



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

**55<sup>th</sup> Meeting on Thursday 9<sup>th</sup> February 2012**

**Present**

Sir David Omand in the Chair  
Dr Derek Langslow  
Professor Sir Roy Anderson  
Mark Richardson (co-opted member)

**In Attendance**

Oliver Stocken (Chair of Trustees)  
Dr Michael Dixon (Director)  
Neil Greenwood (Director of Finance & Corporate Services)  
Jan Day (Head of Risk & Assurance/Committee Secretary)  
Lewis Knights (Audit Manager, National Audit Office)  
Martin Burchmore (Partner, Kingston Smith)

Louise Emerson (Head of Business & Commercial Strategy) was in attendance for item 13.  
Teresa Wild (Director of Programmes) was in attendance for item 14.

***ACTION***

**1 APOLOGIES FOR ABSENCE**

1.1 Apologies were received from Keith Lloyd (Director, NAO) and Nick Buxton (Partner, PKF).

**2 DECLARATIONS OF INTEREST**

2.1 There were no declarations of interest.

**3 MINUTES OF THE MEETING HELD ON 17<sup>th</sup> November 2011 (PAPER TAC 1/2012)**

3.1 The minutes were accepted as a true record of the meeting.

## **ACTION**

### **4. MATTERS ARISING FROM THE MINUTES**

- 4.1 Metal Thefts para 5.4 - The Head of Security had undertake a review to see if the Museum was exposed to metal theft and enhancements to security were being made where necessary.

### **5. AUDIT & RISK COMMITTEE TERMS OF REFERENCE AND ANNUAL CYCLE OF INFORMATION (PAPER TAC 2/2012)**

- 5.1 The Head of Risk & Assurance presented the terms of reference which had been updated to reflect the current practice of the committee.
- 5.2 Significant changes to the Museum's Risk Register – Significant changes to the Museum's Risk Register were either reported to the Audit & Risk Committee by the Director: (a) in his report; or (b) in a specific paper on corporate risks. Changes to corporate risks were also discussed with the Director at: (a) one to one meetings with the Head of Risk & Assurance; and (b) at quarterly review meetings of the Senior Management Team (SMT).
- 5.3 The Director was comfortable that there were mechanisms in place to notify the Head of Risk & Assurance as soon as possible of any changes to the risk profiles within departments. The Head of Risk & Assurance was closely involved with the corporate risk process and was a member of the SMT. Risk management was embedded in NHM operations such as the Museum's project, programme and portfolio management methodology. Departmental planning included reporting on risk management and the Head of Risk & Assurance reviewed departmental risk registers when carry out audits.

- MD 5.4 The Director observed that currently the Executive Board focused on the changing external and internal environment and how this impacted on the Museum's risk profile on an annual basis. He was considering whether to set up a small team to carry out horizon scanning throughout the year. This was important to monitor and evaluate NHM performance against the Strategic Plan and modify the plan where necessary.

### **6. DIRECTOR'S REPORT (PAPER TAC 3/2012)**

- 6.1 The Director presented his paper
- 6.2 Update on Rhino Horn Thefts - A man had been charged with the theft of two replica rhino horns from the Natural History Museum in Tring, Hertfordshire. As a result of the theft security procedures at Tring had been enhanced.

- MD 6.3 Reputational Risks - Ethical Policy - The Museum continued to receive criticism from BRICUP on the involvement of Ahava Dead Sea Laboratories in the NanoRetox EU funded project consortium. The Executive Board was looking to strengthen the process for reviewing how the Museum assessed the ethical and reputational risks associated with partners on research projects and also with sponsors. A paper will be presented to the Board of Trustees in May 2012.

- 6.4 It was noted that in January 2005 the Board of Trustees agreed an ethical framework for science and in July that year Trustees endorsed a broader Ethical Policy statement for the Museum as a whole. It was timely, therefore, for the Board to have a further discussion. The Museum was bound by a number of professional codes e.g. the Museums Association (MA) Code of Ethics for Museums.

- 6.5 The Museum had a Human Tissue Authority (HTA) licence. The NHM had not, however, set up an independent Ethical Review Panel for research projects involving human subjects.

