

# COLCHESTER & IPSWICH JOINT MUSEUMS COMMITTEE

**WEDNESDAY  
24 JUNE 2015  
ORWELL ROOM, GRAFTON HOUSE  
IPSWICH  
2.00 PM**

## COUNCILLORS

### COLCHESTER

B Frame  
T Young

### IPSWICH

C Jones  
P Smart

*Substitutes:*  
B Oxford

*Substitutes:*  
B Rudkin

# A G E N D A

	<b>PART 1</b>
<b>1.</b>	<b>Election of Chair</b>
<b>2.</b>	<b>Appointment of Vice-Chair</b>
<b>3.</b>	<b>Apologies for Absence</b>
<b>4.</b>	<b>Unconfirmed Minutes of Previous Meeting</b> (Pages 1 - 4)  To consider the Minutes of the meeting held on 20 January 2015.
<b>5.</b>	<b>To Confirm or Vary the Order of Business</b>
<b>6.</b>	<b>Declarations of Interest</b>
<b>7.</b>	<b>Dates of Future Meetings</b>  Proposed dates for 2015/16: <ul style="list-style-type: none"><li>• Tuesday 3 November 2015, 2pm (Colchester)</li><li>• Tuesday 19 January 2016, 2pm (Ipswich)</li><li>• Tuesday 22 March 2016, 2pm (Colchester)</li></ul>
<b>8.</b>	<b>JMS/15/01 Performance Update</b> (Pages 5 - 12)  This report summarises performance for the period from January to April 2015 for the Colchester and Ipswich Museum Service.  The Committee is asked to note the report.
<b>9.</b>	<b>JMS/15/02 Draft Accounts for 2014/15</b> (Pages 13 - 24)  The Committee is asked: <ul style="list-style-type: none"><li>(i) to consider the report and supporting information and approve the pre-audit accounts for 2014/15 so that the Annual Return can be submitted for audit by the statutory deadline of 30 June 2015;</li><li>(ii) to note the changes in the audit requirements from 2015/16 and confirm the preferred course of action.</li></ul>

10.	<p><b>JMS/15/03 Budget Update</b> (Pages 25 - 28)</p> <p>This report provides a brief budget update for 2014/15 and also summarises the 2015/16 budget for Colchester and Ipswich Joint Museum Services, and financial contributions from Colchester Borough Council and Ipswich Borough Council, as agreed through each Council's budget setting process.</p> <p>The Committee is asked to note the report.</p>
11.	<p><b>JMS/15/04 Annual Governance Statement 2014/15</b> (Pages 29 - 38)</p> <p>The Committee is required to annually review the service's internal control arrangements by regulation 4 of the Accounts and Audit Regulations 2011. The Committee is asked:</p> <ul style="list-style-type: none"> <li>• To note and approve the 2014/15 Annual Governance Statement for Colchester and Ipswich Joint Museums Service;</li> <li>• To agree the positive completion of Section 2 (the Governance Declaration) of the Annual Return for 2014/15;</li> <li>• To agree the actions highlighted in the statement, which are required to ensure that the partnership continues to provide appropriate and cost effective services.</li> </ul>
12.	<p><b>JMS/15/05 Annual Review of Risk Management</b> (Pages 39 - 50)</p> <p>The Committee is asked:</p> <ul style="list-style-type: none"> <li>• To endorse the Risk Management Strategy for 2015/16;</li> <li>• To review and comment on the Risk Register for the Joint Museum Service.</li> </ul>
13.	<p><b>JMS/15/06 Internal Audit Findings 2014/15</b> (Pages 51 - 68)</p> <p>The Committee is asked to review and comment on the findings of the 2014/15 Internal Audit review of the Joint Museum Service.</p>



**HELEN PLUCK**  
**MONITORING OFFICER**

16 June 2015

Any enquiries about this meeting should be addressed to  
Linda Slowgrove - 01473 432511  
Grafton House, 15 - 17 Russell Road, Ipswich IP1 2DE.  
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# COLCHESTER & IPSWICH JOINT MUSEUMS COMMITTEE

## MINUTES

TUESDAY 20 JANUARY 2015  
ROOM G3, ROWAN HOUSE,  
SHEEPEN ROAD, COLCHESTER  
2.00 PM

**Present:** Councillors: C Jones, P Smith, T Young (Chair) and P Smart (Substitute)

**13. Apologies for Absence**

Apologies for absence were received from Councillor Rudkin and Helen Pluck.

**14. Unconfirmed Minutes of Previous Meeting**

**Resolved:**

that the Minutes of the meeting held on 24 June 2014 be signed as a true record.

**15. To Confirm or Vary the Order of Business**

**Resolved:**

that the Order of Business be confirmed as printed on the Agenda.

**16. Declarations of Interest**

There were no declarations of interest.

**17. JMS/14/07 Performance Update**

17.1. Councillor Smith asked what groups had been hiring Colchester Castle. Mr Seaman (Colchester and Ipswich Museum Service Manager) reported that the venue was primarily being hired out for weddings and some corporate hire, and offered facilities to support external catering. Councillor Jones congratulated the Museum staff on the performance since the re-opening of Colchester

Castle and highlighted the need to market Christchurch Mansion as a wedding venue.

- 17.2. Councillor Smart asked whether there had been a dip in attendance figures prior to the refurbishment of Colchester Castle. Mr Seaman confirmed that there had been a tail off in the visitor figures, but the empty building had provided opportunities to hold different types of event prior to the works commencing.
- 17.3. Councillor Smith asked what the national trend was for museums attendance. Mr Seaman reported that it was a mixed picture, partly depending on whether admission was free or not, and the extent of the impact arising from changes in the national curriculum; however, where investment had been made, there had been greater returns.
- 17.4. Councillor Young asked whether a programme of special events had been planned following the success of the Victorian Christmas at Christchurch Mansion. Mr Seaman reported that Christmas events at both Christchurch Mansion and Colchester Castle had been successful this year, providing opportunities for secondary sales, and these events would be expanded for this year.
- 17.5. Councillor Jones questioned why the Gainsboroughs had been taken out of the Wolsey Art Gallery and requested that they be returned to this room.

**Resolved:**

**that the report be noted.**

## **18. Presentation by the Retail Manager**

- 18.1. Claire Sanders (Retail Manager) gave a presentation on the issues and opportunities relating to the Joint Museums Service retail offer. The Service offered a wide range of venues, but there was little crossover in the stock range, which had become run down. Electronic point-of-sale equipment was essential to provide greater stock control and this had now been rolled out to all sites.
- 18.2. For each site (Ipswich Museum, Christchurch Mansion, Colchester Castle), Ms Sanders detailed performance figures and issues, target demographics, best-selling items and product development plans (e.g. core range, targeted branding).
- 18.3. Councillor Smart noted the cost issue of digitising town-specific history publications, such as 'A Rhino in High Street', and asked whether other museums/town had encountered this problem. Councillor Smart added that there could be opportunities to work with other organisations to jointly produce a series of books on East Anglia towns that could be sold across the region, spreading the cost of production and marketing.

- 18.4. Councillor Smith asked whether it was worth exploring online sales of any unique products developed. Ms Sanders reported that this had been considered, but wasn't currently viable; currently the museum shops processed a few telephone sales, but this was labour intensive. Once the bespoke range of products was available, sales options would be investigated. Mr Seaman added that there would need to be considerable volumes of online sales for it to become efficient in light of the effort involved in packaging.
- 18.5. Mr Mole (Head of Community & Cultural Services, Ipswich) reported that discussions had taken place with the previous hosts of the Aspire Project in relation to what merchandise sold well, and added that any leftover stock could be sold onto the next host venue.
- 18.6. It was agreed that a further retail update be presented to the Committee in 6 months' time.

**Resolved:**

**that the presentation be noted.**

**19. JMS/14/08 Completion of Annual Audit 2013/14**

- 19.1. Mr Heath (Finance Manager, Colchester) confirmed that the interest from the Albert Memorial Fund (referenced in report JMS/14/03 of the June 2014 meeting) would be included in future Annual Returns and was likely to be in the region of £15,000 for 2014/15.
- 19.2. Mr Heath reported that the only recommendation from the Auditor was to amend the 'Total cash and short term investments' to include petty cash balances and this change had been applied.
- 19.3. Mr Heath reported that 2014/15 would be the last year that the Joint Museum Committee would be obliged to produce a separate Annual Return, and a decision would be required in June 2015 as to whether the Committee wanted to continue with this practice.

**Resolved:**

**that the publication of the audited Annual Return for 2013/14 be noted.**

**20. JMS/14/09 Risk Management Process**

- 20.1. Ms McGrath (Corporate Governance Manager, Colchester) invited comment on the Strategic Risk Register and Risk Matrix.
- 20.2. Councillor Smith asked whether the risks items should be renumbered sequentially. Ms McGrath highlighted that this was a historic document that listed the risks that had previously been removed. It was agreed to add a note to explain the gaps in the numbering.

**Resolved:**

**that the Risk Register be updated in light of comments raised by the Joint Museum Committee.**

**21. JMS/14/10 Budget Update 2015/16**

21.1. Councillor Smith requested an explanation on how the 2015/16 contributions of the individual authorities had been derived from 2014/15 figures.

**Action: Mr Seaman to provide information on the derivation of the 2015/16 figures for each authority.**

**Resolved:**

- (i) that the total Colchester Borough Council and Ipswich Borough Council contribution to the Colchester and Ipswich Museum Service for 2015/16 be agreed as £1,446,400;**
- (ii) that the budget contribution for 2015/16 in relation to Colchester Borough Council be agreed at £670,800;**
- (iii) that the budget contribution for 2015/16 in relation to Ipswich Borough Council be agreed at £775,600;**
- (iv) that the total figure and the respective partner contributions be recommended to the Cabinet of Colchester Borough Council and the Executive of Ipswich Borough Council for adoption.**

The meeting closed at 3.32 pm

**Chair**



<b>Colchester and Ipswich Museum Service Joint Committee</b>				<b>Item 8</b>
<b>JMS/15/01</b>	<b>24 June 2015</b>			
<b>Report of</b>	<b>Colchester and Ipswich Museum Manager</b>	<b>Author</b>	<b>Bill Seaman, ☎ 01206 282931</b>	
<b>Title</b>	<b>Colchester and Ipswich Museum Service: Performance Update</b>			

**This report summarises performance for the period from January to April 2015 for Colchester and Ipswich Museum Service.**

## Performance Summary

### 1. Colchester Castle

**Table 1: Colchester Castle Comparative visitor and income data for financial year 2014-15**

Q1-4	Total Visitors	School	Visitor income	School income	Tours income	Hiring income	Retail income	Total income
<b>2014-15 target</b>	100,000	18,000	£306,000	£52,600	£12,000	£9,300	£67,500	£447,400
<b>2014-15 actual</b>	105,096	19,202	£352,146	£80,205	£18,009	£35,737	£92,057	£578,154
<b>% of target</b>	105%	107%	115%	152%	150%	384%	136%	129%

- 1.1 The Castle has exceeded all the targets set for visitors and income as can be seen in Table 1 above.
- 1.2 In the first full year since re-opening to 1 May 2015 the Castle has received 113,334 visitors, compared with 88,296 in 2011-12 before the redevelopment. 20,261 of these visitors were schoolchildren, compared with 17,717 in 2011-12.
- 1.3 More than 7,000 visitors have hired a digital tablet with its augmented reality reconstructions of how the Castle would have looked in Norman times. Tours of the Roman Vaults, Norman Great Stair and roof have proved very popular with over 10,000 visitors paying the additional fee. 509 Castle Passes were bought last year. This membership scheme was introduced for frequent visitors and there are already signs that many Passes are being renewed for the coming year.
- 1.4 The income from private hiring events in the Castle has grown substantially from 2011-12 when the figure was £5,700. The principal factors have been investment in a marriage and civil ceremony licence, the installation of a high quality PA system and the professionalism of the Visitor Services team in managing customers and hosting events.
- 1.5 Over 76% of respondents on TripAdvisor rate their visit as very good or excellent. The Castle has recently been recommended by Professor Mary Beard in the Sunday Times on 3 May 2015 as one of her 'Best of Britain' top ten greatest ancient sites to visit.

