

FACTSHEET 2: FINANCE

THIS FACTSHEET RELATES TO QUESTION 2.6 AND 2.7 OF THE MSPI (MUSEUM STANDARDS PROGRAMME FOR IRELAND)

1. Two Standards relate to the financial affairs of an applicant museum:
 - Standard 2.6, which calls for a financial plan, procedures or estimates
 - Standard 2.7, requiring to the provision of accounts

2. The purpose of these Standards is to provide evidence that the financial and other resources available to the applicant museum:
 - Are consistent with MSPI's eligibility criteria in demonstrating that:
 - no individual or organisation profits from the museum's operation, and that its resources are used to advance the museum's purpose;
 - the museum's collections are held in trust, and not used as collateral for any loan or to profit another party
 - Provide a level of financial stability adequate for the achievement of the Standards overall
 - Are sufficient to achieve the current and proposed levels of activity described in the application

Standard 2.6: Please submit a copy of the museum's Financial Plan and/or details of financial procedures and proposed estimates.

3. Applicants must demonstrate that they have systems and processes in place that represent a workable approach to financial planning. For the purposes of MSPI, a financial plan consists of a statement of the resources a museum expects to receive, and how they will be expended.

4. This financial planning requirement applies equally to organisations both large and small, and to when the museum is part of a larger organisation as well as when it is a freestanding entity. It is recognised that the financial plan/procedures/estimates of a museum within a conglomerate body may well be integrated into a corporate financial plan or budget book. In this situation:
 - The application only need to include extracts from such larger documents that specifically relate to the museum, but these should provide a comprehensive financial overview of the museum's operations
 - Where museum information is consolidated within other budget headings, these must be disaggregated to the extent necessary to identify the funding being deployed to achieve the Standards
 - When financial plans/budgets include material that is commercially sensitive, the Heritage Council will ensure that documents marked as such will be so treated

5. The financial plan must be consistent with other plans and policies presented with the application, particularly:
 - Standard 2.3 - Strategic Management Plan and Annual Action Plan
 - Standard 3.20 - Care of Collections Strategy
 - Standard 4.9 - Documentation Backlog (where relevant)
 - Standard 5.2 - Exhibitions Budget
 - Standard 6.1 - Outline of Education Activities/Programmes
 - Standard 6.6 - Education Policy, with its component 1-Year Action Plan.

6. Ideally, all this information will be brought together within a single business plan that incorporates the Annual Action Plan required to meet Standard 2.3. Where this is not possible, the applicant must provide an annual budget for the current year and estimates for the year that follows. Whichever is used, they should include:
- Estimates of both income and expenditure for the current financial year, and projections for the financial year that follows, compared with the actual figures for the most recently completed financial year
 - Budget lines that identify the expenditure necessary to achieve the Standards (e.g. in collections care, education and learning, marketing, visitor services) as well as provision to meet specific requirements (e.g. Standard 5.2 - Exhibitions Budget)
 - For those museums that rely on volunteer support (whether or not they employ paid staff) an estimate of the total number of volunteers and the hours worked by these volunteers should be reported
7. The following template matches the basic requirement of this Standard. It is for indicative purposes only, and will need to be amended to reflect individual circumstances, whether by adding or subtracting budget lines. Those lines that are italicised reflect the expenditure that specifically relates to the Standards, where year-on-year provision might be expected to continue.

SAMPLE MUSEUM: Financial Plan

201A [Last Year] Actual		201B [Current Year]* Budget	201C [Next Year]* Estimate
	Income		
	Admission Fees		
	Sales		
	Grants		
	Donations		
	Rents		
	Other Income		
	Etc		
	TOTAL INCOME		
	Expenditure		
	Staff costs & training		
	Premises		
	Collections care/ Documentation		
	Exhibitions		
	Learning & education		
	Visitor Care & Access		
	Office & administrative costs		
	Audit and accountancy		
	etc		
	TOTAL EXPENDITURE		
	NET INCOME/(EXPENDITURE)		
	Number of volunteers		
	Number of volunteer hours worked		

8. Applicants are encouraged to use the same format, with additional columns to accommodate projections for later financial years, to provide financial foresight as an element within the Strategic Management Plan (Standard 2.3).
9. It is understood that MSPI application deadlines and assessment dates may not always correspond to an applicant's financial planning cycle and, in particular, approved estimates for the coming year may not always have been completed. If this is the case, submission of a complete financial plan/budget for the preceding year, in addition to the current year's budget, will demonstrate that the Standard has been met.
10. Applicants must submit evidence showing formal approval of the Financial Plan or Estimates, as follows:
 - Where the museum is an independent entity, this should be in the form of a certified, signed and dated copy of a minute of the governing body, that approves the Financial Plan/Estimates, whether as a separate document or as part of the museum's Strategic or Annual Action Plan, or
 - Where the museum is part of a conglomerate organisation such as national or local government, a university, or a learned society, certified, signed and dated on behalf of the organisation's governing body by an official authorised so to do

Standard 2.7: Please submit a copy of the Audited Accounts or Certified Statement of Accounts from the most recent 2-year period.