## **ACTION**

- 6.6 Members recommended that:
- MD
- (a) the NHM discussed with Imperial College the possibility of using their Research Ethics Committee for research projects on human subjects;
  - (b) any revised Ethical Policy was open, made available on the Museum's website and on the staff intranet; and
  - (c) the Museum should take advice on ethical issues from appropriate sources e.g. the Foreign Office.
- 6.7 Reputational Risks - Internships - The Museum was recently named in the press as a publicly funded body employing unpaid interns. This was counter to the political views of the Deputy Prime Minister and the Liberal Democrats who considered that unpaid internships disadvantaged people from poor and underprivileged backgrounds. The Museum had approximately 21 interns usually in non-science departments e.g. Marketing, Press and Exhibition Interpretation & Design where the work was seasonal. The scheme which was administered by the HR Department was subject to open competition. Details about volunteering and internships were transparent and available on the Museum's website. The Director had explained to Treasury and DCMS officials that short-term project work helped to boost the careers of young people in a period of unemployment by providing them with work experience.
- 6.8 Memorandum of Understanding (MOU) with Royal Botanic Gardens, Kew - The MOU with the Royal Botanic Gardens, Kew was signed on 28<sup>th</sup> November 2011 as planned. There had been a number of discussions between NHM and Kew staff on areas to develop jointly. In addition, there had been a productive meeting with the Parliamentary Under Secretary for the Department for the Environment, Food and Rural Affairs (Defra) Kew's sponsor department. There was active support from Kew's Trustees to make meaningful progress.
- 6.9 Completion of Ten Years of Free Admission -The Museum hosted a National Museum Directors' Conference (NMDC) branded event on 1<sup>st</sup> December 2011 to celebrate the tenth anniversary of the reintroduction of free admission to National Museums. Lord Smith, Secretary of State for DCMS in 1997 and architect of the policy spoke, followed by Jeremy Hunt, current Secretary of State. Jeremy Hunt reinforced the government's commitment to the policy. The event received good media coverage.
- 6.10 International Activities - Following the Director's trip to Brazil in November 2011, he continued to work with British Council Brazil specialists to consider how the NHM may engage with the public and private sector in Brazil to advance opportunities to work there. The UK government, through the UK Trade & Investment (UKTI) and Foreign & Commonwealth Office (FCO), remained keen to advance British business interests in Brazil. In particular, focusing on the years between the 2012 London Olympics and the 2016 Games in Rio de Janeiro, Brazil.
- 6.11 The Museum was developing a programme of work to focus NHM international activities on a smaller number of target countries. Initially this programme was undertaking an audit of the full range of NHM international activities as a means of seeing where critical mass might be achieved.
- 6.12 Strategic Review of Planning and Design Consultancy (PDC) - Following the recently published Internal Audit report on PDC which was a paper at item 9, a strategic review was in preparation. The review will analyse the financial performance of PDC business over the past five years and consider how it fits with the proposed strategic approach to working internationally. The first meeting was on 10<sup>th</sup> February 2012 to discuss the terms of reference.