- 1.6 'The Easter Egg' trail for families proved very popular with 734 trail sheets being sold. It added to a successful Easter in general for the Castle.
- 1.7 A heritage App has been devised by Peel Heritage who designed the Castle. This is available for free download from the Apple Store and features the significant historic sites of Colchester including a tour around Colchester's Roman wall, the oldest town wall in Britain.
- 1.8 In March 2015 new interpretation panels were installed at Middleborough to mark the site of Colchester's North Gate and at Gosbecks Archaeological Park. Further signs are in preparation for Priory Street and Scheregate and will be installed later this year.

## 2. Colchester Hollytrees Museum

**Table 2: Comparative visitor and income data for financial year 2014-15**

Q1-4	Total visitor	Schools	Schools income	Events income	Total income
<b>2014-15 target</b>	35,852	1,826	0	£1,200	£1,200
<b>2014-15 actual</b>	69,054	1,773	£4,627	£1,953	£6,580
<b>% of target</b>	193% *	97%	~	163%	548%

\* Total number of visitors entering Hollytrees

- 2.1 The move of the Visitor Information Centre to Hollytrees in February 2014 means that the 2014-5 visitor figure is substantially higher than in previous years.
- 2.2 The schools' figure is slightly down on the previous year as a result of the decline in the number of pre-booked schools sessions because the Victorians are no longer on the National Curriculum. The decline has been mostly offset by a rise in schools taking a general visit as a number of schools visiting the Castle stop off at Hollytrees on their way back to their coaches.
- 2.3 Despite comfortably achieving the annual income target, the range of events at Hollytrees are under review as part of an ongoing quality control process to ensure that events are appealing and popular to visitors.

## 3. Colchester Natural History Museum

**Table 3: Comparative visitor and income data for financial year 2014-15**

Q1-4	Total visitor	Events income	Retail income	Total income
<b>2014-15 target</b>	<b>32,976</b>	<b>£2,500</b>	<b>£6,000</b>	<b>£8,500</b>
<b>2014-15 actual</b>	<b>25,750</b>	<b>£3,893</b>	<b>£6,064</b>	<b>£9,973*</b>
<b>% of target</b>	78%	156%	101%	117%

\* - includes £16 of schools' income

- 3.1 As mentioned in the last report, visitor numbers at Colchester's Natural History Museum hit a high in 2013-14 of 32,976 up from 27,230 the year before. It is thought this increase was due to the Castle being closed and during its re-opening this year visitor numbers at

the Natural History Museum have fallen back to a level closer to the average in previous years.

- 3.2 Retail and events have both performed well given the lower number of visitors.
- 3.3 'Go Live' animal-based sessions continue to be very popular school holiday events at the Natural History Museum. 163 adults and children attended events at the museum over Easter.

#### 4. Ipswich Museum and Art School

**Table 4: Comparative visitor and income data for financial year 2014-15**

Q1-4	Total visitor	Schools	Schools income	Events income	Hiring income	Retail income	Total income
<b>2014-15 target</b>	46,000	5,000	£5,500	£3,000	£500	£20,000	£29,000
<b>2014-15 actual</b>	46,406	3,827	£10,332	£4,452	£704	£23,706	£39,194
% of target	101%	77%	188%	148%	141%	119%	135%

- 4.1 It has been generally a good year with performance on, or above, target in most areas.
- 4.2 Following lower than profiled numbers, school visits have improved slightly, rising from 72% of target at the end of the third quarter to 77% by the end of the year. The uncertainty over the content of the National Curriculum has been resolved and performance should be on target in 2015/16
- 4.3 There were three 'Animal Encounters' events over February half term, and an egg-themed activity, 'Egg-stravanganza', and two Egyptian fun days in the Easter holidays which were all well attended.

#### 5. Ipswich Arts and Museums project

- 5.1 There has been a public engagement phase for the project including a travelling exhibition about the draft proposals at Ipswich Museum, Ipswich Town Hall, Christchurch Mansion and the Ipswich Tourist Information Centre. It also featured at the Suffolk Show in late May. There have been two focused engagement events with local residents and heritage & arts groups. Feedback has been positive and supportive.

#### 6. Ipswich Art School

**Table 5: Ipswich Art School comparative visitor data for financial year 2014-15**

Please note that income is included in the figures for Ipswich Museum

Q1-4	Total visitor	School admission
2013-14	8,628	742
<b>2014-15 target</b>	<b>10,000</b>	<b>800</b>
<b>2014-15 actual</b>	<b>6,603</b>	<b>373</b>
% of target	66%	47%

- 6.1 During 2014-15 the Art School hosted two contemporary art exhibitions, 'Tidal Margins' which took inspiration from the Suffolk coast, and the work of the Suffolk Coast and Heaths AONB, and '@ Paint Britain' which showcased the work of several artists. Both were very well received by visitors and are examples of the type of shows planned for the future as part of the 'Happening on High Street' project.

Although these exhibitions were well-received, the visitor numbers reflected a number of factors. These include the relatively low profile of the Ipswich Art School Gallery and the focus on attracting new family and hard to reach audiences. In 2015/16 with Arts Council England support, an Artist has been appointed to develop the artistic programme and to build on the successful engagement with both hard to reach and mainstream audiences. The programme will feature artists working with Ipswich's diverse collections alongside high profile exhibitions such as Social Fabric – a touring exhibition presented in partnership with The British Museum. Awareness of the programme will be raised through website development and social media in liaison with IBC's marketing and communications team.

## 7. Christchurch Mansion

**Table 6: Comparative visitor and income data for financial year 2014-15**

Q1-4	Total visitor	School admission	Schools income	Events income	Hiring income	Retail income	Total income
<b>2014-15 target</b>	56,000	5,000	£4,500	£1,000	£13,000	£18,000	£36,500
<b>2014-15 actual</b>	54,515	1,827	£4,724	£1,796	£14,280	£16,019	£36,818
<b>% of target</b>	97%	37%	105%	180%	110%	89%	101%

**Table 7 : Trend data for the last 6 years**

Q1-4	Total visitor	School admission
2008-09	58,099	3,797
2009-10	67,671	4,488
2010-11	59,859	4,992
2011-12 (Mondays closed)	60,127	4,799
2012-13 (Mondays closed)	57,196	4,939
2013-14	54,340	4,045

- 7.1 Performance has been lifted in the final quarter of 2014-15 by the Aspire project, so that total income and visitors are at or very close to target. The Wolsey Art Gallery received 10,000 visitors in the three months (February – April) of Aspire. This is an increase of 228% compared to the same period in 2014 of 3588 visitors.
- 7.2 The Museum Service continues to work with school partners, reviewing the packages available in order to offer an attractive and relevant full day session which will encourage schools to come back to the Mansion despite the loss of the Tudors and Victorians from the National Curriculum.

7.3 During the Easter holidays there was a 'Clay paperweights' craft activity and throughout the first three months of 2015 there have been a series of events linked to the Aspire Project.

## **8. Aspire Project at Christchurch Mansion**

8.1 There have been a series of successful workshops on cloud paintings to accompany the current loan from Tate of Constable's 'Salisbury Cathedral from the Meadows'. Spread over two days in April the six workshops were fully booked.

8.2 The Museum Service has piloted with St Margaret's School in Ipswich a new schools' programme on John Constable for Key Stage 2 which included a visit to Flatford Mill hosted by the National Trust.

8.3 In February half term a 'Meet John Constable' session took place with an actor playing the role of the artist. Also at half term there were printing workshops which were fully booked and 'Talkeoke', an arts organisation-led chat show in the gallery, which invited visitors to talk to them about the exhibition and how it made them feel. A photoshop artist created an audio-visuals display in response to what people had to say. It was filmed as part of the project evaluation.

8.4 The 'End of the Rainbow' trail is ongoing and proving to be popular with families. It encourages younger visitors to explore the galleries in Christchurch Mansion looking for objects related to Constable.

8.5 'The Gardens' exhibition at Christchurch Mansion formally opened on 11 June. It celebrates the bicentenary of the painting of 'Golding Constable's Kitchen Garden' and 'Vegetable Garden' in 1815 which are arguably amongst Constable's most famous works. The exhibition includes loans of garden pictures from Tate, the Victoria and Albert Museum and the Fitzwilliam Museum, Cambridge.

## **9. Exhibition at Nanjing Museum 2015**

9.1 The exhibition, on the theme of Georgian life in England, is scheduled to run from 30<sup>th</sup> October 2015 to 5 May 2016, subject to final ratification.

9.2 The exhibition has been supported by a visit by school children from Nanjing who selected objects for the exhibition which they will help interpret in China. This is a reciprocal arrangement following the selection of objects by pupils at the William Gilbert School for display in Colchester Castle in 2012.

9.3 Objects were selected from both Colchester Borough Council and Ipswich Borough Council collections with loans also being negotiated with Gainsborough's House Museum.

## **10. The Wonderhouse - Colchester Collections Centre**

10.1 'The Wonderhouse' is a translation of the original German name for the early European museum collections. These cabinets of curiosities were intriguing places of fascination and inspiration. This new development updates that idea and will provide an exciting opportunity to develop a dynamic relationship between heritage and contemporary art giving greater access to Colchester's magnificent collections for students, artists, schools, researchers and the wider public.

10.2 A Stage 1 application to the Heritage Lottery Fund is in preparation for submission by 18 June for a decision in September. The outline cost for delivery of the project is £3.0m - £3.5m.

10.3 Letters of support are being sought from a variety of stakeholders. A survey to canvas broader public opinion is being conducted through the museum website and Museums Extra.

## **11. Arts Council England – Resilience Funding**

11.1 In February Colchester & Ipswich Museums was informed that the service had been awarded one of the largest Arts Council Resilience Fund grants of £666k for the period 2015–18.

11.2 The fund adds capacity to CIMS to improve services and build its resilience for the future. A major element is the Training Museum – a partnership with UCS, University of Essex and the British Museum for the service to develop the museum workforce of the future through traineeships, placements and by providing Higher Education vocational course content.

## **12. Acquisitions**

12.1 A number of items have been acquired through the Treasure process for the Colchester museum collection including: a 3<sup>rd</sup>-century Roman gold finger ring with an engraved gemstone showing the god Mercury, a Merovingian gold coin dating from 580-670 AD and minted in northern France and a 17<sup>th</sup>- century silver seal die both found near Birch.

12.2 Other items acquired for the Colchester collection include a Late Bronze Age, 100BC-700 BC, bronze founders hoard from Langford, a piece of embroidered silk probably made by Dutch immigrants in the 1730s and a group of black and white photographs of the Civil Defence Ambulance Service from the 1940s.

12.3 Recent items acquired for the Ipswich museum collection include a silk day dress made by Hardy Amies in 1946, a group of six Second World War medals awarded to Harold Mickleburgh who served in the Royal Artillery and a bank cheque for £11 4s 5d drawn on Messrs Bacon, Cobbold & Company dated 28 November 1884.

