South Ayrshire Council

**Report by Director of Strategic Change and Communities
to Audit and Governance Panel
of 22 February 2023**

Subject: Museums Store Control Internal Audit Report

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1.   Purpose

1.1   The purpose of this report is to advise Members of internal audit's findings of the audit of the museums store control and outline the proposed course of action.

2.   Recommendation

2.1   It is recommended that the Panel considers the content of this report.

3.   Background

3.1   This audit assignment was included in the Internal Audit Plan for 2021/22. The aim of the audit was to obtain assurances that there are adequate controls in place over recording, valuing and safeguarding museum collections held in store.

3.2   The Council has two main museums: Rozelle House Museum and Galleries and the McKechnie Institute and a new archive store in Ayr. The Council's asset register includes 1,699 objects with a total valuation of £6.175m as at 31 March 2022.

3.3   The collection was moved to the new store in August 2021. This has allowed for most of the fine art and museum objects not on display in a museum to be housed in one location for the first time. However, the new store does not have the capacity to house all of the museum collections and so the Tam o' Shanter (small objects only), geological, paleontological, and archaeological collections were returned to Store One at Rozelle House.

3.4   There has been a backlog in accessioning items acquired since 2001 and staffing capacity has limited the ability to complete this backlog. A recent service review has addressed capacity issues by reconfiguring remits to allow an officer to focus on this work. Covid restrictions and facilitating the collection move have also impacted on progress.

3.5   The audit concentrated on the arrangements in place for the items held in Ayrshire Archive Store and have included references to items held in other locations only where relevant to the assignment.

3.6   The audit gave rise to seven recommendations; five high risk, two medium risk, and one low risk, which management have agreed to implement.

4. Proposals

4.1 Details on the audit recommendations are shown in the Action Plan in Appendix 1.

4.2 The main recommendations relate to ensuring museum records are updated to reflect all items held, and that items are properly object marked and values recorded.

4.3 The agreed actions to address the recommendations include:

4.3.1 ***Complete the reconciliation of all existing collection records to SACmusdb where possible to allow the Accession Register to be updated*** - We are dealing with a backlog that was inherited from previous staff. We have increased capacity through a service review to support this work. All high value items detailed within our insurance schedule are registered and locations are logged. We are on track to complete the action by the agreed due date of 31 October 2023.

4.3.2 ***Ensure all items have object marking and are properly recorded in the museum database and in the accession records*** - When marking objects, the marking needs to be permanent but also fully reversible therefore the marks are either sown in or marked on using a resin and it can take a day to mark one object. It is time consuming, however we have increased capacity through a service review to support this work. We are on track to complete the action by the agreed due date of 31 October 2023.

4.3.3 ***Ensure all museum policies are regularly reviewed and updated where required*** - There is a draft Assets Accounting Policy and Process document which will be finalised in partnership with Estates and Finance, alongside updating our Museum's Acquisition and Disposal Policy. Once the updated policies are finalised, a schedule will be put in place to ensure there are regular reviews and updates, where required. We are on track to complete the action in advance of the agreed due date of 31 October 2023.

4.3.4 ***Confirm that the correct values are included in the insurance schedule and the asset register for heritage assets*** - this action is now complete. However, we have identified an area which needs to be addressed in relation to how and where the pan Ayrshire archives are recorded. The assets are covered for insurance purposes and a meeting has been scheduled with the SAC Archives service to discuss recording options.

4.3.5 ***Review and update the museum database to ensure the values are recorded for items in line with the agreed policy*** - All high value items have up to date values and the values are recorded. Many of the heritage objects are of very low monetary value and will not be valued as it would not warrant the required investment. We are currently updating our policies to identify the criteria for valuations. All items will be valued in line with the updated polices and values will be added to the database where required. We are on track to complete the action in advance of the agreed due date of 31 October 2023.

4.3.6 ***Explore the potential for having a common asset code between the asset register and the museum database*** - This action is now complete; the asset register and museum database list the appropriate codes so each item can be cross referenced and identified.

4.3.7 ***Consider if further adjustments are required within the store to protect all collections held there*** - This action is now complete; rolling condition checks are carried out on a regular basis to ensure conditions are correct. Unless there is a significant investment to develop a new store, this is the only action we can take.

5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 Not applicable.

7. Human Resources Implications

7.1 Not applicable.

8. Risk

8.1 ***Risk Implications of Adopting the Recommendations***

    8.1.1 There are no risks associated with adopting the recommendations.

8.2 ***Risk Implications of Rejecting the Recommendations***

    8.2.1 Rejecting the recommendation could result in failure to perform a scrutiny role in relation to the application of the Public Sector Internal Audit Standards (PSIAS).

9. Equalities

9.1 The proposals in this report allow scrutiny of performance. The report does not involve proposals for policies, strategies, procedures, processes, financial decisions and activities (including service delivery), both new and at review, that affect the Council's communities and employees, therefore an equality impact assessment is not required.

10. Sustainable Development Implications

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

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11.   Options Appraisal

11.1   An options appraisal has not been carried out in relation to the subject matter of this report.

12.   Link to Council Plan

12.1   The matters referred to in this report contribute to Commitments 4 and 6 of the Council Plan: South Ayrshire Works/ Make the most of the local economy; and A Better Place to Live/ Enhanced environment through social, cultural and economic activities.

13.   Results of Consultation

13.1   There has been no public consultation on the contents of this report.

13.2   Consultation has taken place with Councillor Alec Clark, Portfolio Holder for Tourism, Culture and Rural Affairs, and Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT, and the contents of this report reflect any feedback provided.