## **ACTION**

- 6.13 Attendance Figures – South Kensington and Tring continued to enjoy exceptional attendance figures. The calendar year 2011 ended with attendance at South Kensington at 4.79m, and Tring at c.129k visits, an all time record at both sites. November, December and January all saw record attendances for those months. February had also started exceptionally and high attendance figures were expected as usual during the February half term.
- 6.14 The figures did not include the estimated 200k to 500k people per year who decided not to join the queues at South Kensington. The queues were not a result of the bag check operation but were purely a result of the NHM monitoring the numbers inside the building to ensure everyone had a safe and enjoyable visit. The queues were, however, a reputational risk for the Museum that needed to be managed. The long term solution was opening new galleries and improving circulation flow. Architects were looking at the feasibility of a North Link which replicated Waterhouse Way. A provision for this had been made in the 2012 /2013 capital budget.
- MD/SA 6.15 The Chairman observed that the Trustees of the Development Trust should be briefed on the large number of visitors, crowding and circulation problems.
- 6.16 Commercial Performance - The on-site spend by visitors was still volatile. However, the Museum was gathering intelligence on what seemed to be the key determining factors. There was evidence, which was not conclusive, that when people were turned away by long queues in the shops and restaurants there was a resulting fall in spend per head. The retail outlets for both Veolia Wildlife Photographer of the Year and Scott's Last Expedition were delivering higher than expected levels of sales income.
- 6.17 Threats of Further Cuts to Grant In Aid -The Museum was asked by DCMS before Christmas to undertake a modelling exercise to outline the consequences of further cuts to grant in aid in 2013/14 and 2014/15. The Director had since questioned DCMS ministers on the likelihood of further cuts and they confirmed they had no current plans for further cuts to Museums.
- 6.18 DCMS Board Effectiveness Review - DCMS was undertaking a one off Board Effectiveness Review of DCMS sponsored bodies. The Director had been asked with 3 other Chief Executives and 4 Chairs to interview the Chairs and Chief Executives of 28 sponsored bodies. The review was less a consideration of the effectiveness of individual Boards or their members but generically what makes an effective Board. It was part of DCMS' process of trying to evaluate how they will engage with sponsored bodies with a reduced workforce after the Olympics. The Director observed he believed that it was better to participate than not be involved.
- 6.19 In addition, as part of the exercise DCMS was also trying to establish areas of financial and reputational risk within each sponsored body. The Director's expectation was that the Museum would be regarded as low risk by DCMS. It was noted that in line with best practice the NHM Board of Trustees commissioned external reviews of its performance every 3 years. In the intervening years, informal monitoring of the Board was undertaken by the Chair of the Board.
- 7. DIRECTOR OF FINANCE'S & CORPORATE SERVICES' FINANCIAL REVIEW FOR THE PERIOD APRIL 2011 – DECEMBER 2011 (PAPER TAC 4/2012)**
- 7.1 The Director of Finance & Corporate Services presented his paper. It was noted that the paper now showed capital expenditure gross and capital income net.
- 7.2 General Fund - The forecasted year end outturn for the General Fund was £5.594m which was an increase of £0.300m above the original budget of £2.427m.

## **ACTION**

- 7.3 Gross Capital and Projects Expenditure – There was a reduction in forecasted capital expenditure. This reflected delays based on ensuring robust business cases, project plans and external funding where required, were in place before allowing the expenditure to be committed. This had arisen as the Museum had improved its project management processes using the lessons from Darwin Centre 2. It was anticipated that circa £3.8m will be carried forward to 2012/13 as a designated fund predominantly for capital investment. It was noted that a full Business Case was not required when the capital bidding and evaluation process took place in the Autumn and budgets were approved by the Board of Trustees.
- 7.4 Members observed that there was a risk that the Museum may not have the human resources to effectively manage the backlog of 2011/12 projects together with the projects planned for 2012/13. Members said a large under spend on the capital expenditure must not happen year on year. The budgeting process needed to set budgets which were firm.
- 7.5 Over the last few years, the NHM has been enhancing project management capability and developing a more project management based approach to its business. The Museum had recently undertaken an exercise to re-assess its capability in project, programme and portfolio management using the former Office of Government Commerce's P3M3 maturity model. The results showed that the Museum had improved considerably over the last few years but was not yet where it wanted to be.
- 7.6 The Museum had used professional project managers on major projects such as the Darwin Centre. However, it did not always have the resources to bring in project managers on smaller projects.
- 7.7 It was noted that a review of project management was currently being undertaken by the Head of Risk & Assurance.
- 7.8 It was agreed that the Director of Finance & Corporate Services in his financial review paper to the Board of Trustees on 28<sup>th</sup> February 2012 would set out: (a) the capital expenditure outturn for 2011/12; and (b) the expected spend in 2012/13.
- 7.9 Trading Income - Members congratulated the Museum on the forecasted outturn for net trading income in 2011/12 which was approximately a 50% increase on the 2010/11 outturn.
- 7.10 It was observed that the Director reminded DCMS ministers at appropriate intervals that government funding had been flat. However, due to the Museum being able to raise money by commercial activity and sponsorship it had been able to spend £123m on capital projects over the last ten years of which only £36.3m came from government funding.
- 7.11 Transfer to the Natural History Museum Development Trust - Historic reserves which had been generated directly by the Museum sit as a cash fund within the balance sheet. However, they had never been recognised by the Treasury within overall Government resources. Historic reserves were, therefore, not available for use without Treasury permission. As part of the last comprehensive spending review settlement DCMS secured access to £143m of historic reserves over 4 years for the sector. As a result NHM had been granted access to use £1.262m of its historic reserves in 2011/12. However, given the Museum's financial position use of these reserves was not required during 2011/12. The intention was, therefore, to transfer the £1.262m prior to the year end as an unrestricted grant to the independent NHM Development Trust which was due to be established within the next week. This would ensure that the expenditure was recognised in this financial year. If this was not done there was a possibility that for the purposes of DCMS consolidation of sector spend, the Museum will be seen to under spend. This brought the risk of a corresponding reduction in cash grant in aid during 2012/13.