## **13. Collections Care and Management**

13.1 The conservation work has been completed on the Fenwick Hoard, a collection of Early Roman jewellery and coinage found at the Williams and Griffin Department Store in Colchester High Street. Discussions are ongoing with Fenwick regarding the temporary display of the Hoard at their flagship London store in New Bond Street in the autumn followed by permanent exhibition in Colchester Castle.

13.2 The Museum Service staff have supported the new interpretation at Holywells Park, Ipswich, part of the redevelopment project funded by the Heritage Lottery Fund. Assistance has been provided with the exhibition text as well as the selection and installation of artefacts in the displays in the stable block.

## **14. Loans**

14.1 The following loans have been approved by Ipswich Borough Council: nine boxes of human remains from the Blackfriars and Whitefriars excavations, Ipswich to English Heritage; *The Dame School, 1887* by F.G. Cotman to the Ancient House Museum, Clare;

six oil paintings by Thomas Gainsborough and others to Gainsborough's House, Sudbury and *Head of Bernard Reynolds* by Maggi Hambling to UCS, Ipswich.

- 14.2 The following items have been lent from the Ipswich museum collections: twenty-four Ancient Egyptian artefacts to St Albans Museums; Dunwich town seal to Dunwich Museum and *Girl on a Sofa* by Philip Wilson Steer to the Holburne Museum, Bath.
- 14.3 The following items from the Ipswich museum collections have returned from loan: Viking pendant from Wickham Market to the touring exhibition, *The Viking World: Cultures in Contact*, organised by the British Museum and Museum für Vor- und Frühgeschichte der Staatliche Museen zu Berlin, and *La Maison du père Gallien, Pontoise 1866* by Camille Pissarro to Von der Heydt-Museum, Wuppertal.
- 14.4 Thirteen items associated with the archaeology and local history of Wivenhoe have been lent from the Colchester collection to the new museum in the town's former cemetery chapel. The items include an iron whaling harpoon, a baker's peel or bread spade as well as Bronze Age and Iron Age pottery.
- 14.5 A Roman two-handled jug dating to the late 2<sup>nd</sup> century AD was lent from the Colchester collection to Firstsite in Colchester for display in a temporary exhibition 'The Parliament of Things' which ran from 14 March until 31 May 2015.





**Colchester and Ipswich Museum Service  
Joint Committee**

JMS/15/02 24 June 2015

Report of Treasurer to the Joint Museums Committee Author Steve Heath  
Title Draft Accounts 2014/15  
☎ 282389

**This report presents the draft accounts for 2014/15**

**1. Decisions Required**

- 1.1 To consider this report and supporting information and approve the pre-audit accounts for 2014/15 so that the Annual Return can be submitted for audit by the statutory deadline of 30 June.
- 1.2 To note the changes in the audit requirements from 2015/16 and confirm the preferred course of action.

**2. Procedure**

- 2.1 The Joint Committee is classified as a 'smaller relevant body' under the Accounts and Audit Regulations 2011, as both the gross income and expenditure fall below the threshold of £6.5m. The requirements of the Joint Committee as a 'smaller relevant body' are as follows:
- Preparation of accounting statements for the year ended 31 March 2015 in the format prescribed by the Annual Return. Sections 1, 2 and 4 of the draft Annual Return for 2014/15 are included as **Appendix A** to this report.
  - To approve the Annual Return and submit the completed document to the auditor by no later than 30 June 2015.
  - To publish or display a notice of the date for the exercise of electors' rights, and provide access to inspect the accounts on reasonable notice.
  - To publish or display the Annual Return, including the external auditor's signed report, by 30 September 2015.
- 2.2 The financial Statements are shown in **Appendix B** to this report. The workings have been shared with officers at Ipswich Borough Council so that they are able to reflect their share of the income and expenditure of the joint committee in their own accounts. The Annual Governance Statement is being reported as a separate item on this agenda.
- 2.3 The in-year surplus for the service totals £124k. The balance of the deficit brought forward from 2013/14 and the in-year surplus total £84k. This will be carried forward into 2015/16 in accordance with the Joint Committee Agreement.
- 2.4 It is important to note the following assumptions that have been made in the completion of the accounts for the Joint Committee. In some cases this may differ from the reports that the Committee is presented with to detail the financial position of the service during the year.
- The accounts include both direct and non-direct costs. Direct costs are those that are directly attributable to the running of the service, whilst non-direct costs include management overheads and an allocation of support service costs.
  - Management account recharges within the Service that balance to zero have been removed to avoid distorting the figures. However, this does not have any impact on the results.

- The reports to each member authority proposing the creation of the Joint Museum Service stated that ownership of the collections and buildings would remain with the respective Local Authorities. Furthermore, the Joint Committee Agreement states that all acquisitions or additions to the collections of the Joint Museums Service shall be acquired in the name of Colchester or Ipswich (para 2.5.1). It is for this reason that the Income and Expenditure Account excludes any Capital charges or deferred charges, and the Balance Sheet does not include any fixed assets. This approach was agreed at the meeting of the Joint Committee on 16 June 2009.
- The Joint Committee Agreement (para 3.3.2) states 'in relation to buildings insurance and collections insurance it is the responsibility of both Councils separately to ensure that the insurance cover that they feel is appropriate is provided. Consequently the insurance cost for buildings and collections shall not be charged to the Joint Museums Account'.
- The 'Cash' amount on the Balance Sheet is a balancing figure. The reasons for this are that the methodology for preparing the accounts follows that taken by other joint committees, and that the creation of a memorandum bank account would require significant adjustments to Colchester Borough Council's General Ledger system, as well as the introduction of a new cash receipting solution.

### **3. Audit arrangements from 2015/16**

- 3.1 The appointment of PKF Littlejohn LLP to audit the accounts of the Joint Committee will end with the completion of the audit of the 2014/15 accounts.
- 3.2 With effect from the 2015/16 financial year joint committees will no longer have a statutory obligation to prepare accounts that will be audited by a firm appointed by the Audit Commission. The Audit Commission Act 1998 was repealed with effect from 1 April 2015, and the new Local Audit and Accountability Act 2014 does not apply to joint committees. From 1 April 2015, any expenditure overseen by a joint committee is only subject to statutory audit as part of the main accounts of constituent audited bodies.
- 3.3 The Joint Committee may voluntarily decide to continue to prepare accounts and arrange for their audit. Any arrangements of this kind would need to be made directly between a joint committee and their chosen auditor. The Joint Committee is asked to confirm what course of action it wishes to take for 2015/16 onwards.
- 3.4 It is recommended that the Joint Committee agree to discontinue the submission of separate accounts for external audit from 2015/16. The main reasons for this being that the income and expenditure is already subject to statutory audit as part of the main accounts of Colchester Borough Council, and any new arrangement is likely to result in additional cost to the joint committee. It should be noted that Ipswich Borough Council will still be required to adjust its accounts to reflect its share of the income and expenditure.

### **4. Publicity Considerations**

- 4.1 The accounts were open for public inspection from 8 May to 5 June 2015 to meet our legal duties. These dates have been advertised on the Council's website from 24 April, and the details were passed to Ipswich BC should they wish to do the same. Staff were available to provide information and respond to questions during this period.

### **5. Financial Implications**

- 5.1 The approval of the draft accounts meets a statutory requirement for financial reporting and is an important part of the process to demonstrate accountability in the use of public funds.

## **6. Other Standard References**

- 6.1 Having considered consultation, equality, diversity and human rights, community safety, health and safety and risk management implications, there are none that are significant to the matters in this report.

## **Background Papers**

None



# Section 1 – Accounting statements 2014/15 for:

Enter name of reporting body here:

COLCHESTER & IPSWICH JOINT MUSEUMS COMMITTEE

	Year ending		Notes and guidance
	31 March 2014 £	31 March 2015 £	
1 Balances brought forward	(42,054)	(27,768)	Total balances and reserves at the beginning of the year as recorded in the body's financial records. Value must agree to Box 7 of previous year.
2 (+) Income from local taxation and/or levy	1,944,799	1,829,637	Total amount of local tax and/or levy received or receivable in the year including funding from a sponsoring body.
3 (+) Total other receipts	956,754	1,196,817	Total income or receipts as recorded in the cashbook less the taxation and/or levy (line 2). Include any grants received here.
4 (-) Staff costs	1,713,112	1,773,149	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5 (-) Loan interest/capital repayments	∅	∅	Total expenditure or payments of capital and interest made during the year on the body's borrowings (if any).
6 (-) All other payments	1,174,155	1,134,991	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7 (=) Balances carried forward	(27,768)	90,546	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6)
8 Total cash and short term investments	(230,139)	76,123	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – <b>to agree with bank reconciliation.</b>
9 Total fixed assets plus other long term investments and assets	∅	∅	The original Asset and Investment Register value of all fixed assets, plus other long term assets owned by the body as at 31 March
10 Total borrowings	∅	∅	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

I certify that for the year ended 31 March 2015 the accounting statements in this annual return present fairly the financial position of the body and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer:

*SHR* SIGNATURE REQUIRED

Date 09/06/2015

I confirm that these accounting statements were approved by the body on:

DD/MM/YYYY

and recorded as minute reference:

MINUTE REFERENCE

Signed by Chair of meeting approving these accounting statements:

SIGNATURE REQUIRED

Date DD/MM/YYYY

## Section 2 – Annual governance statement 2014/15

We acknowledge as the members of **COLCHESTER & IPSWICH JOINT MUSEUMS COMMITTEE** our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2015, that:

	Agreed –		'Yes' means that the body:
	Yes	No*	
1 We approved the accounting statements prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.	✓		prepared its accounting statements in the way prescribed by law.
2 We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3 We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and proper practices that could have a significant financial effect on the ability of the body to conduct its business or on its finances.	✓		has only done what it has the legal power to do and has complied with proper practices in doing so.
4 We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		during the year has given all persons interested the opportunity to inspect and ask questions about the body's accounts.
5 We carried out an assessment of the risks facing the body and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		considered the financial and other risks it faces and has dealt with them properly.
6 We maintained throughout the year an adequate and effective system of internal audit of the body's accounting records and control systems.	✓		arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of the body.
7 We took appropriate action on all matters raised in reports from internal and external audit.	✓		responded to matters brought to its attention by internal and external audit.
8 We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the body and where appropriate have included them in the accounting statements.	✓		disclosed everything it should have about its business activity during the year including events taking place after the year-end if relevant.

This annual governance statement is approved by the body and recorded as minute reference

MINUTE REFERENCE

dated DD/MM/YYYY

Signed by:

Chair SIGNATURE REQUIRED

dated DD/MM/YYYY

Signed by:

Clerk SIGNATURE REQUIRED

dated DD/MM/YYYY

\*Note: Please provide explanations to the external auditor on a separate sheet for each 'No' response. Describe how the council will address the weaknesses identified.

## Section 4 – Annual internal audit report 2014/15 to

COLCHESTER & IPSWICH JOINT MUSEUMS COMMITTEE

The body's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2015.

Internal audit has been carried out in accordance with the body's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the body.

Internal control objective	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A Appropriate accounting records have been kept properly throughout the year.	✓		
B The body's financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D The annual taxation or levy or funding requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F Petty cash payments were properly supported by receipts, all expenditure was approved and VAT appropriately accounted for.	✓		
G Salaries to employees and allowances to members were paid in accordance with body approvals, and PAYE and NI requirements were properly applied.	✓		
H Asset and investments registers were complete and accurate and properly maintained.	✓		
I Periodic and year-end bank account reconciliations were properly carried out.		✓	
J Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, were supported by an adequate audit trail from underlying records, and, where appropriate, debtors and creditors were properly recorded.	✓		

For any other risk areas identified by the body (list any other risk areas below or on separate sheets if needed) adequate controls existed:

I - During the year the process for verifying the amounts sent for banking against the cash office records lapsed. A recommendation has been raised with the Head of Service.

