
Risk Management policy

Approved by the Standing Committee, January 2015. Reviewed by the Audit Committee with no material changes recommended, October 2016, 2017, 2018, 2019 and 2020.

1. Policy principles

Risk is unavoidable and the resources available for managing risk are finite. The aim of risk management within the Museum is therefore to achieve an optimum response to risk, prioritised in accordance with an evaluation of the risks. The approach adopted takes into account the best practice guidance from the National Audit Office and risk management standards.

The Museum assesses risk through consideration of the likelihood of something happening, and its potential impact. Risk management within the Museum includes:

- identifying and assessing risks (the “inherent risks”);
- assigning each of those risks to an individual risk owner;
- setting an agreed risk appetite (the “risk targets”);
- evaluating the effectiveness of relevant mitigating controls;
- assessing the risks remaining given the controls in place (the “residual risks”); and
- agreeing, implementing and monitoring controls to reduce the variance between residual and target risks

2. Roles and responsibilities

Risk management is everybody's responsibility, and is embedded within the Museum through established business planning processes which ensure that risks

to achieving plan initiatives are identified as those initiatives are developed and project risks are considered at each project gateway.

The Board of Trustees has statutory duties under the British Museum Act 1963 and Museums and Galleries Act 1992 (“the Acts”) for the general management and control of the Museum. The Board appoints the Director with the approval of the Prime Minister, defines the strategic direction of the Museum, and approves its execution in an operating plan drawn up in consultation with the Director.

The Director is the Accounting Officer for the purposes of reporting to the Department for Digital, Culture, Media and Sport, and has overall responsibility for the Museum’s risk management framework.

The Audit Committee supports the Board and the Accounting Officer in their responsibilities for issues of risk, control and governance by reviewing the comprehensiveness, reliability and integrity of assurances provided to them. The Audit Committee reviews the risk register and actions taken at each of its meetings. In addition to a rolling programme of review, the committee focuses on the highest rated residual risks in terms of their likelihood and impact taken together, and topical risks. The Audit Committee challenges the Museum’s officers for evidence of good management and routinely requires managers to provide assurance that risk management and internal controls are thoroughly understood and effectively implemented at operating level. The Chairman of the Audit Committee reports to the Board of Trustees, annually with regard to the effectiveness of risk management and the system of internal control and as required for emerging issues related to risk management.

The Directorate Group reviews risks and receives and considers reports or recommendations for action or decision.

The Internal Controls Committee oversees the implementation of risk management principles and practice throughout the Museum with the objective of eliminating, transferring, mitigating or accepting risks. It seeks to co-ordinate activities to obtain a more effective risk management process from existing resources and ensure the dissemination of good practice throughout the Museum. It aims to provide the Directorate Group and so the Accounting Officer and the Audit Committee with assurance that an effective system of internal control has been maintained and is operated within the Museum.

Internal Audit acts as an independent review of the internal control framework, including risk management. In addition to reports on individual reviews, Internal Audit produces an annual report that contains the Head of Internal Audit’s opinion of the overall adequacy and effectiveness of the risk management, control and governance processes.