

Finance and Control Policy

1. Principles

1.1 The British Museum is committed to having a strong control culture in which individuals understand what performance is expected of them, are able to make decisions within their capabilities and are held accountable for delivering performance and for the care of the objects and assets which are entrusted to them. We will meet the outside world's expectations for fair and true reporting of performance and will not be afraid to own up to shortfalls as well as seek credit for success.

1.2 We will achieve these principles by:

- having plans which are challenging and setting clear performance objectives.
- monitoring performance and reacting to shortfalls by vigorous remedial actions.
- ensuring investments of whatever type are properly evaluated and approved and that expenditure is properly authorised.
- understanding the risks to achieving the objectives, ensuring that there are processes in place to manage them and that those processes work effectively.
- producing financial reports that are timely and reliable and meet external requirements as well as providing management with the information they need to monitor progress and take decisions.
- having processes which ensure we use our resources (the collections, assets including the buildings, money, people and information) effectively and efficiently.
- understanding the laws and regulations which apply to our operations and ensuring that we comply with them.
- ensuring that all transactions are properly handled and that assets are safeguarded financially.
- treating all funds from whatever source as available to fund the whole Museum planned programme except where there are specific trust provisions to the contrary.

2. Rules

2.1 Objectives will be set in the planning process. Once the Trustees have endorsed the Plan these objectives will be cascaded into individual objectives throughout the organisation. Objectives will be challenging and measurable. Departmental objectives can only be changed by agreement with the Planning Committee.

- 2.2 Performance against objectives will be reported on and discussed in half yearly performance meetings with each department. This process is to be mirrored within departments.
- 2.3 All projects above £500,000 will be subject to scrutiny by the Planning Committee before commitment to ensure that there has been proper evaluation, resources are available and implementation thought through.
- 2.4 Authority will be delegated to individuals in order for them to authorise transactions normal to doing their job and within their competence to act. No one may exceed their authorities or exercise them such that expected expenditure will exceed their budget. No one may authorise expenditure which will end up on someone else's budget. There will be segregation of duties such that no one can authorise commitment and payment for the same item.
- 2.5 No one will approach third parties for funding unless the project has been approved through the planning and authorisation process and the approach to funding has been co-ordinated with other funding initiatives.
- 2.6 Unless otherwise agreed all information will be sourced from common data bases and financial reporting internally will be from the same information as we report externally.
- 2.7 All departments will meet requests for data for external reporting promptly and with quality.
- 2.8 Taxation will be handled centrally to ensure optimisation.
- 2.9 Every activity in the Museum will be subject to external review (peer or audit) at a frequency determined by risk. Internal Audit will be given unrestricted access to personnel and information. Management will respond promptly to their recommendations and agree actions where appropriate.

3. Responsibility

- 3.1 The Managing Director has overall responsibility for creating the Plan and monitoring performance for the Museum in total. The Managing Director is assisted in this task by the Planning Committee, the Keepers Committee and the Central Planning Unit.
- 3.2 Departmental Managers are responsible for formulating their sections of the Plan in accordance with the overall Museum direction and priorities and converting them into individual objectives for their staff and monitoring their performance.
- 3.3 The Finance Director is responsible for providing the information for monitoring financial progress, providing objective challenge to performance and for maintaining the highest accounting standards in the Museum.
- 3.4 The Managing Director is responsible for obtaining Trustee and DCMS support for the plan, and to them for performance. Departmental managers are accountable individually to the Director and Managing Director for performance against their objectives.
- 3.5 Each Director and Keeper is accountable for ensuring that there is a sound internal control system within their department starting with an assessment of the risks to achieving their objectives and meeting the principles and rules contained in this policy.

3.6 The Assurance Manager is responsible for drawing up an assurance plan, agreeing this with departmental managers, obtaining the endorsement of the Managing Director (as Accounting Officer) and then ensuring that the plan is completed including the work of Internal Audit..

4. Assurance

4.1 Demonstration that the policy is in place and working comes largely through the reporting mechanism of the Museum and the independent reviews. In addition:

- a. any loss or fraud will be reported in accordance with the *British Museum Procedure on Fraud*.
- b. managers will be expected to follow up on agreed actions (e.g. from audit reports) and report on any shortfall.