Name of person who carried out the internal audit: HAYLEY MCGRATH

Signature of person who carried out the internal audit: *H. McGrath* Date: 11/05/2015

\*Note: If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

\*\*Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, internal audit must explain why not (add separate sheets if needed).





The Comprehensive Income and Expenditure Statement shows the income receivable and expenditure incurred in operating the Service for the year. It summarises all of the resources that it has generated, consumed or set aside in providing services during the year.

	2014/15 £	2013/14 £
<b>Comprehensive Income &amp; Expenditure Statement</b>		
Gross Expenditure	2,908,140	2,887,267
Gross Income	(1,196,817)	(956,754)
Net Expenditure	1,711,323	1,930,513
Budget Contribution		
Colchester Borough Council	1,065,288	1,160,254
Ipswich Borough Council	770,412	793,200
<b>(Surplus) / Deficit</b>	<b>(124,377)</b>	<b>(22,941)</b>

The Balance Sheet summarises the Service's financial position as at the end of the financial year. It shows the balances, and current assets and liabilities of the Service.

	2014/15 £	2013/14 £
<b>Balance Sheet</b>		
Current Assets		
Petty Cash	2,052	2,052
Stock	36,202	22,877
Debtors	102,262	213,495
Cash ( <b>balancing figure</b> )	74,071	(232,191)
	214,587	6,232
Less		
Creditors	58,870	30,067
Receipts in Advance	65,171	3,933
	124,041	34,000
<b>Total Net Assets</b>	<b>90,546</b>	<b>(27,768)</b>
Funded By		
Surplus from CIES	124,377	22,941
Surplus B/Fwd	(40,113)	(63,054)
Earmarked Reserves (Movement)	(6,063)	(8,655)
Earmarked Reserves (B/fwd)	12,345	21,000
<b>Total Reserves</b>	<b>90,546</b>	<b>(27,768)</b>

The Movement in Reserves Statement is a summary of the movements during the year in the different reserves held by the Joint Committee.

	2014/15	2013/14
	£	£
<b>Movement in Reserves Statement</b>		
Opening Balance		
General Fund	(40,113)	(63,054)
Earmarked Reserve	12,345	21,000
	(27,768)	(42,054)
Surplus/(Deficit) on provision of services	124,377	22,941
Net Increase/ (Decrease) before Reserves	124,377	22,941
Earmarked Reserve	(6,063)	(8,655)
	(6,063)	(8,655)
<b>Closing Balance</b>	<b>90,546</b>	<b>(27,768)</b>

The Cash Flow Statement shows where the Service received cash from during the year and what the cash was spent on. The net increase or decrease in cash agrees with the movement in cash balances shown on the Balance Sheet.

	2014/15	2013/14
	£	£
<b>Cash Flow Statement</b>		
Cash Outflows		
To and behalf of employees	1,740,615	1,713,710
Other operating costs	1,098,299	1,110,761
	2,838,914	2,824,472
Cash Inflows		
Government Grants	(405,039)	(366,934)
Other Grants	(206,047)	(370,966)
Cash for Goods & Services	(698,391)	(148,232)
Partner Contributions	(1,835,700)	(1,953,454)
	(3,145,177)	(2,839,586)
<b>Net Cash (Inflow)/Outflow</b>	<b>(306,263)</b>	<b>(15,114)</b>
<b>Cash Flow Reconciliation to surplus for the year</b>		
(Surplus)/Deficit for the year	(118,314)	(14,286)
Items on an accruals basis:		
- Creditors	(28,803)	3,778
- Debtors	(111,233)	(7,599)
- Stock	13,325	(4,138)
- Receipts in advance	(61,238)	7,131
<b>Net Cash (Inflow)/Outflow</b>	<b>(306,263)</b>	<b>(15,114)</b>

The following table shows how the information from the above accounting statements is shown in Section 1 of the electronic annual return for smaller relevant bodies.

		<b>31-Mar-15</b>	<b>31-Mar-14</b>
1	Balances brought forward	(27,768)	(42,054)
2	Income from local taxation and/or levy	1,829,637	1,944,799
3	Total other receipts	1,196,817	956,754
4	Staff Costs	1,773,149	1,713,112
5	Loan interest / capital repayments	0	0
6	All other payments	1,134,991	1,174,155
7	Balances carried forward	<b>90,546</b>	<b>(27,768)</b>
8	Total cash and short term investments	76,123	(230,139)
9	Total fixed assets and long term assets	0	0
10	Total borrowings	0	0
<b>Reconciliation between Box 7 and Box 8</b>			
	<b>7 Balances carried forward</b>	<b>90,546</b>	<b>(27,768)</b>
Less	Debtors	(102,262)	(213,495)
	Payments in advance	0	0
	Stock	(36,202)	(22,877)
Add	Creditors	58,870	30,067
	Receipts in advance	65,171	3,933
	<b>8 Total cash and ST investments</b>	<b>76,123</b>	<b>(230,139)</b>



	<b>Colchester and Ipswich Museum Service Joint Committee</b>	<b>Item 10</b>
<b>JMS/15/03</b>	<b>24 June 2015</b>	
<b>Report of</b>	<b>Colchester and Ipswich Museum Manager</b>	<b>Author Bill Seaman ☎ 01206 282930</b>
<b>Title</b>	<b>Budget Update for Colchester &amp; Ipswich Museum Service</b>	

## 1. Summary & Content

- 1.1 This report provides a brief budget update for 2014/15.
- 1.2 The report also summarises the 2015/16 budget for Colchester & Ipswich Joint Museum Service and financial contributions from Colchester Borough Council and Ipswich Borough Council, as agreed through each Council's budget setting process.

## 2. 2014/15 Budget

The total CBC and IBC budget contribution to Colchester and Ipswich Museum Service for the year 2014/2015 was agreed as £1,417,200, as shown in the table on Appendix 1.

Overall income levels were set at £553,600 for the year. Nearly £450,000 of this income is directly linked to the newly re-furbished Colchester Castle which opened in May 2014.

In 2013/14 both CBC and IBC increased their contributions by £67,000 each for that year only on the basis that this sum would be paid back over the subsequent three years. This amount is now being paid back over three years so the budget for 2014/15 includes the first year of this repayment, a total of £44,000.

The contribution from IBC was also reduced as it was agreed that CIMS would no longer staff the reception at Ipswich Town Hall.

The Joint Service started the budget year with a deficit of -£42,000 against the agreed operating levels of +/- £100k, an improvement on the position a year earlier.

## 3. Year-end Position

- 3.1 **Expenditure:** At year end the museums service had spent £52,693 less than budgeted for 2014/15. This figure relates to direct costs only and does not include overheads or management recharges.

This was due to several one-off factors. Firstly the salary budget was underspent as vacancies were not filled in the areas due to be restructured and savings were also generated while recruiting to the

newly created vacant posts. Also the reduction in fuel prices resulted in an underspend on utility budgets.

- 3.2 Income:** At year end 2014/15, the museums service had received £71,781 more income than budgeted. This figure relates to direct income only, and does not include management recharges. Income was at or above target in a number of areas within the Service, most notably as a result of the success of the newly refurbished Colchester Castle which exceeded all income targets for the year.
- 3.3 Savings:** £800,000 reduction in budget through loss of Arts Council funding was managed by a review and restructure of the service and its priorities. To provide resilience and help balance future budgets a further restructuring of museum staff was completed during the year that resulted in £69,000 less expenditure on staff in comparison to making no changes.
- 3.4 Surplus Position:** The surplus budget carried forward into 2015/16 was £84,264.

Given the deficit position at the beginning of the year this is a positive outcome and CIMS together with IBC and CBC will look to utilise this position to support Documentation of the IBC collections and investment in maintaining income levels in the Castle with additional IT content for the Audio Visuals and tablet displays.

**4. The proposed 2015/16 budget is set out below:**

<b>Budget</b>	<b>2015/16</b>
	<b>£,000</b>
Expenditure	2,175.3
Income Venues	(606.0)
Income Grants & Other	(122.9)
<b>Total Net Cost</b>	<b>1,446.4</b>
Contribution IBC	782.0
Less Loan Repayment Yr2	(22.0)
Inflation Increase & Pay	15.6
<b>Total Contribution IBC</b>	<b>775.6</b>
Contribution CBC	679.2
Less Loan Repayment Yr2	(22.0)
Inflation Increase & Pay	13.6
<b>Total Contribution CBC</b>	<b>670.8</b>
<b>Total Contributions</b>	<b>1,446.4</b>

**Appendix 1 – Agreed Budget for 2014/15**

<b>Table 1 - Budget</b>	<b>2014/15</b>
Expenditure	2,184.8
Income Venues	(553.6)
Income Grants & Other	(214.0)
<b>Total Net Cost</b>	<b>1,417.2</b>
<b>Funded by:</b>	
Contribution IBC	769.7
Less Loan Repayment Yr1	(22.0)
Less Town Hall Exp	(22.0)
Inflation, Pay, Pension	34.3
<b>Total Contribution IBC</b>	<b>760.0</b>
Contribution CBC	647.6
Less Loan Repayment Yr1	(22.0)
Inflation, Pay, Pension	31.6
<b>Total Contribution CBC</b>	<b>657.2</b>
<b>Total Contributions</b>	<b>1,417.2</b>





<b>Colchester and Ipswich Museum Service Joint Committee</b>		Item <b>11</b>
<b>JMS/15/04</b>	<b>24 June 2015</b>	
<b>Report of</b>	<b>The Treasurer to the Joint Museum Committee</b>	<b>Author Hayley McGrath</b> <b>01206 508902</b>
<b>Title</b>	<b>The Annual Governance Statement 2014/15</b>	

**This report concerns the 2014/15 Annual Governance Statement for the Colchester and Ipswich Joint Museum Service.**

**1. Decision(s) Required**

- 1.1 The Joint Committee is requested to:
- 1.2 Note and approve the 2014/15 Annual Governance Statement for the Colchester and Ipswich Museum Service, and
- 1.3 Agree the positive completion of Section 2 (the Governance Declaration) of the Annual Return for 2014/15, and
- 1.4 Agree the actions highlighted in the statement, which are required to ensure that the partnership continues to provide appropriate and cost effective services.

**2. Reasons for Decision(s)**

- 2.1 The Joint Committee is required to annually review the service's internal control arrangements by regulation 4 of the Accounts and Audit Regulations 2011. This was outlined in detail in the Annual Governance Statement briefing paper that was presented to this committee in March 2014.

**3. Supporting Information**

- 3.1 In 2011 the requirement for smaller bodies to complete full statements of account was replaced by the completion of an annual return (attached as an appendix to the Draft Accounts report, which is a separate item on this agenda), which consists of four declarations, one of which relates to the body's governance arrangements.
- 3.2 The declaration requires the Committee to confirm that the service has complied with eight areas of governance. Work has therefore been undertaken to review these areas and the purpose of the Annual Governance Statement is to provide the committee with reassurance of the service's compliance with them. A copy of the Governance declaration is attached at Appendix 1.
- 3.3 Whilst smaller bodies have to review their governance arrangements to complete the annual return, there is no requirement to produce or publish a formal Annual Governance Statement. However it is considered good practice to do so.

**4. Conclusion and Recommendations**

- 4.1 There have been no significant governance issues raised during the year and the internal audit report for 2014/15 achieved a substantial assurance rating.

