Present

Hilary Newiss (Chair)
Professor Sir Stephen Sparks FRS
Harris Bokhari OBE
Colin Hudson (independent member)
Luke Fairless (independent member)

In Attendance

Lord Green of Hurstpierpoint (Chair of Trustees)
Dr Douglas Gurr (Museum Director)
Neil Greenwood (Executive Director of Finance and Corporate Services)
Kevin Coughlan (Risk & Assurance Manager)
Alex Macnab (Director, DCMS Financial Audit NAO)

In attendance for the presentation of annual assurance reports (items 11-13) were:
- Dr Sarah Long (Head of Registry)
- Dr Tim Littlewood (Executive Director of Science)
- Esme Chapman (Data Protection Officer)
- Chris Sleep (Information Security Manager)
- James Downs (Head of Security)
- Eleanor Pirie (Head of Health & Safety)

Action

1. **Apologies for absence**

1.1 Apologies were received from Sebastian Groth (Audit Manager, NAO).

2. **Declarations of interest and Register of Interests**

2.1 These were noted by the Secretary to the Audit & Risk Committee. Hilary Newiss had requested in advance of the meeting that Chair of the British Science Association was added to her Register of Interests.

3. **Minutes of the meeting held on Tuesday 25th January 2022**

3.1 The minutes were approved subject to a small amendment to clarify wording around cyber risk.

4. **Matters Arising from the Minutes**
Action

4.1 Members reviewed the matters arising and closed completed items.

4.2 Terms of Reference – The Committee approved the updated Terms of Reference, so this was closed.

4.3 Audit & Risk Committee Self-Assessment – the Committee had not yet had chance to fully review the NAO self-assessment framework and requested the document was resent to all members.

KC

4.4 Risk Management Policy – KC and NG will discuss and update the policy and bring it back to the next meeting.

NG

4.4 Priority 3 recommendations – KC will go through the historic open recommendations and follow up with those responsible for implementation. A wider discussion will be held on whether any risks should be accepted without the recommendations being implemented.

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 2021/22. The OPQR recognised increased risk around network infrastructure in particular. The June Committee will be presented with a revised list of key strategic risks for monitoring throughout 2022/23.

5.2 The Director outlined his main concerns, these being:
- Completing negotiations for Harwell land deals
- Supply chain and construction price inflation presenting largest financial risk, affecting ongoing and upcoming construction projects. This is a sector wide issue but very high risk, also affecting the cost of transportation and capacity.
- Tech infrastructure resilience – recruitment has been challenging in this area meaning there is not much resilience within the team in case of resignations.

5.3 There is an ongoing review to identify which ‘critical’ roles lack cover. These are mostly in Technology Services (TS), but there are additional roles in Estates and Events & Ops.

5.4 Junior and senior development roles have now been established within TS. However, the Director aspires to set up a talent ‘pipeline’ longer term to address skills shortages in TS via an in house apprenticeship programme. This will result in a better model than trying to solve staffing issues through salary alone.

5.5 With respect to visitor number recovery, which is a risk monitored quarterly, members were interested in knowing what is the best level of capacity to generate the most income? The Director explained that once visitor numbers reach 20,000 per day, then crowding does present a concern. This leads to the Museum not getting the contribution per visitor they normally would and affects the overall visitor experience. Therefore people are encouraged to pre book. If there is capacity, people can still obtain a walk up ticket and this ensure there is no disadvantage to those who may not have an internet connection.
5.6 However, if 30-40k per day do want to come, how do we make the Museum a safe environment and not affect the quality of visit? Visitor flow is being addressed as one of the actions in the operating plan.

6. **Director of Finance & Corporate Services’ Financial Review for the period April 2021 - March 2022 (provisional year end outturn)**

6.1 The Executive Director of Finance & Corporate Services presented the provisional financial position for 2021/22, based on the best available figures at the time of writing.

6.2 The Museum has had a good year financially. 1 million visitors had originally been budgeted for, whilst the actual number of visitors was 2.3 million. Visitor numbers have a direct impact on self-generated income. Donations, catering / shop spend per head had all been better than pre covid levels. Additionally, the ice rink had 260,000 visitors, which was its best ever year.

6.3 With respect to expenditure, some additional funds were released when doing the budget, which have not been fully spent. Science is now getting back to full complement after some significant redundancy costs in 2021. Additional covid support was received in January/ February across the sector from DCMS. There has been some additional capex slippage since autumn and the Museum needs to review impacts of this on commitments going forwards. Overall, the Museum ended the year in a better position than from what was presented in the original budget.

