

**THE NATURAL HISTORY MUSEUM
TRUSTEES' AUDIT AND RISK COMMITTEE**

100th meeting of the Natural History Museum's Audit and Risk Committee
13.00 on Wednesday 03 May 2023

Present

Harris Bokhari (Chair)
Professor Dame Jane Francis
Colin Hudson – independent member
Luke Fairless – independent member

In Attendance

Sir Patrick Vallance (Chair of Trustees)
Dr Doug Gurr (Museum Director)
Neil Greenwood (Executive Director of Finance and Corporate Services)
Kevin Coughlan (Internal Audit Manager)
Alex Macnab (Director, DCMS, National Audit Office)
Shannon Holmes (Audit Manager, National Audit Office)
Dr Sarah Long (Head of Registry)
Chris Sleep (Information Security Manager)
Richard Hinton (Chief Information Officer)
James Downs (Head of Security)
Eleanor Pirie (Head of Health & Safety)

Action

The Chair opened the meeting and welcomed Professor Dame Jane Francis to her first Committee, who joins as the new Science member. It was noted that, while the meeting was quorate, the Committee was still one trustee member short, and this will not be resolved until the trustee vacancies have been filled via the public appointments process.

1 Apologies for absence

1.1 David Fox, Head of Finance Business Partners - Arm's Length Bodies at DCMS, sent his apologies.

2 Declarations of interest and Register of Interests

2.1 These were noted by the Secretary to the Audit & Risk Committee. Professor Francis requested the British Antarctic Survey be added.

3 Minutes of the meeting held on 1st February 2023

3.1 The Committee approved the February minutes.

Action

4. Matters Arising from the Minutes

- 4.1 Members reviewed the matters arising and closed completed items. Work is ongoing to address outstanding matters including any longstanding priority 3 recommendations. The presentation of electricity usage will be clarified in the 22/23 sustainability report.

5. Museum Director's Report and Key Strategic Risks 2022/23

- 5.1 The Director's report updated the Committee on the latest Operating Plan Quarterly Review (OPQR) and key strategic risks for 2022/23. The OPQR recognised increased risk around construction inflation, with other areas such as vision delivery, decreasing. Wider industrial unrest within the wider public sector and Museums is also recognised as an increasing risk.
- 5.2 Protest activity is not currently one of the top strategic risks and needs consideration as to whether it should be for 23-24. Committee members were invited to share their views on this.
- 5.3 The Director highlighted recent and upcoming staff changes in the Executive team at the Museum. The new Director of Development recently joined from the Royal Society. Very clear around need to invest time to be effective. An offer has been made and informally accepted for the new Chief Operating Officer with a start date to be agreed.

6. Director of Finance & Corporate Services' Financial Review for the period April 2022 - March 2023 (provisional year end outturn)

- 6.1 The Executive Director of Finance & Corporate Services presented the provisional financial position for 2022/23.
- 6.2 The Museum had 5.15m visitors in the year, resulting in strong visitor income levels. Venue Hire and Corporate Sponsorships also performed strongly during the year. Some major designations from reserves will be needed for next year such as for fire precautions work, Hall of Human Biology and Urban Nature Project, and there is a risk around construction inflation \ supply chain where there will be significant estate infrastructure expenditure over the next two years supported by DCMS Capex funding.
- 6.3 Volatile energy prices represent a large budgetary uncertainty, and CAPEX and salary costs will also need to be closely managed. This will be partially offset by the next instalment of a 3-year DCMS CAPEX grant. There is more confidence in the income projections. Covid support funding from central government reducing to zero and discontinuing the ice rink will also impact income.
- 6.4 There is an increasing need to self-generate income and there are different risk profiles and levels of contribution from the businesses which are based on detailed business plans and now reviewed via the OPQR process. Self-generated income is budgeted with the same margin as the year before. Visitor income is relatively easy to predict given confidence around visitor numbers. Income from touring exhibitions or licensing, as examples, are harder to predict. These areas have fewer transactions and represent less

Action

mature businesses streams, with growth potential. However, NHM is not dependent to the same extent as visitor numbers.