4.2 The review this year, combined with the maintained audit assurance rating, have demonstrated that the governance arrangements for the partnership continue to be effective. However there are some internal controls that could be strengthened and these have been highlighted in the action plan in the Annual Governance Statement that is attached at Appendix 2.

4.3 Given that there are no significant areas of concern it is recommended that the 'Governance Arrangements' section of the annual return is positively completed to show compliance with the eight areas of governance.

## **5. Standard References**

5.1 Having considered consultation, equality, diversity and human rights, community safety, health and safety and risk management implications, there are none that are significant to the matters in this report.

## Section 2 – Annual governance statement

We acknowledge as the members of:

ENTER NAME OF REPORTING BODY HERE

our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2012, that:

	Agreed –		‘Yes’ means that the body:
	Yes	No*	
1 We approved the accounting statements prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.	<input type="radio"/>	<input type="radio"/>	prepared its accounting statements in the way prescribed by law.
2 We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	<input type="radio"/>	<input type="radio"/>	made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3 We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the body to conduct its business or on its finances.	<input type="radio"/>	<input type="radio"/>	has only done things it has the legal power to do and conformed to codes of practice and standards in the way it has done so.
4 We provided proper opportunity during the year for the exercise of electors’ rights in accordance with the requirements of the Accounts and Audit Regulations.	<input type="radio"/>	<input type="radio"/>	during the year gave all persons interested the opportunity to inspect and ask questions about the body’s accounts.
5 We assessed the risks facing the body and taken appropriate steps to manage those risks, including the introduction of internal controls and external insurance cover where required.	<input type="radio"/>	<input type="radio"/>	considered the financial and other risks it faces and dealt with them properly.
6 We maintained throughout the year an adequate and effective system of internal audit of the body’s accounting records and control systems.	<input type="radio"/>	<input type="radio"/>	arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of the body.
7 We took appropriate action on all matters raised in reports from internal and external audit.	<input type="radio"/>	<input type="radio"/>	responded to matters brought to its attention by internal and external audit.
8 We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the body and where appropriate included them in the accounting statements.	<input type="radio"/>	<input type="radio"/>	disclosed everything it should have about its business activity during the year including events taking place after the year-end if relevant.

This annual governance statement is approved by the body and recorded as minute reference

MINUTE REFERENCE

dated

Signed by:

Chair

dated

Signed by:

Clerk

dated

\*Note: Please provide explanations to the external auditor on a separate sheet for each ‘No’ response. Describe how the body will address the weaknesses identified.



## COLCHESTER & IPSWICH JOINT MUSEUM SERVICE ANNUAL GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

### Scope of responsibility

Colchester Borough Council, as lead authority for the Joint Museum Service and on behalf of Ipswich Borough Council, is responsible for ensuring that the business of the Joint Museum Service is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Joint Museum Service also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Colchester Borough Council needs to ensure that proper arrangements are put in place for the governance of the Joint Museum Service affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

Colchester Borough Council, for itself, has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is on the council website at [www.colchester.gov.uk](http://www.colchester.gov.uk) (detailed in the constitution, which can be found in the 'Council and Democracy' area) or can be obtained from Colchester Borough Council, Rowan House, 33 Sheepen Road, Colchester, CO3 3WG.

Colchester Borough Council will apply the principles of its approach to corporate governance when regulating the affairs of the Joint Museum Service. This statement explains how the Joint Museum Service has complied with the code and also meets the requirements of regulation 4 of the Accounts and Audit Regulations 2011. Due to the size of the service it is not required to formally publish a governance statement but to demonstrate the service's commitment to providing effective services it is felt appropriate to produce the statement.

### DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT:

#### 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, engages with and leads 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 a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not 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 the Museum Service's 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 has been in place at the Joint Museum Service for the year ended 31 March 2015 and up to the date of approval of the annual accounts. A detailed description of the comprehensive processes that make up the framework can be found in the 2014/15 Annual Governance Statement for Colchester Borough Council, which is available from the address above.

### **The Principles of the Governance Framework**

The Colchester Borough Council governance framework derives from six core principles identified in the publication entitled The Good Governance Standard for Public Services. This was produced by the Independent Commission on Good Governance in Public Services – a commission set up by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the Office for Public Management. The commission utilised work done by, amongst others, Cadbury (1992), Nolan (1995) and CIPFA/SOLACE (2001). These principles were adapted for application to local authorities and published by CIPFA in 2007. The six core principles are:

- Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area;
- Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- Developing the capacity and capability of members and officers to be effective; and
- Engaging with local people and other stakeholders to ensure robust public accountability.

Colchester Borough Council has applied these six principles, where appropriate, in regulating the affairs of the Joint Museum Service.

The Strategic Finance Manager has held the post of the Section 151 Officer for Colchester Borough Council for the year and acts as the Treasurer for the Joint Museums Committee. The arrangements in place ensured that Colchester Borough Council's financial management arrangements conformed with the governance requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government (2010).

### **DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT:**

#### **Review of effectiveness**

Colchester Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit annual report and also by comments made by the external auditors and other review agencies and inspectorates.

The Joint Museum Service is a partnership arrangement between Ipswich and Colchester Borough Councils, which is governed by a Joint Committee that consists of 4 members, (two for each partner authority, with equal powers) who are members of the partner authorities Executive. The Joint Committee meets at least four times a year and has the delegated power to govern the service. The governance arrangements of the Joint Museum Service are primarily set out in the Joint Committee agreement which came into effect on 1 April 2007. The agreement covers the following key regulatory areas:

- Strategic vision and values
- Specification of specific services for each authority
- Specific Limits and Requirements
- Funding and Accounting / Budget processes
- Governance arrangements
- Constitution of the joint committee
- Decision making process
- Monitoring and Assessment
- Scrutiny
- Conduct of members
- Liability of the authorities and members
- Dissolution arrangements

It is Colchester Borough Council's role as lead authority to ensure that the Joint Museum Service's activities comply with the governance framework. The Joint Museum Service is subject to internal monitoring by Colchester Borough Council's Internal Auditors and Scrutiny committees.

The Joint Committee is responsible for ensuring that the strategic vision of the service, outlined below, is achieved:

*'We will provide a museum service that acts as a source of pride, inspiration and fun, for all the diverse people who live in and visit Colchester and Ipswich, and one that is recognised as among the best in the country and a role model for others.'*

The vision is underpinned by a set of values that incorporate good governance principles including defining the service's purpose, customer service, financial management, performance management, staff development and engaging with all sectors of the community. Officers of the Joint Museum Service provide updates to each of the Joint Committee's meetings regarding the progress of the service and its effectiveness.

From the work undertaken in 2014/15, Internal Audit has provided satisfactory assurance that the system of internal control that has been in place at Colchester Borough Council for the year ended 31 March 2015 accords with proper practice. This is excepting any details of significant internal control issues as documented in Colchester Borough Council's Annual Governance Statement, none of which relate to the Joint Museum Service. It is also the opinion of Internal Audit that the Council's corporate governance framework complies with the best practice guidance on corporate governance issued by CIPFA/SOLACE.

## **Summary of Findings**

The Joint Service has continued to ensure that it operates robust governance arrangements during 2014/15. There is an embedded risk management process that all parties have an opportunity to contribute to, there is regular reporting of performance indicators and corporate information such as agendas and minutes of committee meetings are accessible to the public.

There were no fundamental control issues identified during the course of the review and it has been recognised that work has been undertaken to fundamentally review the management agreement.

An audit of admissions, shop and inventories was carried out at the end of the 2014/15 financial year. This showed that the internal control system had been maintained and a substantial assurance rating was achieved. However the work undertaken for the small bodies return identified that a previous audit recommendations had lapsed.

Cash-ups of the retail outlets at the High Street Museum and Christchurch Mansion both received full assurance.

**Significant Governance Issues**

The review of the effectiveness of the governance and internal control arrangements for the Joint Museum Service has identified some areas where actions are required to ensure that the service continues to provide appropriate and cost effective services. These are detailed in the table below.

*We have been advised on the implications of the result of the review of the effectiveness of the governance framework.*

**Signed:**

.....  
Chairperson Colchester & Ipswich  
Museums Joint Committee

.....  
Museums Manager

.....  
Chief Finance Officer

on behalf of Colchester & Ipswich Museum Service



**Colchester & Ipswich Museum Service**  
**Annual Governance Statement – Action Plan for 2015/16**  
**Significant Internal Control Issues – Relating to 2014/15 Financial Year**

No.	Issue	Action	Due Date	Responsible Officer	How Issue was Identified
1.	<p><b>Health &amp; Safety</b></p> <p>There is no formal monitoring of Health &amp; Safety incidents involving staff or visitors. The service does not have many incidents, however without formal monitoring an increase in events would not be recognised until the consequences, such as an increase in the number of public liability claims, start to have a detrimental effect on the service.</p>	<p>The joint committee should be provided with a report on Health and Safety matters at least annually, to ensure that there is adequate protection for officers and visitors.</p>	<p>December 2015</p>	<p>Health &amp; Safety Officer, Colchester Borough Council.</p>	<p>Annual Governance review process</p>
2..	<p><b>Internal Audit Report</b></p> <p>The 2014/15 internal audit report of admissions, shop and inventories is being reported separately to the Museums Joint Committee on 24 June 2015.</p> <p>The audit report shows that the internal control systems have been maintained.</p> <p>However the audit work for the small bodies return identified that a recommendation that had been raised previously, regarding the amounts sent for banking to be verified against the Cash Office records, has currently lapsed so the recommendation has been restated.</p>	<p>The recommendation will be implemented as agreed in the audit report.</p>	<p>With immediate effect</p>	<p>Museums Manager</p>	<p>Internal Audit process</p>



<b>Colchester and Ipswich Museum Service Joint Committee</b>		Item <b>12</b>
<b>JMS/15/05</b>	<b>24 June 2015</b>	
<b>Report of</b>	<b>Treasurer to the Joint Museums Committee</b>	<b>Author Hayley McGrath ☎ 01206 508902</b>
<b>Title</b>	<b>Risk Management Process</b>	

**This report provides the committee with details of the risk management process adopted by the Colchester & Ipswich Museum Service.**

**1. Decisions Required**

- 1.1 To endorse the Risk Management Strategy for 2015/16.
- 1.2 To review and comment on the risk register for the Joint Museum Service.

**2. Introduction**

- 2.1 The purpose of this report is to provide the committee with an overview of the risk management process adopted by the service and advise of the current key risks.

**3. Background**

- 3.1 Risk Management is the control of business risks in a manner consistent with the principles of economy, efficiency and effectiveness. It is an essential corporate governance process that ensures that both the long and short term objectives of the organisation are achieved and that opportunities are fully maximised.
- 3.2 Risk Management is not about eliminating risk, as this would limit the ability of the service to develop and deliver its ambitions. Its purpose is to recognise the issues that could effect the achievement of objectives and develop actions to control or reduce those risks.
- 3.3 It is essential that the service operates an effective risk management process which provides an assurance to all partners that it is being properly managed. As required by each partners own code of corporate governance.

**4. Outline of the Risk Management Process**

- 4.1 An effective risk management process is a continuous cycle of identification, controlling, monitoring and reviewing.
- 4.2 For the Museum Service this is governed by a strategy for managing risk that sets out the roles and responsibilities of the joint committee and officers. It also defines the types of risk, the processes to be followed and the review arrangements.
- 4.3 The main document is the risk register which captures details relating to both strategic and operational risks and the actions to be undertaken to control those risks. This will be reported at least twice a year to the joint committee.

