

THE NATIONAL GALLERY

RISK MANAGEMENT STATEMENT

RISK MANAGEMENT March 2012

Policy owner: Chair of Internal Controls Committee

Introduction

The National Gallery recognises that the effective management of risk and uncertainty is core to its ability to achieve its charitable objectives.

Risks

The risks of an ineffective risk management structure include:

- Failure to achieve charitable objectives;
- Failure to comply with statutory obligations;
- Increased likelihood of fraud, theft, damage or loss;
- Reputational damage arising from any of the above.

Policy and Procedures

The Internal Controls Committee identifies, controls and monitors risk within the National Gallery and proposes the framework for its control.

Risk is controlled through:

- **Elimination** – by not engaging or continuing with that activity.
- **Transference** – by sharing or passing the risk onto a third party either through partner / contract agreements or through insurance.
- **Mitigation** – by introducing appropriate and cost effective controls to manage the risk, apportioning responsibility for managing the risk to the relevant budget holder(s) and monitoring the controls.
- **Acceptance** – in remaining cases, by acknowledging and accepting that risk is part of the Gallery's core activity but that it cannot be actively managed, or by accepting an unmanaged risk because the cost of managing the risk outweighs the benefits.

Responsibilities

The Board of Trustees (via the Audit Committee) sets risk management standards and the degree of risk aversion for the Gallery, and reviews the major risks to the Gallery. The Board is ultimately responsible for the governance of the Gallery, including the structure, roles and effectiveness of the Board and its sub-committees.

The Accounting Officer is responsible for managing risk and ensuring that an effective system of internal control is maintained and operated within the Gallery; this includes maintaining adequate systems of internal management, including the structure, roles and effectiveness of senior management committees.

The Internal Controls Committee is responsible for providing the Accounting Officer and the Audit Committee with assurance that an effective system of internal control has been maintained and is operated within the Gallery.

Budget Holders are responsible for complying with the Budget Holders Assurance Statement and controlling the specific risks outlined in the Risk Register.

Internal Audit's primary role is to give the Accounting Officer an independent and objective opinion on the Gallery's risk management, internal control and governance. This assists the Internal Controls Committee in assessing and monitoring the effectiveness of the internal controls.

Assurance

The Audit Committee provides an annual report to the Board, summarising the Committee's work for the year and presenting their opinion on the adequacy and effectiveness of risk management within the Gallery.

The work of the Internal Controls Committee provides assurance on the effectiveness of risk management to the Accounting Officer and the Audit Committee, which reviews the minutes of each meeting of the Internal Controls Committee.

Internal Audit issues an 'Annual Report to the Accounting Officer' which will include Internal Audit's opinion of risk management in the Gallery and a Statement of Assurance on Internal Control.

All Budget Holders provide the Accounting Officer with an annual Assurance Statement.