- 6.5 The Museum launched a new Innovation Hub last year, to capitalise on our expertise to both help achieve the Museum's strategy and generate income. Income is anticipated for future years but there is no short-term dependency.

7. Annual Accounts Update 2022/23: Draft Governance Statement Accounts Presentation and Narrative

- 7.1 Following from the financial review, the Executive Director of Finance & Corporate Services presented the annual accounts update and the first draft of the governance statement.
- 7.2 The audit programme and annual assurance reports from H&S, collections and security help give confidence for the sign off of the governance statement. An updated version will be presented to the June Committee.
- 7.3 The Trading Company Audit started in the first week of May. The National Audit Office have three weeks scheduled from mid-May. No substantive issues were found during interim audit.
- 7.4 There will be a read through of the Governance Statement and draft accounts in June, prior to presentation for approval at the next Committee meeting and in time for the board meeting on 4th July. The focus will be primarily on the accounts narrative, and the financial statements and all Committee members are welcome to attend.

8. Risk & Assurance Annual Report to the Accounting Officer and Audit & Risk Committee 2022/23

- 8.1 The Internal Audit Manager presented the annual assurance report. Based on the work undertaken in year and knowledge of assurance from the work of other teams, the proposed assurance level is 'Moderate'.
- 8.2 A 'Moderate' assurance implies 'some improvements' to governance and controls are needed. It still reflects a good level of assurance, in line with the rest of the sector whilst recognising that improvement is nearly always possible.

KC
NG
HB

- 8.4 The exact audit delivery model for next year is still to be decided but will likely involve a hybrid 'in house' and external approach again. The Director noted that NHM is hefty and complex, so some internal knowledge helps.

Action: KC and NG will consider feedback from other stakeholders and discuss with the Chair of the Committee to decide the approach for this year.

KC
NG
HB

- 8.5 The Committee noted that their effectiveness review is overdue, this is already on the list of matters arising from Committee meetings. Scheduling is under active discussion. There will be further discussion with the Chair over the level of review wanted.

Action: KC to discuss scope and timing of a review with HB and NG

Action

9. Risk & Assurance Annual Plan/ Priorities 2023/2024

- 9.1 The Committee discussed the draft Risk & Assurance plan for the new financial year. The original plan had been presented to the Committee in February and had subsequently been amended for clarity following on from their comments and Management Board's.
- 9.2 KC requested one change to remove the proposed collections audit scheduled for 2024-25 as this is likely to coincide with external accreditation, which will give a substantial level of assurance over this area. Collections will also feature in planned reviews of Data and Digitisation and Temporary Exhibitions.
- 9.3 The Committee approved the plan subject to the clarifications mentioned.

10. Draft Audit & Risk Committee Annual Report 2022/23

- 10.1 The Committee discussed the draft of the A&R Committee's Annual Report for 2022/23, prepared by the Internal Audit Manager and requested some minor amendments.
- 10.2 The February 2023 had been inqorate, due to unexpected delays in approving new trustees. The Committee also requested that the overall assurance opinion be clarified to incorporate some of the wording from the guidance to provide extra context. The updated report will be rereviewed in June before being sent to DCMS and presented to the Board of Trustees.

11. Annual Collections Assurance 2022/23

- 11.1 The Head of Registry presented the annual collections assurance report. Key points included:
- Archive Service and Museum Accreditation Schemes to be delivered in 2023-24
 - A continuing need to increase understanding around Access & Benefit Sharing and export processes.
 - Embedding good practice throughout the Museum. Work is ongoing with HR in exploring possibilities of using the new Learning Management System for training.
 - Increasing risks regarding transport and costs for shipping frozen material
 - Cross border transfers becoming increasingly complex. NHM are participating in a stakeholder review of the new draft border operating model released by the Cabinet Office.
- 11.2 The NHM Unlocked programme is triggering a lot of review and sorting of the collections held, which will help with ongoing work on resolving long term loans.
- 11.3 The Head of Registry was asked if there was a list of all our sensitive collections, she replied no giving a recent example of an item being discovered during digitisation for Unlocked that was unexpected. The complexity and size of collections means that the Museum will not fully understand the full provenance and history of an item until it is researched and that whilst we understand collections widely recognised as sensitive e.g., human remains there will be, and are, things that we do not know. Our responsibility is to document them and be transparent.