## **5. Review of the Risk Management Strategy**

- 5.1 The strategy should be reviewed annually to ensure that it is still relevant to the service and that it meets the governance objectives. Therefore a review has been carried out and the draft strategy for 2015/16 has been attached at Appendix 1 for approval. The review did not highlight the need for any amendments.

## **6. Review of the Risk Register**

- 6.1 The strategic risk register, attached at Appendix 2, was last agreed by this committee in January 2015. This sets out the key strategic risks, which are scored for impact and probability, enabling the risks to be ranked, so that resources can be directed to the key areas. Operational risks are managed by the officers of the Joint Museum Service.
- 6.2 The risks have been plotted onto a risk matrix, at Appendix 3. This shows how the risks are grouped compared to the risk tolerance levels.
- 6.3 Currently the highest ranking strategic risk is the impact of reduced resources on service delivery
- 6.4 The highest operational risk is related to the potential failure to engage with customers leading to a significant fall in visitor numbers.
- 6.5 It is requested that this committee reviews the risks to ensure that they still reflect the issues faced by the service and that they are appropriately scored.

## **7. Conclusion and Recommendations**

- 7.1 Members are asked to note and endorse the Risk Management Strategy for the Museum Service and to agree the strategic risk register, subject to any requested amendments.

## **8. Standard References**

- 8.1 Having considered consultation, equality, diversity and human rights, community safety, health and safety and risk management implications, there are none that are significant to the matters in this report.

### **Attached Papers:**

Appendix 1 – Draft Risk Management Strategy for 2015/16

Appendix 2 – Draft Risk Register June 2015

Appendix 3 – Risk Matrix June 2015

## RISK MANAGEMENT STRATEGY

*This document outlines the Service's commitment to managing risk in an effective and appropriate manner. It is intended to be used as the framework for delivery of the Risk Management function and provides guidance for officers on developing risk management as a routine management process.*

### INTRODUCTION

The Service undertakes that this strategy will promote and ensure that:

1. The management of risk is linked to performance improvement and the achievement of the Service's strategic objectives.
2. Members of the committee and Senior Management of the Service own, lead and support on risk management.
3. Ownership and accountability are clearly assigned for the management of risks throughout the Service.
4. There is a commitment to embedding risk management into the Service's culture and organisational processes at all levels including strategic, project and operational
5. All members and officers acknowledge the importance of risk management as a process, by which key risks and opportunities are identified, evaluated, managed and contribute towards good corporate governance.
6. Effective monitoring and reporting mechanisms are in place to continuously review the Service's exposure to, and management of, risks and opportunities.
7. Best practice systems for managing risk are used throughout the Service, including mechanisms for monitoring and reviewing effectiveness against agreed standards and targets.
8. Accountability to stakeholders is fully demonstrated through periodic reviews of the Service's risks, which are reported to the committee.
9. The Risk Management Strategy is reviewed and updated annually in line with the Service's developing needs and requirements.

## **Endorsement by the Committee**

*“Colchester & Ipswich Joint Museum Service is committed to ensuring that risks to the effective delivery of its services and achievement of its overall objectives are properly and adequately controlled. It is recognised that effective management of risk will enable the Service to maximise its opportunities and enhance the value of services it provides to the community. Colchester & Ipswich Museum Service expects all officers and members to have due regard for risk when carrying out their duties.”*

## **The Joint Committee of the Colchester & Ipswich Museum Service**

## **WHAT IS RISK MANAGEMENT**

Risk Management is the control of business risks in a manner consistent with the principles of economy, efficiency and effectiveness. It is an essential performance management process to ensure that both the long and short term objectives of the Service are achieved and that opportunities are fully maximised.

Risk Management is not about eliminating risk, as this would limit the ability of the organisation to develop and deliver its ambitions. Its purpose is to recognise the issues that could effect the achievement of the objectives and develop actions to control or reduce those risks. Acknowledgement of potential problems and preparing for them is an essential element to successfully delivering any service or project. Good management of risk will enable the Service to rapidly respond to change and develop innovative responses to challenges and opportunities.

‘The Good Governance Standard for Public Services’ issued by The Independent Commission on Good Governance in Public Services states that there are six core principles of good governance including ‘Taking informed, transparent decisions and managing risk’. The document goes on to state ‘Risk management is important to the successful delivery of public services. An effective risk management system identifies and assesses risks, decides on appropriate responses and then provides assurance that the chosen responses are effective’.

Appendix A outlines the risk management process.

## **OWNERSHIP**

The responsibility to manage risk rests with every member and officer of the Service however it is essential that there is a clearly defined structure for the co-ordination and review of risk information and ownership of the process.

The following defines the responsibility for the risk management process within the joint museum service:

**Joint Committee** – Overall ownership of the risk management process and endorsement of the strategic direction of risk management. Responsible for periodically reviewing the effectiveness of the risk management process.

**Chief Operating Officers, Colchester & Ipswich** – Lead officers for the risk management process, demonstrating commitment to manage risk and ensuring that the risk culture of each partner is reflected in the joint service risk process. Ownership of the strategic risks.

**Colchester & Ipswich Museum Service Manager** – Ownership, control and reporting of the service's operational risks. Embed a risk management culture in the service.

**Assistant Chief Executive, Colchester Borough Council** – Responsible for co-ordination of the risk management process, co-ordinating and preparing reports and providing advice and support.

**Head of Service, Colchester & Ipswich** - Responsible for endorsing risk management processes in the partnership particularly relating to service budgets and reputation.

**All Employees** – To understand and to take ownership of the need to identify, assess, and help manage risk in their individual areas of responsibility. Bringing to the management's attention at the earliest opportunity details of any emerging risks that may adversely impact on service delivery.

**Internal Audit, External Audit and other Review Bodies** – Annual review and report on the Service's arrangements for managing risk, having regard to statutory requirements and best practice. Assurance on the effectiveness of risk management and the controls environment.

## THE WAY FORWARD

### Aims & Objectives

**The aim** of the Service is to adopt best practices in the identification, evaluation, cost-effective control and monitoring of risks across all processes to ensure that risks are properly considered and reduced as far as practicable.

**The risk management objectives** of the Colchester & Ipswich Museum Service are to:

- Integrate risk management into the culture of the Service
- Ensure that there are strong and identifiable links between managing risk and all other management and performance processes.
- Manage risk in accordance with best practice
- Anticipate and respond to changing social, environmental and legislative requirements
- Prevent injury, damage and losses and reduce the cost of risk
- Raise awareness of the need for risk management by all those connected with the delivery of services.
- Ensure that opportunities are properly maximised through the control of risk.
- Reduce duplication between services in managing overlapping risks and promote 'best practise'.

### Strategic Risk Management

Strategic risks are essentially those that threaten the long term goals of the Service and therefore are mainly based around meeting the objectives of the Service Agreement. They may also represent developing issues that have the potential to fundamentally effect service provision, such as proposals to dramatically change national museum protocols.

### Operational Risk Management

Operational risks are those that threaten the routine service delivery and those that are associated with providing the service. These could include damage to exhibits and Health and Safety issues.

### Links

It is essential that risk management does not operate in isolation to other management processes. To fully embed a risk management culture it has to be demonstrated that risk is considered and influences all decisions that the Service makes. It is essential that there is a defined link between the results of managing risk and the following:

- Service Delivery Plan
- Revenue and Capital Budgets
- Annual Internal Audit Plan



## Action Required

The following actions will be implemented to achieve the objectives set out above:

- Development of a risk register that identifies the strategic and operational risks and outline the actions to be taken in respect of those risks.
- Considering risk management as part of the Service's strategic planning and corporate governance arrangements
- Ensuring that the responsibility for risk management is clearly and appropriately allocated
- Maintaining documented procedures for managing risk
- Maintaining a corporate approach to identify and prioritise key services and key risks across the Service and assess risks on key projects.
- Maintain a corporate mechanism to evaluate these key risks and determine if they are being adequately managed and financed.
- Establish a procedure for ensuring that there is a cohesive approach to linking the risks to other management processes
- Including risk management considerations in all committee reports
- Ensure appropriate risk management awareness training for both members and officers.
- Establishing a reporting system which will provide assurance on how well the Service is managing its key risks and ensures that the appropriate Members and officers are fully briefed on risk issues.
- Preparing contingency plans in areas where there is a potential for an occurrence to have a significant effect on the Service and its business capability.
- Regularly reviewing the risk process to ensure that it complies with current national Governance Standards and Best Practice.

## REPORTING & REVIEW

To ensure that the risk management process is effective it will need to be measured and reported to the Joint Committee at least every six months, with an annual review demonstrating the effectiveness of the risk management programme.

The results of the Joint Committee reviews should be fed into the risk reporting process for each partner to ensure that each Authority has the necessary evidence to provide assurance for their own governance requirements.

## Appendix A

### The Risk Management Process

Risk Management is a continual process of identifying risks, evaluating their potential consequences and determining the most effective methods of controlling them and / or responding to them. The risks faced by the Service are constantly changing and the continual process of monitoring risks should ensure that we can respond to the new challenges. This process is referred to as the risk management cycle.

#### **Stage 1 – Risk Identification**

Identifying and understanding the hazards and risks facing the Service is crucial if informed decisions are to be made about policies or service delivery methods. There is detailed guidance available on how to identify risks which includes team sessions and individual knowledge. Once identified a risk should be reported to the Head of Service who will consider its inclusion on the relevant risk register. If the risk is identified in between register reviews then it is reported to the Risk & Resilience Manager for information and the Head of Service is responsible for managing the risk.

#### **Stage 2 – Risk Analysis**

Once risks have been identified they need to be systematically and accurately assessed. If a risk is seen to be unacceptable, then steps need to be taken to control or respond to it.

#### **Stage 3 – Risk Control**

Risk control is the process of taking action to minimise the likelihood of the risk event occurring and / or reducing the severity of the consequences should it occur.

#### **Stage 4 – Risk Monitoring**

The risk management process does not finish with the risk control procedures in place. Their effectiveness in controlling risk must be monitored and reviewed. It is also important to assess whether the nature of the risk has changed over time.

## Appendix 2 - Joint Museum Partnership Strategic Risk Register

### June 2015 Version 8

Note - Risks are numbered in sequential order from when they are added. Gaps in numbering are due to risks later being removed, the numbers are not reused to ensure that there is a historical record of risk issues that have been considered.