6.4 There are several challenges on the horizon for 2022/23. Whilst April has been a good month in terms of visitor numbers, there is a concern that as overseas visitors start returning (currently around 20% of total visitors), domestic visitors might decrease. The original forecast was to welcome 2.8m visitors in the year. The Museum expects to exceed this but does not expect visitor numbers to reach 5m (pre-covid visit levels) and is awaiting to see what additional covid support will be offered. Additionally, there is no ice rink going forwards and some significant capital commitments in year, with a shortfall in funding commitments for the Urban Nature Project. Supply chain pressures will also be present.

6.5 Members questioned if there may be an argument that the Museum received more covid support money than needed, given the Museum’s financial position was better than expected. However, they noted that the financial position has been compared against the budget and not the income / expenditure prior to covid lockdowns. If compared against this, the financial position is still significantly down. Members did not feel this came across strong enough when examining the provisional outturn and suggested adding a sentence to the narrative such as “strong but to budget rather than to 2-3 years ago”.


7.1 Following from the financial review, the Executive Director of Finance & Corporate Services presented the annual accounts update and draft governance statement. There will be a detailed read through of the accounts in June, led by the Executive Director of Finance and Corporate Services to which all Committee members are invited.
7.2 The Trading Company Audit is scheduled for the week of 03/05/2022. A stock take for this year has already been undertaken. As the Trading Company made a profit during the year, there are no going concern issues. With respect to the Museum itself, the NAO are not aware of any substantial issues.

7.3 A first draft Governance Statement was presented. A paragraph on compliance with Russian sanctions will be added; however, the Museum has responded to DCMS stating that we are compliant. The Committee also requested a check to ascertain if there are any Russian IT suppliers (or who have satellite offices there) that could cut off services and cause resilience problems? The Executive Director of Finance and Corporate Services was not aware of any but would confirm for definite.

7.4 With respect to investments, it is difficult to be certain about whether CCLA Investment Management do not invest in Russian companies. Entrants into Wildlife Photographer of the Year can be Russian entrants, as these are individuals.

7.5 Key mitigating actions still need to be added to the strategic risk areas outlined, which will reflect what is mentioned in the annual assurance reports. Members requested mentioning the appointment of an in-house lawyer, as this helps with compliance. Executive Directors and other risk owners are assessing risk appetite to ensure it is set at the appropriate level for the Museum and associated activities.

7.6 The Committee noted that the Commercial Advisory Committee ceased operating during 2021/22. Members requested it be made clearer that what this Committee would have considered will now be considered by main Board.

8. Risk & Assurance Annual Report to the Accounting Officer and Audit & Risk Committee 2021/22

8.1 The Risk & Assurance 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 ‘Substantial’.

8.2 The Committee had a discussion on the level of assurance given, and whether ‘Substantial’ could be robustly justified. LF was interested to know whether ‘Substantial’ meant there was confidence in an area and knowing where any gaps in assurance and internal control are or whether there is full confidence the right controls are in place.

8.3 ‘Substantial’ should mean there is nothing of concern, not just that the Museum knows where the gaps in controls are. The NAO commented that most Museums only had ‘Moderate’ assurance.

8.4 The Risk & Assurance Manager had undertaken a robust analysis of work done against audit opinions and felt there was a strong case that could be made for either ‘Moderate’ or ‘Substantial’. Members opined a preference to be cautious and would therefore prefer to have ‘Moderate’ assurance. This will be discussed further outside the main Committee.
The Chair requested that all historic priority 3 recommendations be followed up before
the next Committee with a view to either accepting risks or finding out why progress is
stalling.

The Committee reviewed an example audit report on GDPR. They noted the level of
detail was reassuring, but had a question around once the expiration date for personal
data is reached, how easy is it to delete it? KC explained that the Museum does not have
the ability to delete the data directly on systems such as the Galaxy Ticketing System and
the CRM the Museum uses. There is an ongoing project to address data retention in the
CRM. The Data Protection Officer is in discussions with Galaxy, who have stated there
will be capability to anonymise by the end of the year.

The Report will come back to the June Committee for final approval, as it needs to form
part of the accounts and annual report sign off process.

9. Draft Risk & Assurance Annual Plan/ Priorities 2022/2023

The Committee discussed the draft Risk & Assurance plan for the new financial year. The
draft plan had been drawn up between the Risk & Assurance Manager and the Executive
Director of Finance and Corporate Services and was presented to gain input from the
Committee.

