

TRUSTEES' AUDIT AND RISK COMMITTEE

Meeting No 107

Paper No 1a

THE NATURAL HISTORY MUSEUM

AT A MEETING

ON 11 FEBRUARY 2025

AT 02.00 P.M.

Present

Shahpur Kabraji (Chair)
Professor Dame Jane Francis DBE FRS via Teams
Robert Noel
Colin Hudson – independent member
Luke Fairless – independent member

In Attendance

Dr Douglas Gurr (Director)
Helen Whitehouse (Chief Operating Officer)
Siobhán Tighe (Chief Financial Officer)
Melissa Clifford-Turner (Head of Finance)
Stephanie Wilson (Financial Controller) via Teams
Kevin Coughlan (Internal Audit Manager)
Heather Bonney (Principle CiC for Vertebrates and Anthropology, Collections) for item 10

External representatives

Martin Burgess (Director, DCMS audit, National Audit Office)
Shannon Holmes (Audit Manager, National Audit Office) via Teams
Anita Raj (Head of Finance Business Partners - Culture & Media, DCMS) via Teams
James Cross (Partner, Moore Kingston Smith LLP)

Secretariat

Rosalind Glass (Chief of Staff)

Apologies

Lord Tony Hall (Chair of the Board of Trustees)
Colin McInnes (Deputy Director of Finance, DCMS)

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MEMBERS' REGISTER OF INTERESTS (PN1a)

Declarations of Interest and changes to the Register of Interests were made and recorded by the Secretariat.

MINUTES OF THE MEETING HELD ON 30 OCTOBER 2024 (PN1b) AND MATTERS ARISING (PN1c)

The minutes of the meeting of the Committee held on 30 October 2024 were confirmed as a true record and signed off by the Chair.

All matters arising were noted as completed or scheduled for a later date.

2 DIRECTOR'S REPORT (PN2)

The Director updated the group on major strategic risks since the last meeting as part of the Q3 Operating Plan Quarterly Review.

Key business items since the last meeting were summarised, including an update on capital budget for the following year (yet to be confirmed), and strike action by security guards against Wilson James (a shared consortium supplier with V&A and Science Museum).

The committee asked if there were any out of the ordinary Collections security incidents. The Director reported there were not but collections storage in general would remain a concern and risk until Collections could be moved, which was obviously in planning. The museum was taking additional measures with contractors to protect the Collections.

Members asked about the existence of tactical solutions to protect against data loss at the museum. The Director and Chief Operating Officer assured the committee that cyber security remained a key priority to the museum and it had made key steps on addressing risks like tech debt, enhancing cyber audits and looking to implement a 24/7 security system. ACTION: COO to follow up with the Chief Information Officer on the current performance of IBM given ongoing issues with a number of public sector organisations.

3 CHIEF FINANCIAL OFFICER'S REPORT (PN3)

The Chief Financial Officer summarised the Financial Review for period 9. The committee asked for more detail around science funding income in the report. ST noted more detail around science income would be presented later in the meeting in Item 6. HW flagged that there are various other points where science income is reviewed in more detail by the Senior Leadership team outside of the financial period reporting and that diversifying museum funding via science would be a priority for the new Director of Research role.

A question of why re-profiling of NHM Unlocked as RIBA Stage 5 was pushed back was answered and resolved (due to contract award moving from January to the Spring).

4 RISK & ASSURANCE PROGRESS REPORT UPDATE (PN4)

The Internal Audit Manager updated the committee on Risk & Assurance since the last meeting including reviews completed (in collaboration with audit partners) and in progress, and challenges encountered including a gap in provision due to temporary resource issues. The audit on energy had been deferred to 2025/26 to allow for a full year of operation of the new energy system, and further areas for audit were in planning with the Chief Financial Officer to undertake a more comprehensive audit of financial controls and systems. The Risk Universe would no longer be used and would be merged with those strategic risks widely used by the museum resulting from the Operating Plan to ensure better consistency in reporting. The live audit on risk management within NHM was well timed to inform that change.

The committee questioned the standard of the financial assurance process and the decision not to undertake a financial controls audit in 24/25. The Chief Operating Officer reported plans were underway to thoroughly audit assess the museum's financial processes early in 25/26, informed by the assessment of the CFO during the first few months of her tenure. The National Audit Office confirmed how they assessed organisational assurance on a number of factors, not on single audits alone.

The committee asked for assurance that all full audit reports included findings, associated recommendations, and confirmation of recommendations assigned (to whom by which deadlines)

and timescales. This was confirmed by The Chief Operating Officer who suggested bringing a small snapshot of this in a recent audit report to the next meeting.

5 SAFEGUARDING AT THE MUSEUM (PN5)

The HR Director summarised a recent expert review on safeguarding at the museum which had resulted in external training, and confirmed museum standards in this area were good. Trustees asked for any specific areas of concern. All questions were answered and resolved.

6 BUDGET AND THREE-YEAR PLAN

The Chief Financial Officer presented the budget and three-year plan. The group discussed DCMS funding and potential outcomes depending on what is received. The Committee requested ST share the slide deck for this item (actioned). The group once again discussed the concept of charging some international visitors.

A detailed budget forecast would be sent to members after the meeting for approval ahead of the Board of Trustees meeting on 26 February.

7 NAO AUDIT PLANNING REPORT (PN7)

Martin Burgess introduced the National Audit Office Audit Planning Report, highlighting a request in the document to raise any concerns around fraud, attempted fraud or financial risks that hadn't been flagged in the report. A proposed fee would be provided separately in a future meeting.

Shannon Holmes, representative of the National Audit Office summarised the document, reporting no new significant risks for the museum although some, particularly in Estates (property) and evolved significantly.

8 MOORE KINGSTON SMITH LLP PRE-AUDIT LETTER

James Cross, representative for Moore Kingston Smith LLP, summarised the pre-audit letter which detailed the usual pre-audit scoping report including a fee proposal. JC reminded the group that he had taken over from Anjali Kothari since the last meeting. The committee had a question over cash sales which was answered and resolved.

9 COMMITTEE TERMS OF REFERENCE (PN9) AND ANNUAL CYCLE OF INFORMATION (PN9a)

Rosalind Glass summarised minor changes to the terms of reference, to terminology and job titles alone. No changes had been made to the content of the annual cycle of information, but it had been reformatted. Both items were approved by the committee.

10 ANY OTHER BUSINESS

The Chief Operating Officer welcomed the museum's new Financial Controller, Stephanie Wilson, replacing Lewis Kershaw who has been excellent as Financial Controller over the last few years

The Head of Finance gave an update on the museum's investment policy and requested approval to exceed the £12m limit, as the committee had approved in the previous financial year. This was approved. MCT also requested approval to change said limit within the policy to £20m for future decisions to avoid having to receive committee approval. After discussion the committee gave approval for this but recommended the team revisit investment for such funds, an action for the Chief Financial Officer agreed.

The Head of Finance requested the Secretariat schedule an informal meeting of the committee one week before 18 June 2025 to review the annual accounts before their submission.

The Chair noted topics for future meeting deep dives including the South Kensington site's capability to expand as part of NHM150. All were endorsed.

There being no other business, the meeting was closed.

DATES OF NEXT MEETINGS (2025)

Tuesday 13 May

Wednesday 18 June

Tuesday 4 November