RISK No.	RISK	CONSEQUENCE	CONTROLS	BY WHOM	REVIEW	SCORE	Prev Score	WORKINGS
1.2	Due to financial constraints one of the partners changes their funding arrangements for the partnership	Decrease in service provision / failure of the partnership	Full understanding of current partnership agreement in both Authorities and benefits of the partnership. Transparency and joint agreement of CIMS budget setting process. A jointly lead review of Joint agreement is also in progress.	Chief Operating Officers – Colchester & Ipswich	January 2016	12		3x4
1.3	A change in political administration, or other circumstances, leads to a partner withdrawing from the partnership.	The partnership fails and external funding is lost or needs to be repaid	Continue to evaluate the strategic direction of the service and ensure that the benefits of the joint arrangement are highlighted.	Chief Operating Officers – Colchester & Ipswich	January 2016	10	12 (3x4)	2x5
1.7	External funding opportunities are not realised due to lack of resources, ambition or changes to eligibility criteria.	Maintaining the Service with Core Authority funding alone will limit improvements, innovation and income, where applicable. The reputation of the service suffers due to lack of investment and ability for growth and visitor numbers and experience could be impacted across the venues.	The eligibility criteria for funding should be regularly reviewed and assessed. Good communication should be maintained with funding bodies. Embed the new structure and work closely with Local Authorities to realise ambitions, with clear priorities and linked resources.	Head of Community Services, Colchester & Head of Community & Cultural Services, Ipswich	January 2016	12		4 x 3
1.9	Delivery impacted by reduced resources, but continued increase in priorities and ambition.	Service delivery declines and opportunities are missed. Leading to a loss of confidence in the service. Negative effect on staff morale and reduced staff support for service. Reduced visitor experience and impact on income.	New structure to provide more venue focussed management and clarity of priorities. Review of service and deliverables within new funding constraints. Regular and clear performance management arrangements in place for venues, with monitoring and review steps in place for both staff and venue performance.	Head of Joint Museums Services & Ipswich and Colchester Museums Managers	January 2016	16	12 4 x 3	4 x 4

AGREED BY COMMITTEE: to be reviewed 24 June 15

NEXT REVIEW: January 2016

## Appendix 2 - Joint Museum Partnership Strategic Risk Register

### June 2015 Version 8

#### **Removed Risks**

- Risk 1.1 – Only 1 out of 2 executive members (from either authority) attends a meeting – removed Jun 14
- Risk 1.4 – Ineffective communication with the service and /or between partners - removed Jan 14.
- Risk 1.5 – Poor working relationship between managers and their teams – removed Jun 14
- Risk 1.6 – Lack of partnership support for shared targets – removed Dec 14
- Risk 1.7 – Loss of reputation through negative incident – removed Jun 14

#### **IMPACT TABLE**

	Very Low	1	Low	2	Medium	3	High	4	Very High	5
<b>PROBABILITY</b>	<10%		10 – 25%		25 – 50%		50 – 75%		>75%	
<b>Impact</b>	Minimal - no interruption to service delivery < £10k		Minor - temporary disruption to service delivery £11k - £25k		Significant - interruption to part of the service £26k - £75k		Severe – full interruption to service delivery £76k - £100k		Catastrophic – complete service failure £100k<	

Minimum Score = 1

Maximum Score = 25

Low risk = 1 – 4    Medium Risk = 5 – 11    High Risk = 12 – 25

**COLCHESTER & IPSWICH MUSEUM SERVICE**

**RISK MATRIX JUNE 2015**

<b>Low Risks</b>	<b>Medium Risks</b>	<b>High Risks</b>
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Scoring 1-5

Risk Tolerance Line

<b>Probability of Occurrence</b>	5 Very High					
	4 High			8	9	
	3 Medium				2	
	2 Low					3
	1 Very Low					
		1 Very Low	2 Low	3 Medium	4 High	5 Very high
<b>Severity of Impact</b>						

**Risks Removed**

- 1.1 – Only 1 out of 2 executive members (from either authority) attends a meeting – removed Jun 14
- 1.4 - Ineffective communication within service and/or inbetween partners - removed Jan 14
- 1.5 – Poor working relationship between managers and their teams – removed Jun 14
- 1.6 – Lack of partnership support for shared targets - removed Dec 14
- 1.7 – Loss of reputation through negative incident – removed Jun 14



<b>Colchester and Ipswich Museum Service Joint Committee</b>		Item <b>13</b>
<b>JMS/15/06</b>	<b>24 June 2015</b>	
<b>Report of</b>	<b>Treasurer to the Joint Museums Committee</b>	<b>Author Hayley McGrath</b> ☎ 01206 508902
<b>Title</b>	<b>2014/15 Internal Audit Report</b>	

**This report provides the committee with details of the 2014/15 Internal Audit review of the Joint Museum Service.**

**1. Action Required**

1.1 The Joint Committee is requested to review and comment on the attached Internal Audit report for the Colchester and Ipswich Museum Service.

**2. Background Information**

- 2.1 Colchester, as the lead partner for the service is responsible for carrying out an annual audit of the partnership activities.
- 2.2 It has been recognised that historically the Joint Committee has not received formal notification of the results of the annual audits or been given the opportunity to review the outcomes.
- 2.3 Whilst there have not been any concerns raised, it is also recognised that there is no feedback to the Internal Audit service at Ipswich Borough Council about any issues that may affect their systems of control. There is also no opportunity for Ipswich Borough Council to raise concerns that could be included in the scope of the audit.
- 2.4 Therefore it is proposed that Ipswich Internal Audit will be informed prior to the audit commencing, so that they can advise of any areas they would like to be included. The final report will then be submitted to the Joint Committee for comment, following which it will be forwarded onto the Internal Audit service.
- 2.5 All audit reports are given one of four assurance ratings – no assurance, limited assurance, substantial assurance or full assurance. This is based on the number and severity of the recommendations. A guide to assurance levels and recommendations is set out at Appendix 1.

**3. 2014/15 Audit Review**

3.1 The audit was carried out in February 2015 with the final report being issued in March. The audit was graded as providing substantial assurance that the systems of control are operating effectively. Four priority two recommendations were made and full details are contained in the report attached at Appendix 2.

**4. Conclusion and Recommendations**

4.1 Members are asked to review and comment on the findings of the 2014/15 Internal Audit review of the Joint Museums Service.

**5. Standard References**

5.1 Having considered consultation, equality, diversity and human rights, community safety, health and safety and risk management implications, there are none that are significant to the matters in this report.

**Key to Assurance Levels**

**Assurance Gradings**

Internal Audit classifies internal audit assurance over four categories, defined as follows:

<b>Assurance Level</b>	<b>Evaluation and Testing Conclusion</b>
Full	There is a sound system of internal control designed to achieve the client's objectives. The control processes tested are being consistently applied.
Substantial	While there is a basically sound system of internal control, there are weaknesses, which put some of the client's objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the client's objectives at risk.
Limited	Weaknesses in the system of internal controls are such as to put the client's objectives at risk. The level of non-compliance puts the client's objectives at risk.
No	Control processes are generally weak leaving the processes/systems open to significant error or abuse. Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

**Recommendation Gradings**

Internal Audit categories recommendations according to their level of priority as follows:

<b>Priority Level</b>	<b>Staff Consulted</b>
1	Major issue for the attention of senior management and the Governance Committee.
2	Important issues to be addressed by management in their areas of responsibility
3	Minor issues resolved on site with local management.



## Appendix 2

Colchester Borough Council

Final Internal Audit Report

Museums Merged Services – Admissions, Shops and Inventories (Ref: 928)

March 2015

This report has been prepared on the basis of the limitations set out on page 14.

This report and the work connected therewith are subject to the Terms and Conditions of the Contract dated 15 June 2010, the Variation Deed dated 9 December 2010 and a Letter of Extension dated 8 March 2013 between Colchester Borough Council and Mazars Public Sector Internal Audit Limited. This report is confidential and has been prepared for the sole use of Colchester Borough Council. This report must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law, we accept no responsibility or liability to any third party who purports to use or rely, for any reason whatsoever, and on this report, its contents or conclusions.

# Contents

1. Executive Summary .....	1
2. Observations and Recommendations .....	4
Appendix 1 - Audit Framework.....	10
Appendix 2 - Definition of Audit Assurance.....	11
Appendix 3 - Staff Consulted .....	12
Appendix 4 - Audit Timetable and KPIs .....	13
Statement of Responsibility.....	14

# 1. Executive Summary



## 1.1. Introduction

This internal audit forms part of the agreement between Mazars Public Sector Internal Audit Limited and Colchester Borough Council (the Council). This report details the results of the internal audit of the controls in place over the Museums Merged Services function and has been undertaken in accordance with the approved Internal Audit Plan for 2014/15. Our audit approach and a summary of the work undertaken are provided in the Audit Framework in Appendix 1.

## 1.2. Background

The museums services for the Council and Ipswich Borough Council (IBC) operate under a joint partnership agreement with Colchester being the lead partner. Testing for this audit was covered both the Ipswich and Colchester Museum sites which include: the Castle Museum, Hollytrees, Christchurch Mansion and the Ipswich High Street Museum, although the audit did primarily focus on the Colchester Museum sites

## 1.3. Audit Opinion

Audit Opinion & Direction of Travel	No Assurance	Limited Assurance	Substantial Assurance	Full Assurance
	We categorise our opinions according to the assessment of the controls in place and the level of compliance with those controls.			
				
				
<b>Rationale Supporting Award of Opinion and Direction of Travel</b>	<p>The audit work carried out by Internal Audit (the scope of which is detailed in Appendix 1) indicated that:</p> <p>While there is a basically sound system of internal control, there are weaknesses, which put some of the Council's objectives at risk and/or there is evidence that the level of non-compliance with some of the control processes may put some of the Council's objectives at risk.</p> <p>This opinion results from the fact that we have raised four priority 2 recommendations, full details of which can be found within the main body of the report.</p> <p>The previous systems audit was undertaken in March 2014 when a Substantial Assurance opinion was awarded. Based on this opinion, the audit opinion is unchanged from the previous audit.</p>			

## 1.4. Summary of Findings

### **Policies and Procedures**

A procedures manual is available in hard copy format at both the Ipswich and Colchester museum sites. It was confirmed that the procedures covered areas such as General Till Security, Retail Stock, and Health & Safety. The procedures were confirmed to be up to date with the date of review and initials annotated in the footer of the document. Members of staff at both sites sign and date a record sheet to confirm they have the procedures manual.

### **Banking & Accounting for Income**

Income from admissions and retail sales at Colchester Castle and the Ipswich sites is reconciled daily whilst income from the Natural History Museum in Colchester is reconciled weekly. A random sample of 30 income sheets covering all of the museum sites was selected and it was confirmed in each case that the Cash Takings Record (CTR) had been signed by two members of staff and the till receipts were attached to the cash up documentation. A receipt from the Colchester Cash Office had been retained in each case; however this had not been signed to confirm it matched to local records in all cases. A recommendation has been raised (Recommendation 1).

Cash is collected by G4S every Tuesday and Friday from Colchester Castle and every Thursday from the Ipswich Museum. For a random sample of Tuesdays, Thursdays and Fridays it was confirmed that a cash collection receipt had been retained in each case. These were confirmed to include the amount of bags taken and were signed by the G4S officer collecting the cash.

When a refund is processed the receipt should be retained and signed by two members of staff. A random sample of 32 refunds was selected, made up of 20 from the Castle, six from Christchurch Mansion and six from the Ipswich Museum, to confirm that the control was working as management intended. At the Castle, two cases identified where receipt had not been retained, three cases where the receipt had been signed by only one member of staff and one further case where the receipt had not been signed at all. At Christchurch Mansion three were three cases where the receipt had not been retained and one case where the receipt had not been signed whilst at Ipswich Museum it was identified that the receipt had not been retained in five out of the six cases and that in the remaining case the receipt held had not been signed. A recommendation has been raised (Recommendation 2).

### **Security of Keys**

It was confirmed that a key register is maintained for both museum sites. This is updated on an on-going basis and records which keys each officer holds and is signed and dated by them when new keys are issued and when keys are returned. It was identified that an annual review of the key register had not been conducted. A recommendation has been raised (Recommendation 3).

There is a locked key box at each site which is only accessible to the Duty Officers or a delegated member of staff. A log book is maintained when keys are in use to identify who has taken the key and its location.

### **Maintenance of Inventories**

Nationally accredited inventory maintenance guidance is in use at both museum sites. This includes guidance on object entry, acquisitions, cataloguing and other areas.

An accessions register is maintained by the Documentation Officer at both museum sites. Random samples of 15 artefacts from each site were selected. It was confirmed that in each case the artefact had been added to the Modes Complete (accessions database), which contains information about the item including its location within the museum. The artefacts were confirmed to be in the correct location in each case for the sample selected.

