

Executive Order on accounts and auditing of museums subsidised by the state, etc.

Executive Order No. 1510 of 14 December 2006 (in force)

Legislation to which the regulation relates	
Consolidated Act No. 1505 of 14 December 2006	
Amendments to the regulation	
Overview (table of contents)	
Part 1	Subsidies pursuant to sections 14 a, 15, 15 a (1), 16 (1) and 16 a (1) of the Museum Act
Part 2	Subsidies pursuant to section 16 (2)-(3) of the Museum Act
Part 3	Entry into force, etc.
Annex 1	Budget and accounts form for reporting to the Heritage Agency of Denmark
Full text of the regulation	

Executive Order on accounts and auditing of museums subsidised by the state, etc.

Pursuant to section 34 (1), cf. section 15 and section 16 (1)-(3) of the Museum Act, cf. Consolidated Act No. 1505 of 14 December 2006, the following is laid down:

Part 1

Subsidies pursuant to sections 14 a, 15, 15 a (1), 16 (1) and 16 a (1) of the Museum Act

Accounts

1 – (1) The museum shall submit annual accounts and reports to its main contributor of funds for approval. The museum shall then submit the accounts and reports approved by the main contributor of funds to the Heritage Agency of Denmark, cf. the provisions in this respect of the Executive Order on museums, etc.

2 – (1) The accounts shall give a true and fair view of the assets and liabilities, financial position and result of the museum.

(2) The accounts shall comprise the overall operation of the museum and follow the calendar year. Subsidies received pursuant to sections 14 a, 15, 15 a, 16 (1) and 16 a (1) of the Museum Act shall be recognised on a gross basis and be specified.

(3) The Heritage Agency of Denmark shall lay down detailed guidelines for the drawing up of the accounts.

(4) The specification appearing from the attached Annex shall be used when drawing up the accounts. The annual accounts shall include:

i) The annual report.

- ii) The auditors' report.
- iii) The profit and loss account. The budget for the current year and comparative figures for the previous year.
- iv) The balance sheet shall include a statement of current and fixed assets and short-term and long-term debt, including a statement of changes in equity.

(5) Furthermore, the annual accounts are subject to the following requirements:

- i) Subsidies from local authorities, public companies and foundations, etc. shall be specified.
- ii) Any depreciation shall be specified and the method of depreciation disclosed.
- iii) Financing of losses or the use of profits shall be disclosed.
- iv) Any VAT registration shall be disclosed.
- v) The accounts shall be approved and signed by the whole governing body and Management of the museum.

(6) The museum's accounts for the last five years shall be securely filed and shall be accessible to the auditors.

(7) For museums subsidised by the state where the Heritage Agency of Denmark is the main contributor of funds, the museum shall also draw up overall internal accounting instructions that include a description of the accounting organisation and planning of the accounting tasks, including information on the allocation of responsibilities and authority and the codes of practice followed when performing the accounting tasks.

Auditing

3 – (1) The audit shall be performed by a state-authorized public accountant or a registered accountant, by local government auditing (Kommunernes Revisionsafdeling), the Audit Directorate of Copenhagen or by other local government auditing bodies.

(2) In case of a change of auditors, the incoming auditor shall contact the outgoing auditor who is obliged to state the reasons for his resignation.

4 – (1) The audit shall be performed in accordance with good public auditing practices as laid down in section 3 of the Act on the Audit of the State Accounts etc. (Consolidated Act No. 3 of 7 January 1997) and as specified in subsection (2) and sections 5-11.

(2) The auditor shall verify the correctness and accuracy of the accounts and that the transactions presented in the accounts are in conformity with the appropriations granted, with the Museum Act and other regulations and agreements concluded, other specified requirements in terms of targets and results as well as ordinary practice. Furthermore, the auditor shall assess the extent to which due financial consideration has been exercised in the administration of the funds and the operation of the institutions comprised by the accounts.

5 – (1) The scope of the audit shall be dependent on the administrative structure and procedures of the museum, including internal control routines and other matters of importance for the presentation of accounts.

6 – (1) An audit shall generally be carried out in the course of the year. As part of the audit, the auditor shall examine the existing procedures in order to ensure the adequacy of the internal control. In addition to a system-based audit, the auditor shall carry out a

Kommentar [nla1]: De gamle britiske regnskabsudtryk er anvendt i dette afsnit. Hvis der aflægges regnskab efter IFRS, skal udtrykkene muligvis tilpasses.

substantive audit as required. As a point of departure, the audit shall be carried out on a sample basis. The auditing procedure shall incorporate unannounced cash and asset audits.

(2) During the closing audit, the auditor shall ensure that the annual accounts are drawn up in accordance with the rules of sections 1-2 in this respect, and that they contain no significant errors or omissions, and that the transactions presented in the accounts are in conformity with the appropriations granted, acts and other regulations as well as agreements concluded and ordinary practice.

