

FROM: Audit and Risk Manager **SUBJECT:** Royal Pump Rooms
TO: Head of Cultural Services **DATE:** 12 March 2013
Heritage and Arts Manager
C.C. Chief Executive
Head of Finance

1. INTRODUCTION

- 1.1. In accordance with the Audit Plan for 2012/13, an examination of the above subject area has been completed recently and this report is intended to present the findings and conclusions for information and action where appropriate.
- 1.2. Wherever possible, results obtained have been discussed with the staff involved in the various procedures examined and their views are incorporated, where appropriate, in any recommendations made. My thanks are extended to all concerned for the help and co-operation received during the audit.

2. SCOPE AND OBJECTIVES OF AUDIT

- 2.1. The purpose of the audit examination was to report a level of assurance on the effectiveness of operational, financial and management controls for the Royal Pump Rooms in accordance with relevant legislative/regulatory and internal policy/strategic considerations.
- 2.2. An evidential risk-based evaluation was undertaken focusing on the following areas:
- Strategy/Improvement Plans;
 - Role and Responsibilities;
 - Policies and Procedures (including evaluation against the standard audit programme for outlying establishments);
 - Quality Assurance;
 - Information Assurance.
- 2.3. Although coverage was essentially aimed at objectives and risks in respect of the whole Royal Pump Rooms premises as a whole, review of operational and financial areas focused on the Art Gallery and Museum (operations concerning of the Café and Visitor Information Centre are covered under separate assignments).

2.4 The findings are based on consultation and discussion with key contacts and examination of relevant documentation and records. The principal contacts were Jeff Watkin, Heritage and Arts Manager and Roz Crampton, Head Gallery Assistant.

3 FINDINGS

3.1 Recommendations from Previous Audit

3.1.1 The current status regarding the recommendations from the previous audit undertaken in 2008 is as follows:

Recommendation	Current Position
<p>1 A joint review by Finance and Cultural Services (Heritage & Arts) should be considered to determine policy on accounting treatment of the Museum and Art Gallery collection based on the revised Acquisition and Disposal Policy. <i>(Low risk)</i></p>	<p>This has been addressed by accounting policy changes to comply with the updated Local Authority Accounting Code of Practice (adopting FRS 30). This recognises Heritage Assets in the Balance Sheet supported by details held in the corporate asset register with annual updates supplied by the Senior Curatorial Officer.</p>
<p>2 Petty cash claims should reflect the cost of stamps used, rather than the purchase price of the stamps. <i>(Low risk)</i></p>	<p>No longer an issue – holdings of postage stamps are now negligible.</p>
<p>3 The next petty cash claim should be amended (reduced) by the current variance plus the value of stamps in hand to bring the account back into balance. <i>(Low risk)</i></p>	<p>This was an action in the wake of the previous audit. Checks showed the imprest is now in balance.</p>
<p>4 Periodic independent spot checks of the petty cash imprest should be undertaken. <i>(Low risk)</i></p>	<p>No evidence could be found of any recent independent checks on the imprest. This is discussed further below.</p>
<p>5 The next recharges to the other users of the building should be amended to reflect the errors identified on the spreadsheet, with the spreadsheet being amended for future use. <i>(Medium risk)</i></p>	<p>This arose from discovery and immediate correction of an isolated formula error in the Excel spreadsheets used to calculate the recharges. Review of recommendation actions showed the requisite adjustments to have been made.</p>
<p>6 A proforma document should be drawn up for staff to sign to confirm that they have opened the donations box (and counted the contents). <i>(Low risk)</i></p>	<p>A procedure using an appropriate proforma is in place.</p>

3.2 General Comments

3.2.1 The most noticeable applicable developments in the period of just over four years since the previous audit are:

- demise of the South Warwickshire Tourism partnership resulting in closure of the Tourist Information Centre and subsequent re-opening as the 'Visitor Information Centre' under Council management;
- award of a new commission-based catering contract incorporating the Assembly Room and Café from 1st January 2012;
- adoption of a Collection Management Framework facilitating renewal of accreditation under the Arts Council England (ACE) Scheme.

3.2.2 At the time of the audit, no debtor accounts had been raised for commission or service charges due from the catering contractor and no transfer made for service charges due from Development Services in respect of the Visitor Information Centre. However, it was reported from enquiries made that arrangements are in place to remedy this.

3.3 Strategy/Improvement Plan

3.3.1 From the evidence seen, the strategic agenda for the Royal Pump Rooms premises as a whole is essentially subsumed in the corporate Asset Management Plan. More recently, this has been followed up by options suggested in Feasibility Study of Leamington Assets and is to be taken forward as part of the approved proposals for the Regeneration Limited Liability Partnership and its initial project proposals.

3.3.2 The ACE describes its Accreditation Scheme as 'a baseline quality standard that helps guide museums to be the best they can be, for current and future users'. Being now fully accredited under the Scheme, the Art Gallery and Museum has demonstrated achievement of an array of standards under the themes of:

- organisational health (including resilience and forward planning);
- management of collections;
- users and their experiences.