Entry and exit documentation is completed when an item is acquired or loaned out. Random samples of five entry and five exit forms were selected from each museum (20 forms). It was confirmed in each case that they had been completed with all the necessary information, including details of the person removing the item and the recipient, a description of the item, reason for entry/exit and was signed by the museum and recipient

#### **Retail Stock Control**

An annual stock check of the museums retail shops is undertaken at the end of the financial year. It was recommended in the previous audit that monthly stock checks should be undertaken on random stock lines. It was identified that two monthly stock checks had been undertaken in July and August, but this had not been conducted consistently throughout the year. A recommendation has been raised (Recommendation 4).

Orders are raised on the E-Procurement system, which ensures that orders are appropriately authorised. When stock is received it is checked and receipted on the system and then the stock is updated on the Electronic Point of Sale (EPOS) system. A random sample of 10 goods received notes (GRN) was selected covering both sites and it was confirmed that the order had been placed through E-Procurement. Four items were selected from each GRN and it was confirmed that the EPOS system had been updated in each case.

No Stock transfers have taken place between the museum sites this financial year.

#### **Insurance Arrangements**

Comprehensive insurance cover is in place at both museum sites. The Council are covered for both public and products liability up to a value of £20m each, and employers' liability up to a value of £25m. The insurance policy expires on 31 July 2015. Ipswich Borough Council are covered for public, products and employers' liability up to a value of £20m each and their policy expires on 31 March 2015.

It was confirmed with the Documentation Officers at both sites that additional insurance cover will be taken out to cover specific events or collections. When items are loaned out assurance is gained that the other party has insurance in place to cover the artefact.

### **1.5 Acknowledgement**

We would like to thank staff at Colchester Borough Council for their assistance during the audit.

## 2. Observations and Recommendations

The recommendations from the report are presented below to assist you with the implementation of change.

Adequacy and Effectiveness Assessments (definitions are found in Appendix 2)	Area of Scope	Adequacy of Controls	Effectiveness of Controls	Recommendations Raised		
				Priority 1	Priority 2	Priority 3
	Policies and Procedures	Adequate	Effective	0	0	0
	Banking & Accounting for Income	Adequate	Partly Effective	0	2	0
	Security of Keys	Adequate	Partly Effective	0	1	0
	Maintenance of Inventories	Adequate	Effective	0	0	0
	Retail Stock Control	Adequate	Partly Effective	0	1	0
	Insurance Arrangements	Adequate	Effective	0	0	0
<b>Total</b>				<b>0</b>	<b>4</b>	<b>0</b>

**Banking & Accounting for Income**

2.1. Signing of cash office receipts to confirm they match to local records

Priority 2

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
Cash office receipts should be signed to confirm they match to local records so that any discrepancies can be identified.	<p>By signing the cash office receipt it can be confirmed that they have been checked against local records.</p> <p>It was identified that cash office receipts for Colchester sites were not signed. In five out of 10 cases for Ipswich sites the cash office receipt had not been signed.</p> <p>If cash office receipts are not checked and signed there is the risk that discrepancies are not identified and investigated appropriately.</p>	Retail Manager / Senior Duty Officer (Colchester) / Senior Duty Officer (Ipswich)
<b>Management Response</b>		<b>Deadline</b>
We agree with this recommendation and in addition the cash office receipts will be kept on site in future.		1 April 2015 with backlog to be cleared by 30 June 2015

**Banking and Accounting for Income**

## 2.2. Processing of refunds

Priority 2

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
Refunds should be processed in line with the documented procedures. In addition, refund receipts should be signed by two members of staff and retained on file.	<p>Retaining receipts provides a clear audit trail for the processing of refunds.</p> <p>When a refund is processed the receipt should be retained and signed by two members of staff. A random sample of 32 refunds from across various sites was selected to confirm that the receipt had been retained and that it had been signed by two members of staff. A number of anomalies were identified:-</p> <ul style="list-style-type: none"> <li>- 10 cases the receipt had not been retained;</li> <li>- three cases the receipt had only been signed by one member of staff; and</li> <li>- three cases the receipt had not been signed at all.</li> </ul> <p>If the receipt is not signed by two members of staff there is the risk that a refund is given inappropriately causing financial loss to the Council.</p>	Senior Duty Officer (Colchester) / Senior Duty Officer (Ipswich)
<b>Management Response</b>		<b>Deadline</b>
Refresher training will be given to all staff reinforcing the need for strong audit trails and the retention of paperwork.		With immediate effect



**Security of Keys**

## 2.3. Annual review of the key register

Priority 2

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
An annual review of the key register should be undertaken to ensure that only appropriate members of staff have access to keys. This should be signed by the member of staff in charge of managing the key register and also by the key holder to confirm they are still in possession of the keys.	An annual review of the key register will help to ensure that only appropriate individuals have access to keys. It was identified that an annual review the key register had not been undertaken. If the key register is not reviewed, there is the risk that inappropriate individuals have keys which could impact on the security of the museum sites.	Documentation Officer (Colchester)
<b>Management Response</b>		<b>Deadline</b>
The recent restructure of the museum service was a contributory factor in the review being overlooked. The key register had been kept up to date, but had not been officially reviewed and signed off. The responsibility for key security is being transferred to the Colchester Collections and Information Officer who will ensure that the review is carried out on an annual basis.		Annually in January




**Retail Stock Control**

## 2.4. Monthly Stock Checks

Priority 2

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
<p>Monthly stock checks should be undertaken on random stock lines. Evidence of the stock checks should be retained. This recommendation was raised from the previous audit, but has not been fully implemented.</p>	<p>Stock should be checked on a monthly basis with evidence retained, to ensure staff are aware of any missing stock and are able to take the required action where applicable.</p> <p>It was identified that monthly stock checks had been carried out in July and August, but not consistently throughout the year.</p> <p>Regular spot checks of retail stock provide both additional assurances that the stock held can be accounted for as well as highlighting any differences which will enable appropriate investigations to be undertaken in a timely manner.</p>	<p>Retail Manager / Senior Duty Officer (Colchester) / Senior Duty Officer (Ipswich)</p> <p>With support from Front of House colleagues</p>
<b>Management Response</b>		<b>Deadline</b>
<p>Regular spot checks are important and we propose an amendment to the recommendation - of a move to quarterly stock checks on random lines at each site. The annual stock check was completed at end February 2015 in line with the Council wide changes to the end of year timetable. The quarterly checks will be introduced from the second quarter 2015.</p>		<p>From 2<sup>nd</sup> quarter 2015</p>

**Direction of Travel**

	Improved since the last audit visit. Position of the arrow indicates previous status.
	Deteriorated since the last audit visit. Position of the arrow indicates previous status.
	Unchanged since the last audit report.
<b>No arrow</b>	Not previously visited by Internal Audit.

**Adequacy and Effectiveness Assessments**

Please note that adequacy and effectiveness are not connected. The adequacy assessment is made prior to the control effectiveness being tested.

The controls may be adequate but not operating effectively, or they may be partly adequate / inadequate and yet those that are in place may be operating effectively.

In general, partly adequate / inadequate controls can be considered to be of greater significance than when adequate controls are in place but not operating fully effectively - i.e. control gaps are a bigger issue than controls not being fully complied with.

	<b>Adequacy</b>	<b>Effectiveness</b>
	Existing controls are adequate to manage the risks in this area	Operation of existing controls is effective
	Existing controls are partly adequate to manage the risks in this area	Operation of existing controls is partly effective
	Existing controls are inadequate to manage the risks in this area	Operation of existing controls is ineffective

## Appendix 1 - Audit Framework

### **Audit Objectives**

The audit was designed to assess whether management have implemented adequate and effective controls over the Museum Merged Service.

### **Audit Approach and Methodology**

The audit approach was developed with reference to the Internal Audit Manual and by an assessment of risks and management controls operating within each area of the scope.

The following procedures were adopted:

- identification of the role and objectives of each area;
- identification of risks within the systems, and controls in existence to allow the control objectives to be achieved; and
- Evaluation and testing of controls within the systems.

From these procedures we have identified weaknesses in the systems of control, produced specific proposals to improve the control environment and have drawn an overall conclusion on the design and operation of the system.

### **Areas Covered**

Audit work was undertaken to cover the following areas:

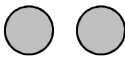



- Policies and Procedures;
- Banking and Accounting for Income;
- Security of Keys;
- Maintenance of Inventories;
- Retail Stock Control; and
- Insurance Arrangements

## Appendix 2 - Definition of Audit Assurance

### Assurance Gradings

For each audit, we arrive at a conclusion that assesses the audit assurance in one of four categories. These arise from:

- Our evaluation opinion: we assess the system of controls, which are in place to achieve the system objectives.
- Our testing opinion: we check whether the controls said to be in place are being consistently applied.

	<b>Full Assurance</b>	There is a sound system of internal control designed to achieve the Council's objectives. The control processes tested are being consistently applied.
	<b>Substantial Assurance</b>	While there is a basically sound system of internal control, there are weaknesses, which put some of the Council's objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the client's objectives at risk.
	<b>Limited Assurance</b>	Weaknesses in the system of internal controls are such as to put the Council's objectives at risk. The level of non-compliance puts the Council's objectives at risk.
	<b>No Assurance</b>	Control processes are generally weak leaving the processes/systems open to significant error or abuse. Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

The assurance gradings provided above are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board and as such the grading of 'Full Assurance' does not imply that there are no risks to the stated objectives.

### Recommendation Gradings

In order to assist management in using our internal audit reports, we categorise our recommendations according to their level of priority as follows:

Priority Level	Definition
1	Major issues for the attention of senior management and the Governance Committee.
2	Important issues to be addressed by management in their areas of responsibility.
3	Minor issues resolved on site with local management.

## Appendix 3 - Staff Consulted

### Staff Consulted

- Margaret Watson            Senior Business Support Officer
- Claire Sanders             Retail Manager
- Stephen Yates             Documentation Officer (Colchester)
- Joan Lyall                  Documentation Officer (Ipswich)
- Saskia Stent                Senior Duty Officer (Ipswich)
- Pippa Pickles              Senior Duty Officer (Colchester)
- Lynette Burgess          Learning and Audiences Manager
- Jo Besant                    Information and Bookings Officer

### Draft Report Distribution

- Lucie Breadman            Head of Community Services
- Lynette Burgess          Business & Commercial Manager
- Claire Sanders             Retail Manager
- Hayley McGrath            Corporate Governance Manager

### Final Report Distribution

- All of the above

### Audit Team

- Mike Clarkson              Managing Director
- Alan Woodhead             Engagement Manager
- Sarah Watkins              Field Manager
- Liam Secker                Auditor

Key contact for this audit will be:

- Alan Woodhead  
[alan.woodhead@mazars.co.uk](mailto:alan.woodhead@mazars.co.uk)  
 07746 174544

## Appendix 4 - Audit Timetable and KPIs

	Dates	Target KPI	Days Taken
Planning meeting	16 January 2015		
Fieldwork start	10 February 2015		
Fieldwork completion	18 February 2015		
Exit meeting	20 February 2015		
Draft report issued to Council	1 March 2015	15 days	6 days
Management response received	5 March 2015	15 days	5 days
Final report issued	8 March 2015	10 days	2 days

	KPI for Annual Plan	Percentage for Audit
Percentage of FTE fully or partly CCAB/IIA qualified input	65%	60%
Percentage of recommendations accepted	95%	100%

## Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Our procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our work and to ensure the authenticity of such material. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

### **Mazars Public Sector Internal Audit Limited**

**London**

**March 2015**

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