## **ACTION**

- MD/NG  
Development  
Trust Trustees
- 7.12 Members observed that: (a) Development Trust signatories needed to be in place to ensure control over the new Development Trust bank account; and (b) a service level agreement had to be set up between the Museum and the Trust. In addition, the Board of Trustees must be satisfied that measures were in place to protect the £1.262m. The appointment of external auditors was not currently on the critical path as the first audit of the Trust's accounts was in March 2013.
- DO
- 7.13 Members recommended that the Board of Trustees approved a grant payment to the Natural History Museum Development Trust of £1.262m.
- 8. EXTERNAL AUDIT MATTERS 2011/2012 (PAPER) TAC 5/2012**
- (a) Letter of Understanding with the Controller & Auditor General**
- 8.1 The letter of understanding updated the roles and responsibilities of the Museum and the NAO. The only significant change was in relation to the Clear Line of Sight project and the fact the Museum's accounts will be included in the consolidated financial statements of DCMS for the first time in 2011/12. There was also a reference to the Bribery Act 2010.
- (b) Kingston Smith Audit Strategy**
- 8.2 The Kingston Smith Partner presented his paper.
- 8.3 Audit Fees - the Committee reviewed the strategy and approved the estimated audit fees which were the same as last year. It was noted, however, that Kingston Smith came in under budget in 2010/11 on the corporation tax return and compliance work including iXBRL encryption and filing which was not as difficult as expected.
- KS
- 8.4 Internal Controls – Kingston Smith had met with the Head of Risk & Assurance to discuss internal audit work specific to the trading company. The meetings with the Head of Risk & Assurance had proved to be very efficient and helped to avoid duplication of work. In future they will be held twice a year.
- 8.5 Key Areas – Kingston Smith had held their pre audit meeting with the Director of Finance & Corporate Services. As a result Kingston Smith had not identified any area at a higher risk of misstatement in the accounts. The key areas identified required cut off and completeness testing e.g. attending sample stock takes and completeness of creditors where there had been minor issues in the past. Major projects included Restless Planet and a contract with a major company for the purchase of scientific equipment to analysis mineral samples.
- MD/SA
- 8.6 Retail Shops - It was observed that with the increased trading of the Retail Shops stock turnover and shrinkage required close scrutiny. The Director said information on Retail performance would be brought to the Committee at a future date.
- 8.7 Fraud – Following Kingston Smith discussions with the Director of Finance & Corporate Services and Head of Risk & Assurance there was nothing to report.
- 9. HEAD OF RISK & ASSURANCE PROGRESS REPORT TO FEBRUARY 2012 (PAPER TAC 6/2012)**
- 9.2 The Head of Risk & Assurance presented her progress report and her internal audit report on Planning & Design Consulting (PDC).
- 9.3 Key Financial Controls - There were no significant issues arising from the review of Key Financial Controls.