3.3.3 The Heritage and Arts Manager advised that, as part of the systems thinking process under Fit for the Future, a five-year vision for the service is being formulated.

3.4 Roles and Responsibilities

3.4.1 The managed risk framework recognises joint responsibility between Cultural Services and Housing and Property Services for ensuring adequate maintenance of the premises. Site staff responsibilities within the Art Gallery and Museum are codified in a Normal Operating Procedures document and Emergency Manual.

3.4.2 Review of job descriptions showed a generally coherent structure with clear definition of functional roles and lines of responsibility. Apart from the general delegations to chief officers, the Council's Scheme of Delegation makes no specific provisions on officer authority in respect of the Royal Pump Rooms, therefore the Executive has to approve all matters of official policy.

3.5 Policies and Procedures

3.5.1 The Collections Management Framework, comprising four policy documents governing management and development of collections, was approved by the Executive in May 2012 as a precursor to seeking accreditation under the recently revised ACE Scheme.

3.5.2 The Normal Operating Procedures and Emergency Manual documents specify routines for the smooth running of the premises.

3.5.3 Findings from application of the establishment audit programme are as follows:

- Ordering and payments processes comply with the Code of Financial Practice. The scale of local purchases is relatively minor and a review of transactions over the current financial year to date showed no items over the value threshold warranting examination of procurement arrangements.
- Checks confirmed that petty cash is appropriately safeguarded and disbursements properly accounted for. Disbursements (individual and overall) do not appear to be excessive.
- Arrangements for site staff cover follow a rota system on a weekly cycle with significant use of casual staff. Procedures for processing weekly time sheets (casual staff) and overtime claims, etc (salaried staff) were seen to be generally sound and fit for purpose. Sample checks on time claimed by regularly assigned casual staff showed proper authorisation and confirmed approved attendances for all entries with deduction of the 'statutory break' time where applicable.
- Over the past twelve months, approximately £9,000 in income was taken on site of which close to £5,000 was in cash, £3,500 debit/credit card and £500 by cheque. Review of records showed collection and deposit procedures in place that are seen as fit for purpose. This includes those for removing and accounting for the contents of the donations box.
- The system for calculating, apportioning and invoicing service charges was reviewed. This involves an elaborate series of Excel spreadsheets which process data captured from payment sources (mainly service invoices). The charges are apportioned based on occupied floor area. Tests on the most recently charged quarter's calculations, including examination of the spreadsheet formulae, showed no anomalies.

- While the calculation process routinely covers all parties operating in the premises, so far this year only Warwickshire County Council Libraries Service has actually been billed for service charges. It was advised that the County are querying the level of charges, although this relates to the building repairs and maintenance element which relies on information supplied by Housing and Property Services. This was still under investigation at the time of the audit.
- 3.5.4 Returning to the matter of petty cash, the question of whether independent management checks on petty cash can be reasonably expected has to be considered in the context of changed priorities and a more risk-based footing. On reflection, it is preferred to leave this issue to management discretion and not to make an audit recommendation.
- 3.6 Quality Assurance
- 3.6.1 Clear quality assurance factors are built into the ACE Accreditation Scheme and need no further comment. Looking more inwardly, the relevant provisions of the current year's Service Area Plan focus on the systems intervention for the Royal Pump Rooms.
- 3.6.2 The Heritage and Arts Manager mentioned two outcomes to follow through from this:
- participation in 'Making Space', an ACE-funded project to determine the scope for a sub-regional approach to the acquisition, care, use and storage of collections;
 - participation in the new Museum Peer Support Programme (sponsored jointly by the ACE and the LGA).
- 3.6.3 The Service Area Plan cites visitor footfall as the primary customer measure with others including customer satisfaction, attendance at special events and delivery of projects. There is no requirement to report outturn formally under any internal performance framework, although some reporting under the Accreditation Scheme is anticipated.
- 3.6.4 It was advised that the management of the collections follows an internationally recognised standard called Spectrum.
- 3.7 Information Assurance
- 3.7.1 Central to information management for the Art Gallery and Museum collections is its use of a museums sector software product call Modes. A client server installation is in place with the back-end database managed by ICT Services on the corporate server suite. This ensures corporate standard security, resilience and back-up.
- 3.7.2 A support agreement with the vendor is in place with subscriptions up to date.
- 3.7.3 From discussion with the Senior Curatorial Officer, the critical paper-based information resources held on site were identified as:

- the official Accession Register
- entry forms supporting the Accession Register
- archive documentation on the collections.

3.7.4 It was ascertained that the above are protected in a fire resistant safe located within the art store area, which itself is protected by two levels of physical access security during Art Gallery and Museum opening hours.

4 CONCLUSIONS

4.1 Resulting from the examination, we are able to give SUBSTANTIAL assurance that robust structures and processes in place to secure achievement of applicable corporate and service aims and objectives and the effective management of risks.

4.2 There are no recommendations arising.

Richard Barr
Audit and Risk Manager