11. The Standard requires that applicants submit a copy of an audited or certified statement of accounts for the most recent two-year period.

Audited Accounts

12. Audited accounts are required when the museum is an entity in its own right. In terms of MSPI 'audit' means formal external scrutiny or examination of accounts, whether by a registered auditor or other appropriately-qualified/experienced person otherwise unconnected with the museum. That person must certify those accounts in appropriate terms and state the terms of that certification.
13. Audited accounts must be in form required by law. In the case of a charities registered with the Revenue Commissioners, these are the annual accounts currently delivered to the Commissioners, whether by requirement or on request. Museums that are registered as companies should follow the requirements of the Companies Acts.
14. Currently, there is no specific format for the reports and accounts of Irish charities. However, on implementation of the relevant parts of the Charities Act 2009, the form and content of charity accounting and reporting will be prescribed in Regulations made by the Minister. It is widely anticipated that the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP), or something very similar, will be adopted, as this follows UK-Ireland Generally Accepted Accounting Practice (GAAP). Anticipating this, the SORP is already in use in Ireland as best practice guidance. The early adoption of the SORP (a new version of which will apply to financial years ending after 1 January 2015), applied proportionately to individual circumstances, is encouraged.
15. Irrespective of whether or not the SORP is followed, accounts that meet the Standard must include:
 - An account of income and expenditure in sufficient detail to demonstrate the museum's

- activities during the financial year being reported;
- A statement of balances held by the museum on the last day of that financial year; and
- Disclosure, when necessary, either on the face of the accounts or as notes thereto, of any funds that are permanent or expendable endowment, or where their use is restricted to the specific purpose for which they were given.

Certified Accounts

16. These are required where the museum is not a legal entity in its own right, and is
- Operated alongside other activities by a conglomerate organisation such as national or local government, a university, or a learned society; **and**
 - Its income are not reported individually either in the accounts of that parent body or any subsidiary entity, or published separately in any form.
17. Certified accounts must be in a form that identifies:
- A statement of income and expenditure in sufficient detail to demonstrate the museum's activities during the financial year that is being reported; and
 - Any notes necessary to clarify the accounts.
18. The following is an appropriate format for certified accounts:

Sample income & expenditure account for the year ended 201B

	201B [Current Year]*	201A [Last Year]
Income		
Admission Fees		
Sales		
Grants		
Donations		
Rents		
Other Income		
TOTAL INCOME		
Expenditure		
Staff costs & training		
Premises		
Collections care/Documentation*		
Exhibitions*		
Education*		
Visitor Care & Access*		
Office & administrative costs		
Audit and accountancy		
Sundries		
TOTAL EXPENDITURE		
NET INCOME/(EXPENDITURE)		

19. The Notes to the accounts should disclose:
- Where the museum has an endowment, the nature and size of that endowment, and transactions relating to it
 - The extent of any funds received that are restricted to the specific purpose for which they were given using the following format

Fund name and purpose	Balance b/f	Income in Year	Expenditure in Year	Transfers in Year	Balance c/f

20. These accounts must be signed by a person authorised by the parent organisation to certify the accounts. 'Certification' means that the signatory believes to the best of their knowledge that the accounts are correct. The certification block should read as follows:

'I certify that, to the best of my knowledge and belief, the above accounts present a correct picture of the [name of museum] for the financial year ended [date of last day of financial year to which the accounts refer]'

Signed [Name]
 Designation [Status/Job Title within parent organisation]
 Date [of signature]'

General Requirements

21. The following requirements are to be met irrespective of whether accounts are certified or audited:
- They must be signed by a person authorised by the museum's governing body, and their name and office and date of signature given
 - To enable comparisons to be made, figures in the accounts for the year being reported must include a corresponding amount for the previous financial year
 - Copies of the most recent set of accounts together with those for the preceding financial year should be provided - two sets of accounts are required, not just one year's accounts that include comparative figures for the preceding year.