## **ACTION**

- JD 9.4 Audit Plan - The audit plan highlighted the possible period of review for each audit. The Head of Risk & Assurance, however, agreed to ensure the audit plan was updated to reflect any revised periods of review.
- 9.5 Internal Audit Transformation Programme - At the Treasury Programme Board Meeting on 7<sup>th</sup> February 2012 Board members asked the team of consultants from Grant Thornton to gather further information and evidence for the project. There was currently no proposed model(s) for any new internal audit structure. Grant Thornton was considering how to engage with smaller bodies to adequately reflect their issues. The Head of Risk & Assurance had attended a meeting of smaller bodies at the Treasury. Those who attended were DVLA, HSE, Office of Fair Trading, Department for Transport, Young People's Learning Agency, and Ordinance Survey.
- 9.6 Planning & Design Consulting (PDC) - The Chairman thanked the Head of Risk & Assurance for her report. The Chairman and members were surprised and interested to see the range of projects undertaken by PDC. Members were also of the view that any future consideration of PDC should not be dominated by Restless Planet.
- MD/JD 9.7 The Chairman requested that there was a full Audit & Risk Committee discussion of PDC following the completion of the strategic review.
- 10. INTERNAL AUDIT & RISK STRATEGY (PAPER TAC 7/2012)**
- 10.1 The Head of Risk & Assurance presented her strategy.
- 10.2 The Internal Audit Team terms of reference were approved by the Museum Director and the Directors. The terms of reference had not, however, been formally approved by the Audit & Risk Committee. The Head of Risk & Assurance had developed the terms of reference into an Audit Strategy which complied with HM Treasury Good Practice Guide: Audit Strategy.
- 10.3 It was also considered good practice to develop an Assurance Map to: (a) avoid duplication of work; and (b) support the preparation of the Governance Statement in the annual accounts. The Assurance Map which was based on a simple template was work in progress.
- 10.4 Bribery Act 2010 - The Museum had further work to complete on the Act which came into force on 1<sup>st</sup> July 2011. The Head of Risk & Assurance had, however, included theft and bribery in her 2012/13 annual plan. It was noted that the Act was particularly relevant in relation to the Museum's international strategy. Staff needed to be made aware of those countries where facilitating payments were considered part of normal business practice. Facilitation payments were bribes under the Bribery Act 2010.
- MD/NG/JD 10.5 The Museum's finalised Bribery Policy will be presented at the Annual Policy update for managers.
- 10.6 Members approved the Audit Strategy and had no comments to make on the Assurance Map.
- 11. RISK & ASSURANCE DRAFT PROPOSED PLAN 2012/2013 (PAPER TAC 8/2012)**
- 11.1 The Head of Risk & Assurance presented her plan.
- 11.2 The Director had discussed the plan with the Head of Risk & Assurance. The plan was a dynamic document and may change in the light of changing risks and priorities.
- JD 11.3 It was observed that the review of Olympic Readiness should be completed as soon as possible.

## **ACTION**

- JD 11.4 Members agreed the draft plan in principle, with the caveat that the Committee would reconsider the draft plan at the May meeting in the light of the definitive, ranked list of 2012/13 major corporate risks to be presented at that meeting.
- 12. MAJOR CORPORATE RISKS 2012/2013 (PAPER TAC 9/2012)**
- 12.1 The Director presented his paper.
- 12.2 At this time of year NHM senior managers started to focus on the changing external and internal environment and consider how this will impact on the Museum profile of risks. NHM managers considered this in terms of risks: (a) NHM faces because of the sort of organisation the NHM is; (b) risks the NHM imposes upon itself; (c) risks NHM has no control over; and (d) risks that were emerging as the result of novel circumstances.
- 12.3 Committee members were asked to consider a range of factors and how these might impact the risk profile of the Museum.
- 12.4 Major Corporate Objectives – It was observed that the focus point for any discussion on the Museum’s risk profile should be the major corporate objectives as set out in the Strategic Plan.
- MD/NG  
Audit & Risk  
Committee  
Members 12.5 Development Trust - The roles and responsibilities of the Audit & Risk Committee needed to be re-examined in the light of the establishment of an NHM Development Trust.
- 12.6 International Strategy - UK exports to emerging economies were lower than any other major economy. There will be a lot of pressure on organisations such as the Museum to improve relationships and trade with emerging economies. It was observed that Chinese Natural History Institutions tended to acquire knowledge from museums and universities and then utilise the knowledge themselves. There were, however, opportunities in the pharmaceutical sector as the population of countries like China and Brazil trusted western products more than those of their own countries.
- 12.7 Regional Museums - NHM did a lot of out reach in the regions and one of the Strategic Plan programmes was related to this. The NHM had links with the Jurassic coast (The Dorset and East Devon Coast), Scarborough and a number of other museums through NHM educational work. However, the NHM did not get the same media coverage and DCMS recognition as some other organisations e.g. the British Museum. One of the Director’s Policy Advisors had recently been on secondment to the Brunswick Group LLP. The Policy Advisor had come back with interesting data which showed NHM media coverage was good. The Director agreed the Museum needed to develop its brand in the regions.
- 12.8 Wage Freeze -The wage freeze had made NHM vulnerable to losing key staff to other better paid jobs elsewhere. It also had the effect of distorting NHM pay band scales as the Museum had to pay more for IT and other professionals.
- 12.9 Contemporary Protests - The Committee noted the prevalence of demonstrations in recent months involving protestors setting up encampments at St Paul’s Cathedral and elsewhere. Those causes had no direct connection to the NHM but it was important that institutions in prominent locations such as the NHM nevertheless had appropriate policies in place as part of contingency planning. The Director agreed to pursue.
- MD