The plan was designed to help the Museum when moving into a post covid era. The
planned audits on strategic risks seemed appropriate. However, there are 10-12 strategic
risks and not all have a review alongside them, so the Committee requested additional
explanation on how the risk coverage has been chosen. LF held a conversation with the
Information Security Manager about what IT areas to look at and the Chair will have
further discussion with the Registrar on any possible collections review.

The Committee approved the plan subject to the clarifications mentioned. There will be
a separate discussion involving the Chair and Risk & Assurance Manager to look at the
plan as compared to the risk universe to ensure there are no major assurance gaps.


The Committee discussed the draft of the A&R Committee’s Annual Report for 2021/22,
prepared by the Risk & Assurance Manager and suggested some minor amendments.

The Chair will lead a read through of the Governance Statement and accounts in June, in
time for the board meeting on 4th July. This will be held in conjunction with the Executive
Director of Finance and Corporate Services and all other Committee members are
welcome to attend if they wish to.

11. Annual Collections Assurance 2021/22

The Head of Registry presented the Annual Collections Assurance. This gave overview of
collections activity related to research and exhibition loans, acquisitions, disposals,
loss/damage, salvage, and other areas related to collections care. An update on the new
Collections Management System project (RECODE) was also included.
11.2 Points discussed:
The Registrar explained the concept of Digital Surrogates in lieu of physical research loans in response to a question from the Committee. Digital surrogates will never fully replace physical loans but reduced, and this trend will continue as more of the collection becomes available on-line. Digital loans Information available online helps researchers refine what they want to look at and access, reducing the number of physical loans needed and minimising travel risk. Regular information is provided to Trustees on digital surrogates.

11.3 The Museum received four significant donations via the Arts Council England Cultural Gifts Scheme this year, which were all fragments of the Winchcombe meteorite. The Museum hopes to draw more collections via the Cultural Gifts Scheme in future years, as the Museum rarely acquires collections this way.

11.4 The Registry will undertake to address the departure of the Executive Director of Engagement and the Science reorganisation in terms of how responsibilities will be allocated. The regular review of the Collections Policy Framework is not due until 2023/24.

11.5 The Committee asked a broader discussion on collections development would be useful. The Executive Director of Science responded that there was much to consider, and that many organisations were looking at how and what they collect. The Head of Registry agreed that a future discussion with Science Advisory Committee would be helpful.

11.6 Overall, the Head of Registry is satisfied with the current level of controls. The current focus is on ensuring the Museum has the right controls in place for Harwell, which is an active topic.


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 so are being stretched as H&S contribute towards this. With respect to the Fire Precautions Programme, H&S are implementing the quick recommendations initially, which are mainly lower priority. There is an action plan and schedule in place to implement the more complex recommendations.

12.2 The Head of H&S explained more about the ISO 45001 accreditation renewal and its benefits. The certification is very helpful in managing the governance over H&S. Whilst it would not affect insurance, the Museum does not want to go backwards, and the certification gives an external source of assurance. She has agreed a plan with Estates to close out the current non-conformities prior to the next BSI visit, to ensure the Museum keeps the certification.

12.3 The Health & Safety unit have recently also had a budget confirmed for the replacement of Sphera, the current H&S Management System. A new system would streamline
incident management and reporting and make it easier to submit fieldwork official absences and risk assessments, improving compliance.

12.4 SS asked how the new policy on disallowing e-bikes on site and how this fitted into the Museum’s decarbonisation strategy. Whilst scooters and unicycles aren’t legal yet, there is a Transport for London trial. Parking is available at South Kensington station, providing a convenient drop off point for people who wish to use them. H&S will keep this under review, as they expect the law will be changed and so the Museum will need to look at how we accommodate them. The batteries used in them can explode so there would need additional infrastructure to manage them safely on site.


13.1 Various staff then presented the annual security report, which covered physical and cyber security and information governance.

13.2 Points discussed:
There have been 12 significant cyber incidents in year, mostly relating to laptops that have been lost or stolen. All laptops have been fully encrypted, eliminating the data risk. Compliance with mandatory training has been good and a recent simulation exercise showed that overall awareness of cyber security risk amongst Museum staff remains high.

13.3 The Museum is monitoring National Cyber Security Centre (NCSC) guidance on potential Russian cyber threats – no threats directly target the UK yet, but the NCSC released a checklist of threats to focus on to ensure organisations are as protected as they can be.

13.4 Crime in Museum very low currently, possibly due to the ticketing system introduced to managed visitor flow during coronavirus restrictions. However, crime is rising outside the Museum. The Head of Security is also ready for the introduction of the PROTECT duty, which is expected in 2023.

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 Thursday 23rd June 2022.

**Key to action initials**

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