(3) The performance audit shall examine whether due financial consideration has been exercised in the administration of the museum. The audit shall be carried out on the basis of:

- i) the museum's fulfilment of the terms for state approval pursuant to section 14 of the Museum Act,
- ii) the museum's reporting to the Heritage Agency of Denmark on targets and results achieved under the Executive Order on museums, etc., and
- iii) whether the museum has demonstrated economy, productivity and efficiency.

7 – (1) The auditor shall carry out an annual audit of the presence of and procedures concerning the museum's collections (collection audit).

(2) The auditor shall be familiar with the museum's registration and accession procedures (including procedures for objects submitted for an expert opinion) and must be informed of the proportion of the museum's collections that is not registered, and the location of individual parts of the collection (under conservation, in a branch museum, in offices, etc.). The auditor shall ensure that the registration and records are kept in an unambiguous manner so as to provide a correlation between the object and its registration. The audit shall comprise the museum's own collections as well as deposited objects.

(3) Based on lists and records of the museum, the auditor shall determine the items (minimum 20) to be selected for collection audit. The auditor shall announce the selected items when appearing at the museum, and not before.

(4) From the collections of the museum (depot, exhibition, etc.) the auditor shall select minimum 5 objects for which the registration must be presented.

8 – (1) The museum shall provide the auditor with the information that must be regarded as important for the assessment of the museum's accounts and for the auditor's assessment of the administration, including targets and results achieved. The museum shall give the auditor access to carry out the examinations the auditor deems necessary and make sure that the auditor is provided with the information and assistance that the auditor deems necessary to discharge his task.

9 – (1) If the auditor becomes aware of any breaches of the law or failures to comply with regulations of significant importance in connection with the administration of the funds, the auditor shall immediately notify the museum thereof and ensure that the museum notifies the main contributor of funds and the Heritage Agency of Denmark thereof within 3 weeks. Otherwise, it is the auditor's duty to inform the main contributor of funds and the Heritage Agency of Denmark. The the auditor's remarks shall be submitted together with the notification.

Kommentar [nla2]: Der er ikke noget i vejen med en s-genitiv, når det drejer sig om en person.

(2) The same applies if during the audit or otherwise, the auditor becomes aware that continued operation is uncertain for financial or other reasons.

(3) If the auditor becomes aware of any breaches of the law or failures to comply with regulations of significant importance in connection with the registration and accession of the collections, the auditor shall immediately notify the museum and the Heritage Agency of Denmark.

(4) If the auditor becomes aware of any other omissions in connection with the registration and accession of the collections, including a significant backlog in the registration of objects, the auditor shall make sure the museum accounts for the omissions and corrects them.

10 – (1) The audited annual accounts shall be endorsed with an auditors' report stating that the accounts have been audited in accordance with the rules in chapter 1 of this Executive Order. The report shall include qualifications, if any.

11 – (1) The auditor shall keep auditors' records.

(2) Information on the following shall be included in the records:

- i) the auditing tasks that have been carried out and the outcome thereof, and
- ii) significant uncertainty, errors or omissions concerning the museum's bookkeeping, accounting, administration of collections or internal controls.

(3) The auditor shall also account for the performance audit carried out, particularly the auditor's examination of and assessment and conclusions concerning economy, productivity and efficiency and operations that fall outside the museum's objective.

(4) The auditor shall enter the following information in the long-form audit report for the annual accounts:

- i) whether the auditor fulfils the statutory conditions for legal capacity,
- ii) whether the auditor has received all information requested during the audit to confirm the correctness and accuracy of the accounts,
- iii) whether the auditor has had remarks about the utilisation of the subsidy in accordance with the terms laid down by legislation, including, in particular, the Museum Act, agreements concluded, statutes and other requirements stipulated with regard to targets and results, and
- iv) whether the audit has given rise to remarks as to whether the basis for the subsidy has been calculated in conformity with the rules in force.

(5) If the museum is comprised by the provisions in section 15 (4) of the Museum Act on agreements entered into by several local authorities on the operation of the museum, the auditor shall also state whether, in his opinion, the requirement of the Executive Order on museums laying down that the governing body and the head of the museum shall issue a statement to the effect that the museum is operated as one unit, including that operational subsidies and income may not be reserved for individual parts of the museum, is met.

(6) Information about special reports or declarations, presentation of special statements, guidance or assistance shall also be included in the auditors' records.

(7) Long-form audit reports shall be signed by the whole governing body and Management. The museum shall submit a copy of the long-form audit reports to the main contributor of funds and the Heritage Agency of Denmark together with the endorsed annual accounts.

12 – (1) The provisions of sections 1-11 shall apply correspondingly to conservation centres, etc. which receive subsidies pursuant to section 16 a (1) of the Museum Act.