## **ACTION**

- 13, PRESENTATION BY THE HEAD OF BUSINESS & COMMERCIAL STRATEGY ON THE CORPORATE RISK “OUR COMMERCIAL BUSINESSES ARE NEGATIVELY AFFECTED BY THE EXTERNAL ECONOMIC CLIMATE” (PAPER TAC 10/2012)**
- 13.1 The Head of Business & Commercial Strategy made her presentation on the management of the risk.
- 13.2 The Director of Finance & Corporate Services Director adjusted the business plan targets before preparing the budget forecasts for the Museum to lower the risk of reduced income/contribution. Businesses reported on variances from target on a monthly basis throughout the year. However, those operating in a dynamic market e.g. retail reported weekly.
- 13.3 The Chairman and members congratulated the Head of Business & Commercial Strategy on the performance of NHM commercial businesses.
- 13.4 Master Planning – Revenue generating opportunities e.g. new shops were considered during master planning. Steady progress has been made in the development of NHM relations with the Royal Borough of Kensington and Chelsea (RBKC) which should prove fruitful in the development of a new facility on Museum Lane in mid 2012.
- 13.5 Events - There had been a significant recovery in the Events business and any reversal in 2012 will be compensated for by the Olympics. Museum pricing was competitive against other similar organisations and NHM was well positioned to deliver large events. For over two years the Events team had been building relations with the Olympic Committees who were organising corporate hospitality during the Olympics. The Museum had promoted the events business to the Olympic partners although more could be done.
- 13.6 E-Shop - The eShop had not received funding this year. An outline business case will be completed over the next few months to underpin the funding bid in September 2012 for delivery of the eShop in 2013. It was noted that in the multi-platform world multi-platform trading was considered to be essential for business. The Director observed that large economies of scale were needed for e trading and the Museum would explore the possibility of establishing commercial partnerships. The Commercial Visiting Group in 2011 had made a number of recommendations and the Museum had access to good professional digital advice.
- 13.7 Intellectual Property – There were opportunities for generating income from intellectual property. However: (a) managing the political and academic sector expectations; and (b) understanding the legal framework, was particularly complex as unlike other institutions in the sector NHM had a large science research component.
- 13.8 Members thanked the Head of Business & Commercial Strategy for her informative presentation.
- 14. PRESENTATION BY THE DIRECTOR OF PROGRAMMES ON THE INHERENTLY LONG TERM RISK “CRITICAL FAILURE OF CORE INFRASTRUCTURE DUE TO INADEQUATE INVESTMENT” (PAPER TAC 11/2012)**
- 14.1 The Director of Programmes explained that she was the Chair of the Museum Programme Group which monitored infrastructure projects.
- 14.2 Critical infrastructure was broken down into three areas Security, Building and M&E and IT. Mechanisms were in place to identify issues, prioritise actions based on risk and allocate resources where needed.

