

Financial Policy and Procedures

All businesses, including museums, require good financial management. The benefits of effective financial management reach all areas of a museum's operations by providing relevant information to the board, management and staff. In addition, it is the responsibility of the museum to provide financial information for annual tax returns and in applications for financial assistance from both governmental and non-governmental sources.

The museum board is entrusted with the fiduciary responsibility (the responsibility for funds entrusted to the board on behalf of the public) and general oversight of the museum's financial resources. The entire board is responsible for the financial health of the organization and can be held liable for debts of the organization in the event of non-performance. The budget, the accounting information system and financial policies are the tools the board uses to exercise their duties. The museum management and staff are responsible for the implementation of the board's financial directions.

Financial management activities include fundraising, asset and resource management, financial statements and reports and budgets. All museums should have a written policy regarding financial statements and reports which provide a schedule for financial statements as well as an outline of what information should be provided in these documents. Common financial statements include revenue and expenditure, balance sheets, statement of changes in financial position and external or internal audits. This policy should also indicate the authority for the approval of budgets, grant applications, fundraising, spending and spending procedures.

Within the board, a treasurer or an accountant/bookkeeper should prepare the financial statements and review these documents with a finance committee (if one exists) as well as with the museum management. This information should then be presented to the museum board for approval. The detail of these statements and reports will depend on the complexity and structure of the museum board. The key is that each board member should have the opportunity to review and understand the financial status and activities of the museum.

Financial Policy and Procedures should outline:

- financial management reporting
- report authors and audiences
- budgets
- fundraising
- assets management

For more information on this topic see:

Guidelines for the Operations of Community Museums in Newfoundland and Labrador
Finances – Page 26.

Resources for Developing Museum Financial Policy and Procedures

British Columbia Museum Association

Best Practices Modules:

Financial Management

<http://www.museumsassn.bc.ca/Images/Archives/BP%204%20Financial%20Management.pdf>

Revenue Generation

<http://www.museumsassn.bc.ca/Images/Best%20Practices%20Modules%202/Revenue%20Generation%20FINAL.pdf>

Grantmanship and Fundraising

<http://www.museumsassn.bc.ca/Images/Best%20Practices%20Modules%202/Grantmanship%20and%20Fundraising%20FINAL.pdf>

Western Australian Museum: Business Plans

<http://www.museum.wa.gov.au/services/map/musmanage.asp>

Creative Management Project – Good Practices Stories

Tracking the Pennies: An Emphasis on Good Financial Management

http://www.culturalhrc.ca/research/CreativeMgt/BPstories_finances-en.pdf

Examples of Museum Financial Policy and Procedures

The McCord Museum of Canadian History Financial Statements

http://www.mccord-museum.qc.ca/pdf/EF_2006-07_EN.pdf

The Nova Scotia Highland Village Financial Statement 2006

http://museum.gov.ns.ca/hv/images/Auditedstate2005_06.pdf

Examples Available Offline

Art Gallery of Nova Scotia Financial Statements 2007

<http://www.artgalleryofnovascotia.ca/site-agns/media/agns/2006-07FinancialStatement.pdf>

Art Gallery of Nova Scotia Annual Accountability Report 2007

<http://www.artgalleryofnovascotia.ca/site-agns/media/agns/Accountability.pdf>

Museum of Health Care at Kingston Finance Policy

<http://www.museumofhealthcare.ca/about.html>