Risk Management policy

Approved by FARC – 21 February 2022

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 Trustees of Sir John Soane’s Museum define their overall approach to risk in the following statement: “Sir John Soane’s Museum has a “Cautious but Open” approach to risk. Risk exposure must provide an acceptable level of reward and value for money. In managing risk, the Museum will ensure a high level of assurance is in place and will not compromise the safety, reputation, legal, or financial position of the Museum”. The effective management of our key risks supports the achievement of our key targets and priorities. The Museum acknowledges that an element of risk exists in all activity it undertakes. The Museum’s approach to risk takes into account DCMS guidance on management of risk as well as best practice advice 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 options and selecting the one most likely to result in success;
- identifying and assessing risks (the “inherent risks”);
- assigning each of those risks to an individual risk owner;
- evaluating the effectiveness of relevant mitigating controls;
- assessing the remaining risk given the controls in place (the “residual risks”); and
- agreeing, implementing and monitoring controls to reduce residual risk.

2. Roles and responsibilities

Risk management is everybody’s responsibility and is embedded within the Museum through established planning processes which ensure that risks to achieving projects and initiatives are identified at each stage of project planning and implementation.
The Board of Trustees has statutory duties relating to the general management and control of the Museum. The Board appoints the Director, defines the strategic direction of the Museum, and approves its execution through the Strategic Plan drawn up in consultation with the Director and Senior Management Team.

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

The Finance, Audit and Risk Committee supports the Board and the Accounting Officer in fulfilling their responsibilities for issues of risk, control and governance by reviewing the comprehensiveness, reliability and integrity of assurances provided to them.

The Committee normally reviews the risk register and actions taken at each of its meetings, with the Key Risk Register going to the Full Board at least once a year. In addition to a rolling programme of review, the FARC focuses on the highest rated residual risks in terms of their likelihood and impact and examines topical risks that arise. The Audit Committee 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 FARC reports to the Board of Trustees at least 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 Senior Management Team reviews risks, and receives and considers reports or recommendations for action or decision.

A risk owner is designated for each risk on the Risk Register – sometimes more than one person is named if an activity is managed by more than one person. Risk owners will ensure that they address identified risks and will be required to monitor the status of their portfolio of risks in accordance with the annual reporting cycle. The allocation of risks to risk owners will be reviewed at least on an annual basis but is normally reviewed each time the Risk Register is updated.

Internal Audit provides an independent review of the internal controls, including risk management. In addition to reports on individual reviews of different areas of work, the programme of Internal Audit produces an annual report giving an opinion of the overall adequacy and effectiveness of the risk management, control and governance processes.