## **ACTION**

- 14.3 The Head of Security undertook an in depth review (Feasibility study) of total security infrastructure in 2011 to prioritise a list of security infrastructure projects for implementation in 2011/12 and 2012/13. This assessment was endorsed by the Security Enhancements Programme Board.
- 14.4 A Cross estate Building Condition Survey was undertaken every five years and a programme of works to implement priorities developed. Minor works paid for out of a lump sum allocation were prioritised by the Estates Department in partnership with other departments.
- 14.5 A Digital Review had identified IT infrastructural needs which were prioritised by the IT team and agreed by the Director of Finance & Corporate Services.
- 14.6 Security, Building & M&E and IT major capital infrastructure bids were submitted to the October Executive Board Planning Conference. Examples of current projects were the collections storage infrastructure projects and the refurbishment of the North Tower roof which covered the Library. In addition, it was noted that the Security budget had been increased at the October 2011 Executive Board Planning Conference following the review of Security infrastructure,
- 14.7 Urgent critical infrastructure issues that occurred during the year were considered and resources reallocated. The Estates Department and IT held lists of critical infrastructure issues which may give rise to unexpected problems.
- 14.8 The Chairman observed that government departments were now focusing on making infrastructure resilient rather than waiting for infrastructure to fail. It was important to design and refurbish infrastructure so that: (a) it had a long operational life; and (b) it was easy to carry out maintenance.
- 14.9 The Director explained that it was the Museum's capital investment policy to plan and budget for resilience. Business cases for new galleries included the cost of replacing the entire infrastructure. However, like other public buildings NHM had a significant back log of maintenance. The financial and human resources allocated to improving infrastructure resilience had to be balanced against those needed for: (a) refreshing the public offer; and (b) improving scientific collection storage.
- 14.10 Members thanked the Director of Programmes for her informative presentation.

## **15. RISK & ASSURANCE AND AUDIT & RISK COMMITTEE EFFECTIVENESS**

### **(a) Risk & Assurance Effectiveness**

- 15.1 The Head of Risk & Assurance had carried out an internal assessment against HM Treasury Internal Audit Quality Assessment Framework. The Audit & Risk Committee considered and approved the assessment. They were happy that Internal Audit services in the Museum were appropriately positioned and of the necessary quality.

### **(b) Audit & Risk Committee Effectiveness**

- 15.2 Members completed a review of their effectiveness and were happy with their performance.
- 15.3 Closed Session – It was noted that a closed session with the Head of Risk & Assurance and external auditors took place periodically at the request of the Chairman or the auditors.
- 15.4 NAO Guidance - The NAO Audit Manager highlighted the fact that the NAO “Audit Committee self-assessment checklist” and “Helping your Audit Committee to add value” guidance had been updated in January 2012.

## **ACTION**

### **16. ANY OTHER BUSINESS**

- 16.1 Martian Meteorite - The Museum was able to purchase at very short notice a rare Martian meteorite that could help unravel the mysteries of Mars. The meteorite was the largest piece from a shower of stones that fell to Earth in Morocco in July 2011 near the village of Tissint. It was now the largest Martian meteorite in the Museum's collections. The acquisition was made possible through the generous support of a private donor who wished to remain anonymous. The meteorite was on temporary display in the Museum's Mineral Vault gallery.
- 16.2 The acquisition was a news item on the Museum's website on 8<sup>th</sup> February 2012 together with a video clip narrated by the Museum's meteorite expert. The item was number 7 on the BBC list of most popular web sites that day. The meteorite had already been subjected to non invasive CCT scanning.
- 16.3 Treasures Gallery - In autumn 2012 the Museum will be revealing some of its most amazing specimens in the new Treasures Gallery. The specimens will be selected not only for their scientific value but also for their historical, aesthetic, social and cultural worth.
- 16.4 The Director acknowledged that the Museum needed to do more to increase its capability to respond quickly to current news stories. The Museum had display space on the West Water House Way which was used, for example, when Prof Chris Stringer's story on human skull cups was in the news.

### **17. DATE OF THE NEXT MEETING**

- 17.1 The next meeting will be held at 10.00 a.m. on Wednesday 9<sup>th</sup> May 2012

### **KEY TO ACTION INITIALS**

Sir David Omand - DO

Michael Dixon - MD

Neil Greenwood - NG

Sharon Ament - SA

Jan Day - JD