Background Papers	**The audit report has been uploaded to SharePoint for Members and actions uploaded into Pentana**
Person to Contact	**Laura Kerr, Service Lead – Destination South Ayrshire County Buildings, Wellington Square, Ayr, KA7 1DR Phone 01292 616421 E-mail laura.kerr4@south-ayrshire.gov.uk**

Date: 8 February 2023

Audit Recommendations Action Plan

References	Action	Observation	Risk	Grade	Management Response	Responsibility and Due Date
No: 1 Pentana: IA2022/31/01	**Complete the reconciliation of all existing collection records to SACmusdb where possible to allow the Accession Register to be updated**	The ongoing reconciliation of all museum collection records, and physical verification of items is not complete, the accession register does not currently include all items.	Incomplete records of all items within Collections relevant information leading to failure to trace provenance and identify historical value of items held. Incomplete Accession Register.	High	We are still dealing with a backlog that was inherited from previous staff. We have identified funding to appoint a 12 month graduate intern to support updating the Accession Register with items that are not yet registered. All high value items detailed within our insurance schedule are registered and locations are logged.	Service Lead, Community Services and Facilities 31 October 2023

References	Action	Observation	Risk	Grade	Management Response	Responsibility and Due Date
No: 2 Pentana: IA2022/31/02	**Ensure all items have object marking and are properly recorded in the museum database and in the accession records**	There is backlog in accessioning items acquired since 2001 and proper object marking, and hard copy accession register has only been completed up to 2007.	Collection items may be lost or stolen and may not be identified by the service	High	Marking objects need to be permanent but also fully reversible therefore the marks are either sown in or marked on using a resin and it can take a day to mark one object.	Service Lead, Community Services and Facilities 31 October 2023

References	Action	Observation	Risk	Grade	Management Response	Responsibility and Due Date
No: 3 Pentana: IA2022/31/03	**Ensure all museum policies are regularly reviewed and updated where required.**	It is unclear if the Heritage Assets Accounting Policy and Process provided to Internal Audit during this review is a final policy as it is not dated, and the file name suggests it is draft i.e. "Draft Policy on Heritage Assets – South Ayrshire v7". The policy also makes reference to other policies within the museums which also do not appear to be current policies i.e "the Museum's acquisition and disposal policy 2006-2011 (presently being reviewed in 2012 and covering the period 2012-2017)."	The museum policies may not reflect other relevant Council policies and procedures and/or accounting policies. Regulations.	Medium	The draft Assets Accounting Policy and Process was a document produced by Estates and Finance. We will work with them to develop a policy alongside updating our Museum's Acquisition and Disposal Policy.	Service Lead, Community Services and Facilities 31 October 2023

References	Action	Observation	Risk	Grade	Management Response	Responsibility and Due Date
No: 4 Pentana: IA2022/31/04	Confirm that the correct values are included in the insurance schedule and the asset register for heritage assets	Heritage Assets items on the 2022/23 insurance schedule did not agree to the totals recorded in the asset register. It was found that the total value in insurance schedule was £5.88m more than the total value recorded in the asset register. The value recorded in the asset register agreed to the value include in the balance sheet as at March 2022. However the Council may be required to insure items which are not owned by is and not all items included within the Insurance Schedule belong to museum collection. The Service could not explain the difference.	Incorrect values included in financial accounts leading to accounts being qualified by external auditors.	High	We are currently investigating this. Estates are looking into the asset register and comparing this to the insurance schedule, however the insurance schedule has grouped items together and we must unpack this before we can compare. This action also ties in with the action around adding in the museum codes to allow us to easily compare both registers.	Service Lead, Community Services and Facilities 31 January 2023

References	Action	Observation	Risk	Grade	Management Response	Responsibility and Due Date
No: 5 Pentana: IA2022/31/05	Review and update the museum database to ensure the values are recorded for items in line with the agreed policy.	The museum database does not include the values for all items recorded.	Without complete up to date values for items in museum collections it is not possible to ensure that all items are properly accounted for in the Asset register/Council's Balance sheet and/or properly insured.	High	All high value items are valued and the values are currently recorded. Many of the heritage objects are of low monetary value will not valued. All items will be valued in line with the updated policy (action 3) and values added to the database updated where required.	Service Lead, Community Services and Facilities 31 October 2023
No: 6 Pentana: IA2022/31/06	Explore the potential for having a common asset code between the asset register and the museum database	The asset code assigned to heritage assets in the asset register does not correspond to the codes used within the museum database	Lack of a common code makes it more difficult to reconcile the asset register to the museum database to ensure all relevant items are recorded	Low	We have discussed this with Estates and we are able to add in the museum codes into the asset register.	Service Lead, Community Services and Facilities 31 January 2023

References	Action	Observation	Risk	Grade	Management Response	Responsibility and Due Date
No: 7 Pentana: IA2022/31/08	Consider if further adjustments are required within the store to protect all collections held there.	The Care and Conversation Plan highlights issues regarding the area collection items are held within the store. Specifically that; although the new store has allowed for fine art and museum objects held in stores (i.e. not on display) to be housed in one location for the first time, as it consists of only one room the items are housed under a single set of environmental conditions which may not suit all items.	All items held in the museum store may not be adequately protected leading to loss of Heritage Assets, financial loss and reputational damage	Medium	Rolling condition checks are carried out on a regular basis to ensure conditions are correct. Unless there is a significant investment to develop a new store, this is the only action we can take.	Service Lead, Community Services and Facilities Ongoing.