciplinary Procedures are made available to new members of staff at the Corporate Induction days and can also be found on the Council's Intranet site.

(viii) Anti-Fraud and Corruption Policy and Whistle Blowing Policy

As part of its 'zero tolerance' of fraudulent or corrupt activities, the Council has a defined Anti-Fraud and Corruption Policy and offers guidance to officers on 'whistle blowing'. Both can be found on the intranet site.

(ix) Internal Audit

Internal Audit's Operational Work Plan for 2007/08 has been substantially completed. This Plan was formulated in consultation with Group Directors, Directors and Heads of Service and was agreed by Audit Committee.

Audit Committee regularly receives reports on Internal Audit's performance and are advised of all high priority recommendations made. Committee also receives update reports on special audit investigations where fraud or misappropriation is suspected.

The latest annual inspection of the Internal Audit Service, undertaken by the Wales Audit Office, comments that the operational standards set out in the CIPFA Code of Practice 2006 are being met.

(x) External Audit and other Regulatory Inspections

The Wales Audit Office undertakes the Council's external audit requirements. In fulfilling this role, it provides improvement, assessment and assurance services. Reports are prepared, in relation to audit, under the relevant enabling legislation and the responsibilities detailed in the Code of Audit and Inspection Practice, and in the context of the 'Statement of Responsibilities', issued by the Auditor General for Wales.

Reports are prepared in relation to inspection, following inspection work carried out under the Local Government Act 1999, as amended by the Public Audit (Wales) Act 2004, and in accordance with guidance issued by the Wales Assembly Government.

5. Significant Internal Control Issues

To the best of our knowledge, the System of Internal Control, as summarised above, operated effectively throughout 2007/08 and continues to operate effectively at the current time. All services are subjected to annual assessment, robust performance & financial monitoring is in place and reported at Member level and Audit Committee provides effective scrutiny of the internal control environment. During 2007/08, no significant internal control issues were identified in relation to Glamorgan Archives.

Signature: _____

Date: _____

Keith Griffiths
Chief Executive

Signature: _____

Date: _____

Russell Roberts
Leader of the Council

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

We have audited the accounting statements of Glamorgan Archives Joint Committee for the year ended 31st March 2008 under the Public Audit (Wales) Act 2004. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Reserve Balance, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes. The accounting statements have been prepared under the accounting policies set out in the statement of accounts.

This report is made solely to 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 paragraph 42 of the Statement of Responsibilities of Appointed Auditors, and Inspectors and of Audited and Inspected Bodies (2005) prepared by the Auditor General for Wales.

Respective responsibilities of Chief Finance Officer and Auditors

The Group Director – Corporate Services' responsibilities for preparing the Statement of Accounts in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007 are set out in the Statement of Responsibilities for the Statement of Accounts.

Our responsibility is to audit the accounting statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the Joint Committee and its income and expenditure for the year.

We review whether the Statement on Internal Control reflects compliance with CIPFA's guidance published in 2004 (The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Requirements 2003). We report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information we are aware of from our audit of the accounts. We are not required to consider, nor have we considered, whether the statement on internal control covers all risks and controls. Neither are we required to form an opinion on the effectiveness of the Joint Committee's corporate governance procedures or its risk and control procedures

We read other information published with the accounting statements, and consider whether it is consistent with the audited accounting statements. This

other information comprises only the Explanatory Foreword. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounting statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with the Public Audit (Wales) Act 2004, the Code of Audit and Inspection Practice issued by the Auditor General for Wales, and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements. It also includes an assessment of the significant estimates and judgments made by the Joint Committee in the preparation of the accounting statements, and of whether the accounting policies are appropriate to the Joint Committee's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounting statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounting statements.

Opinion on the Joint Committee's accounts

In our opinion the accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the Glamorgan Archives Joint Committee as at 31st March 2008 and its income and expenditure for the year then ended.

Certificate

We certify that we have completed the audit of the accounts in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit and Inspection Practice issued by the Auditor General for Wales.

Signature: _____ **Date:** _____

Gill Lewis

Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