Part 2

Subsidies pursuant to section 16 (2)-(3) of the Museum Act

Accounts

13 – (1) Institutions receiving subsidies pursuant to section 16 (2)-(3) of the Museum Act shall submit project accounts as regards the utilisation thereof, drawn up in accordance with section 14.

(2) For museums receiving subsidies pursuant to section 15 and section 16 (1), the project accounts shall form part of the profit and loss account.

14 – (1) The project accounts shall:

- i) show all receipts and expenditure in connection with the project,
- ii) specify the grantors of subsidies, including the extent of the museum's co-financing,
- iii) contain an account of the extent to which the activities appearing from the budget and project description have been carried out,
- iv) state any VAT registration,
- v) be approved and signed by the head of the museum, and
- vi) be accompanied by a report on the utilisation of the subsidy funds, possibly in the form of a publication which may be the result of the project for which the subsidy was granted.

Auditing

15 – (1) If the total state subsidy pursuant to section 16 (2)-(3) of the Museum Act exceeds DKK 500,000, the project accounts drawn up, cf. section 14, shall be audited. The same applies if the museum receives subsidies pursuant to section 15 and section 16 (1) of the Museum Act.

(2) Sections 3, 4 and 8 shall apply correspondingly to the audit of the project accounts.

16 – (1) The scope of the audit shall be dependent on the administrative structure and procedures of the recipient of subsidies, including internal control routines and other matters of importance for the presentation of accounts. Furthermore, the amount of the subsidy shall be of importance for the scope of the audit.

17 – (1) During the audit, the auditor shall verify:

- i) that the project accounts are correct and accurate and do not contain any significant errors and omissions,
- ii) that the subsidy conditions have been met, including that the funds have been utilised for the purposes specified in the subsidy notification and application,
- iii) that the recipient of subsidies has demonstrated economy, and
- iv) that the information which the recipient of subsidies has provided to the grantor of subsidies on the fulfilment of the result requirements are documented.

(2) The audit shall be carried out on a sample basis.

18 – (1) The recipient of subsidies shall provide the auditor with the information that must be regarded as important for the assessment of the project accounts and for the auditor's assessment of the administration. The recipient of subsidies shall give the auditor access to carry out the examinations the auditor deems necessary and make sure that the auditor is provided with the information and assistance that the auditor deems necessary to discharge his task.

19 – (1) If the auditor becomes aware of any breaches of the law or failures to comply with regulations of significant importance in connection with the administration of the funds, the auditor shall immediately notify the recipient of subsidies thereof and ensure that the management of the recipient of subsidies notifies the Heritage Agency of Denmark thereof within 3 weeks. Otherwise, it is the auditor's duty to inform the Heritage Agency of Denmark. The auditor's remarks shall be submitted together with the notification.

(2) The same applies if during the audit or otherwise, the auditor becomes aware that continued implementation of the project is uncertain for financial or other reasons.

20 – (1) The audited project accounts shall be endorsed with an auditors' report stating that the accounts have been audited in accordance with the rules in chapter 2 of this Executive Order. The report shall include qualifications, if any.

(2) The auditor shall issue an audit statement, including the auditor's assessment and conclusions concerning the audit performed. The statement shall be issued in continuation of the auditors' report or in the auditors' records.

(3) The recipient of subsidies shall submit a copy of the auditors' statement to the Heritage Agency of Denmark together with the endorsed project accounts.

Part 3

Entry into force, etc.

21 – (1) This Executive Order shall enter into force on 1 January 2007.

(2) At the same time, Executive Order No. 953 of 27 November 2002 on accounts and auditing of museums subsidised by the state, etc. shall be repealed.

Ministry of Culture, 14 December 2006

Brian Mikkelsen

/Malene Sthyr

Annex 1

Budget and accounts form for reporting to the Heritage Agency of Denmark

Budgets and accounts shall contain a specification of the following items:

	Expenditure	Receipts
22. Staff		
28. Offices, properties, open spaces		
32. Administration of the collection, etc.		
38. Investigations and acquisitions		
44. Conservation		
50. Exhibitions		
54. Other dissemination activities		
58. Administration		
60. Admission fees		
62. Payments for investigations pursuant to Chapter 8.		
70. Rent, mortgage interest and mortgage payment		
72. Other interest		
82. Kiosk and cafeteria operation		

*Total, accounts 22 to 82

- 90. Subsidies from local authorities
- 91. Non-government subsidies
- 92. Subsidies from the EU and the Nordic Council of Ministers
- 95. Subsidies from public companies

*Total, accounts 90 to 95

*State subsidies

*Total receipts and expenditure

Result (receipts expenditure)

Signature of the museum and the auditors' endorsement:

On behalf of the museum:

Signed by the head and governing body of the museum:

Auditors' report: