



Internal Audit & Corporate Fraud Services

MUSEUMS FOLLOW-UP 2015-16

Report prepared by: Alice Walker
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FINAL

1.0 EXECUTIVE SUMMARY

1.1.1 Introduction

Internal Audit & Corporate Fraud Services acts in accordance with the Accounts and Audit Regulations (2015), the Public Sector Internal Audit Standards and the Local Government Application Note (2013). This audit has been prepared in accordance with our Audit Charter.

As part of the 2015/16 Audit Plan approved by the Audit & Governance Committee on the 3 March 2015 we have undertaken an audit of the systems of internal control in place at the Ipswich Museum over the collections inventory and security arrangements.

At the formal request of IBC Audit and Governance Committee a review on the Museums Service was completed by IBC Internal Audit in October 2014 (ref 660). This audit is a follow up to that work.

As with the previous work, testing was carried out at Ipswich Museum, Christchurch Mansion and the stores holding objects not currently on display.

This report sets out our findings and raises recommendations to address areas of weakness and/or non-compliance with existing controls, as set out in the action plan.

1.1.2 Audit Scope & Objectives

The objective of the audit was to provide assurance that adequate arrangements are in place to ensure that the Ipswich Museum collections are being appropriately managed and safeguarded and that the recommendations made following the 2013/14 Internal Audit review have been implemented.

The audit covered:

- Procedures in place to maintain the collections inventory;
- Verification of the items that form the Ipswich Museum collection and their location;
- Security arrangements in place to safeguard the collections.

1.2 ASSURANCE STATEMENT

1.2.1 Overall Assurance Level**

Good	Adequate	Limited	Unsatisfactory
	✓		

** For definitions see Appendix A

1.2.2 Positive Audit Comments

We would like to draw management attention to key controls in operation over Museums Follow-up 2015-16 processes and procedures that were operating effectively and efficiently:

- Procedures in place to maintain the collections inventory
- Security arrangements in place to safeguard the collections

1.2.3 Audit Report Follow-up

A follow-up review was undertaken to ensure that recommendations agreed in the previous audit report Ipswich Museum – Reference 660 – issued October 2014 had been implemented. It was found of the 10 recommendations made, 6 have been completed, and 4 have been implemented but are ongoing and due to be complete by June 2016.

1.2.4 Control Issues

This review has identified the following control areas where we consider that key improvements to current processes and procedures are needed or where there is the potential risk of fraud and corruption:

- CCS007 - Separation of Duties on Returned Loans

The following recommendation arising from this work should be considered as part of the Annual Governance Statement.

Items returned are accompanied by one officer, but not verified by another member of the team, meaning there is no separation of duties.

1.2.5 Adequacy of Individual Control Areas

Control Area	Adequacy assessment **	Number of recommendations raised		
		High**	Medium**	Low**
Verification of items	Adequate	1	1	0
Security	Good	0	0	0
Collections inventory	Good	0	0	0
Total recommendations raised	2	1	1	0

** For definitions see Appendix A

1.3 ACKNOWLEDGEMENTS

We would like to thank management and staff for their co-operation during the course of this audit.

2.0 ACTION PLAN

1. Verification of items

REC No.	RISK	FINDING	RECOMMENDATION	REC. PRIORITY**	RESPONSIBLE OFFICER	MANAGEMENT IMPLEMENTATION DATE	MANAGEMENT RESPONSE
1	Items are lost or stolen resulting in a loss to the museum. The museums accreditation is lost leading to reputational damage.	3/7 loans out had loan end dates that had expired. 3/4 loans in had loan end dates that had expired, or did not have a loan end date.	Loans in and out are reviewed to ensure any loans with expired loan agreements are assessed and loan agreements are either renewed or the items returned. A system is implemented to alert collection staff of loan agreements that are nearing the end of their terms or do not have end dates, in order for loan agreements to be renewed or the items returned before the terms expire in future.	Medium	Colchester and Ipswich Museums Service Manager	01/04/2016	Modes Support has created four new indexes for monitoring loans to and from the Museum. (Loan in renewal date; Loan out renewal date; Loan in return date; Loan out return date) which have been added to the Loans In and Loans Out databases. It is now possible to identify from the system items due to be returned or renewed either in or out of the Museum.
2	Items are lost or stolen resulting in a loss to the museum. The museums accreditation is loss leading to reputational damage.	Items returned are accompanied by one officer, but not verified by another member of the team, meaning there is no separation of duties.	Separation of duties is implemented to ensure that if one officer returns an item it is verified as returned by another officer.	High	Colchester and Ipswich Museums Service Manager	28/02/2016	Loan in procedure will be updated to include the separation of courier and check-in duties. Collection Information Officer will be responsible for check-in of items. Other member of the teams will be responsible for couriating between sites.

** For definitions see Appendix A

APPENDIX A

3.0 OVERALL ASSURANCE LEVEL

Control Adequacy Assessments

We have four categories by which we classify our overall level of assurance of the processes examined and, also, the adequacy of the individual key control areas. They are defined as follows:

Good	All controls are being applied consistently and effectively. This means that all the control areas in the audit are being properly managed and the associated risks are being mitigated.
Adequate	Controls exist but there is some inconsistency in their application. This means that a few of the risks in the audit may need attention.
Limited	Some controls do not exist. This means that a reasonable number of the risks in the audit need attention.
Unsatisfactory	A significant number of controls do not exist and/or there are major omissions in the application of controls. This means that a significant number of risks in the audit are not being properly managed.

4.0 RECOMMENDATION PRIORITIES

We have three categories by which we classify our recommendations. They are defined as follows:

High	A top priority due to the absence of or non-compliance with a fundamental control process, creating the risk that significant error or malpractice could go undetected. These recommendations should normally be implemented within 1 to 3 months.
Medium	An important issue, which is needed to bring the internal control system up to an adequate standard or eliminate a serious level of non-compliance with an existing control process. These recommendations should normally be implemented within 1 to 6 months.
Low	An issue, which, if addressed, would contribute towards raising the standard of internal control to a level higher than adequate or help to reduce a less serious level of non-compliance with an existing control process. These recommendations should normally be implemented within 12 months.