

Local Members' Interest
N/A

**STAFFORDSHIRE AND STOKE-ON-TRENT JOINT ARCHIVES COMMITTEE  
17 JUNE 2010**

**JOINT REPORT OF THE DIRECTOR OF FINANCE AND  
THE DIRECTOR OF CENTRAL SERVICES**

**STAFFORDSHIRE AND STOKE-ON-TRENT ARCHIVE SERVICE:  
AUDIT REQUIREMENTS**

**1. PURPOSE OF THE REPORT**

- 1.1 To report to the Committee the process for the audit of the accounts of the Joint Archives Committee.
- 1.2 To consider the management of identified risks within the Joint Archive Service.

**2. SUMMARY**

- 2.1 Under the Audit Commission Act, 1998, and the Accounts and Audit Regulations, 2003, (amended 2009) the Staffordshire and Stoke-on-Trent Archive Service is defined by the Audit Commission as a separate entity for audit purposes.
- 2.2 In 2008 and 2009 an internal audit review of the systems, controls and risks relating to the Joint Committee's accounts was completed in order to comply with Audit Commission regulations. In 2010 the Committee has moved from the limited assurance regime and, under the Audit Commission's Regulations, now requires its own full set of accounts to be completed. The accounts require a full Financial Reporting Standard for Smaller Entities audit, because the Committee's gross expenditure has been over the threshold of £1m for three years. This threshold has been implemented by the Audit Commission.
- 2.3 The Joint Committee's draft accounts have been presented to the Committee at this meeting for approval and some audit work has been started. An internal audit has been completed by KPMG, who were appointed by Staffordshire County Council to carry out a managed audit to assist the external auditors. Price Waterhouse Coopers has been appointed by the Audit Commission as the external auditors. The costs to the Joint Archives Committee are expanded below at paragraph 4.1.
- 2.4 The audit regime already requires the Joint Archive Service to inform the Joint Committee annually of the identified risks to the Service. A full risk register is in place, which sets out the identified risks, the control mechanisms which are in place to manage these risks and the record keeping to support

the management of each risk. The register is updated annually. Summary details of current identified risks are at Appendix 1.

- 2.5 In addition an Annual Governance Statement has been produced as part of the accounts process. This Statement has been presented to the Committee for approval elsewhere on this agenda.

### **3. RECOMMENDATION**

- 3.1 That the report be received.
- 3.2 That the actions taken by the Joint Archive Service to minimise the impact of identified risks be noted.

### **4. FINANCIAL IMPLICATIONS**

- 4.1 The Joint Archive Service budget will incur costs as a result of the increased level of audit. The Service has been advised that the external audit costs will be in the region of £10,000 and the internal audit costs have been confirmed at £3,000. Provision was already made within this year's revenue budget for the internal audit costs. It is anticipated that the external costs can be accommodated in the current financial year. In the County the savings will be met as a result of a flexible retirement to be put into place in this financial year. The City will meet its proportion of the cost in 2010/11 from an un-forecast reimbursement from the previous financial year. Excluding salary and other fixed costs, this will represent a little over 15% of the Stoke Archives budget. In any future years, the external audit costs to the County and the City would have to be met either from the Joint Archive Service reserves or from the Joint Archive Service revenue budget.
- 4.2 Clearly producing the accounts and managing the audit process has a cost attached to it, which will not be passed on the Joint Archive Service. Officers from both the County Council and the City Council will continue to assist the Joint Archive Service through their knowledge and experience of the accounts and audit process.
- 4.3 The requirement to produce full accounts will remain in place as long as the Joint Committee's budget remains over the £1m threshold. It will therefore be repeated in the financial year 2011/2012. Discussions are already in place between officers in the County and the City to determine how this will be managed in future years.
- 4.4 The Directors of Finance in the County Council and the City Council have agreed to make a joint representation to the Audit Commission on this matter.

### **6. PERSONNEL AND EQUAL OPPORTUNITIES IMPLICATIONS**

- 6.1 There are no personnel or equal opportunities implications in this policy.

## 7. LEGAL IMPLICATIONS

- 7.1 The legal requirements to produce accounts and have them audited have been set out at paragraphs 2.1 and 2.2 of this report.

Andrew Burns, Director of Finance  
Paul Simpson, Director of Central Services

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<b>Background documents:</b>	Staffordshire and Stoke-on-Trent Archive Service, Risk Register, 2010
<b>Contact officers:</b>	Thea Randall (01785 – 278370) Rachel Spain (01785 - 276011)