Action

- 11.4 Unlocked solves some collections care related issues by moving into a bespoke environment, but members questioned what the impacts on the object remaining at South Kensington would be and how we manage conservation going forwards at South Kensington. The Museum is in a 'good place' with respect to the amount of time it has been actively monitoring collections. The Northwest Tower has the worst environmental conditions in the building, and this will be fully vacated as part of NHM Unlocked.
- 11.5 Pest issues have occurred in many areas and is an issue not just for life science collections. However, the Museum has a dedicated Integrated Pest Management (IPM) role and supporting team to deal with monitoring and outbreaks and staff are regularly reminded on how to reduce the likelihood of pest outbreaks, including an annual IPM day.
- 11.6 The Head of Registry will be considering this in the upcoming collections policies review and what it will mean in practice. There needs to be a transparent way of how we will assess and look at incoming requests referring to the legislation we need to work with.
- KC 11.7 As a closing comment, the Chair mentioned that the Head of Registry provides an induction for Trustees on how the Museum manages requests for return of Human Remains, which is next running in September.

12. Annual Health and Safety Report 2022/23

- 12.1 The Head of Health & Safety (H&S) presented their annual report. This gave an update on the current state of the H&S Management System, new H&S policies, and work on fire risk management. There is an ambitious programme of work in the Museum, all of which H&S contribute towards.
- 12.2 H&S have had extended work with external fire brigade colleagues have undertaken significant policy work and guidance during the previous year. 23-24 objectives include working with Security to align the Museum's travel risk arrangements to the ISO 310030 standard, which is beginning to get adopted more widely, and the new H&S software, originally planned for 22-23 will now be implemented in 23-24.
- 12.3 JF asked about the incident response plan and do people know what their tasks are? For example, e.g., in the event of a fire, what roles would different people take? H&S have a team member who works on salvage with Science and then Security looks at more high-level incident response and changes needed to comply with Protect Duty. Labs have a separate emergency plan. Anyone completing COSHH risk assessments needs to have been trained on how to complete these and cannot submit one until the training has been completed.
- 12.4 The Director added that the emergency plans get 'road tested' more than expected. H&S work closely with the London Fire Brigade and get shown around all main areas they need to look at, such as where flammable materials may be located. JF has significant experience in emergency planning and related logistics and is willing to sense check the Museum's plans, to help understand what gaps there might be.

Action

KC 12.5 The rate of accidents in the Museum is very low considering the composition of the workforce and what they do. Once a week, accident data gets reviewed. There is no data to currently indicate a trend of an increased rate.

13. Annual Security Report 2022/23

- 13.1 Various staff presented the annual security report, covering physical and cyber security and information governance.
- 13.2 Work is ongoing to ensure the Museum is ready for the implementation of Protect Duty and the security services contract was extended in year. Significant work was undertaken on the new business continuity management system with departmental plans now written.
- 13.3 On cyber security, the Museum track upcoming risks and opportunities, such as AI. There will be threats the Museum does not expect and we need best security posture to react and recover from these.
- 13.4 The Technology Services team are more widely thinking about prioritisation of the most critical systems, such as a 'top 5' piece and what can and can't be recovered.
- 13.5 LF commented that the technical debt register was very helpful. The register has been presented to and reviewed by the Executive Board, with a focus on understanding of business impact.
- 13.6 The Museum is addressing over retention risks, including by examining the feasibility of sensitivity labels, informal catch ups with people closest to data protection activities. and via data privacy by design.
- 13.7 The Museum has a good view of data processing with a comprehensive data mapping exercise underway. The Data Protection Officer is also working through the implications of the UK digital information bill.

14. FUTURE AGENDA ITEMS

- 14.1 The Risk & Assurance Annual Report and Governance Statement will be revisited at the next meeting as part of the accounts sign off process.
- 14.2 The next meeting will be held on Tuesday 20th June 2023.

Key to action initials

Harris Bokhari	HB	Doug Gurr	DG	Neil Greenwood	NG
Kevin Coughlan	KC				