

HISTORIC ROYAL PALACES

MEETING OF THE BOARD OF TRUSTEES

Kensington Palace, Monday 26th June 2006

- Present:** Trustees;
Charles Mackay(Chairman)
Lord Inge (Deputy Chairman)
Bridget Cherry (Agenda items 3 to 8)
John Hamer
Alan Reid
Sir Roger Wheeler
- In attendance:** Michael Day - Chief Executive
John Barnes - Conservation Director
Alyson Lawton - Trust and Company Secretary
Sally O'Neill - Finance Director
Karen Atkinson - Head of Financial Accounting
Chris Bedford - Director, The National Audit Office
- Apologies:** Angela Heylin, Malcolm Reading, Sir Hugh Roberts

1. Chairman's Comments

1.1 MD to advise

2. Minutes from the Audit Committee on June 8th

2.1 The Board noted the contents of the minutes. The Chairman of the Audit Committee felt that all points were well covered in the very clear minutes but drew Trustees' attention to 4.9 which related to the note to the Consolidated Accounts: section 6 Remuneration of the Trustees and reminded Trustees that Historic Royal Palaces did not have Trustees Liability Insurance. Following legal advice, some time ago a note had been prepared explaining the reasons. It was agreed that this would be re-circulated to the Board. He also noted that both sets of auditors had commented on the efficiency of the Finance function and therefore had raised few points following their audits. He noted that during the meeting, a lot of time had been spent looking at the accounts in detail and that all points raised, had been taken into account or dealt with.

2.2 The Finance Director reported no other outstanding issues.

3. The Risk Register

3.1 The Board noted the contents of the report and that the Audit Committee had also reviewed these documents. The Chief Executive explained that a new approach to risk management had been developed over the past year. The aim was to develop a register that added value and was practical for the Executive Board in monitoring the high impact risks. The Deputy Chairman felt that the result was very clear and asked how the DCMS themselves manage risk within their sponsored bodies. The Chairman had already discussed a number of points with the Chief Executive. He felt an improvement which may be important for Trustees might be to identify separately the impact and the likelihood of the risks. Chris Bedford explained the role that the DCMS played in managing risk in the 34 sponsored bodies. In his view, Historic Royal Palaces were “above average” in their approach. The Chairman noted this and encouraged HRP to talk to other organisations. The Finance Director explained that during the process, she had shared risk registers and conducted some early benchmarking with other bodies. The Chief Executive noted that Directors had been asked to look at their departments’ operational risks and that the Audit Committee would receive a report on this review in November. The Board confirmed that they were content with the risk management approach adopted.

4. The Annual Health and Safety Report

4.1 The Board noted the contents of the report. The Chairman reported that he had met the Health and Safety Advisor and that he had discussed the detail of the report with him. He considered that this was a good, well presented report and the balance of commentary to tables was good. Trends were heading in the right direction and it was reassuring to note that there was no sense of complacency. The Chairman emphasised the care needed with fire safety checks. The Conservation Director noted that the Fire Safety Audit had been a major review and that he had reviewed their recommendations and that a full report would be discussed by the Executive Board shortly with the comfort to the Trustees being that the executive summary at appendix 4 was from the external report initiated by Historic Royal Palaces.

4.2 Alan Reid asked about the responsibility for risk assessments and the competency of line managers to fulfil their role. The Conservation Director explained Historic Royal Palaces’ approach and the role of the Health and Safety advisor and Departmental Audits. Trustees asked how they might be

reassured that the systems were working and it was agreed that a sample of Health and Safety Audits would be considered by the next Audit Committee. The Executive Board were also asked whether there were any further actions required to reinforce the safety culture at management and supervisory level.

4.3 The Chief Executive commented that the other strategically important initiative had been HRP Major Incident Plan with two desk top exercises carried out this year. The exercises showed that there were matters that needed to be addressed and that the team had learnt from these as the second exercise was better than the first.

4.4 John Hamer noted the priorities set for 2006/7 and suggested that these should form the basis of the report for next year. The Conservation Director agreed that we should consider reporting against these next year. It was also suggested that Health and Safety Advisor might also attend the next Audit Committee meeting.

4.5 The Board approved the Annual Health and Safety Report and asked for it to be forwarded to the Department for Culture Media and Sport.

5. The Annual Security Report

5.1 The Board note the contents of the report written within the context of the July bombings, which had resulted in the re-implementation of some enhanced checks. The Security advisor was recommending some incremental improvements. The Chairman noted that he had met the Security Advisor and would shortly be meeting him again to discuss some of the details of the report. The Board asked for more information in future reports on costs and priorities which are an inevitable part of planning. The Chief Executive confirmed that choices were made following advice from the Security Advisor. The Board also asked the Chief Executive to review the wording on page 3 of the report to reflect the facts. The Board approved the report, subject to the amendments discussed and asked that it then be forwarded to the Department for Culture, Media and Sport.

5.2 John Hamer noted that the report included mention of the induction programme for volunteers and asked whether a more general report on the potential role of volunteers within Historic Royal Palaces might be brought to a Board Meeting before the end of the year.

6. The National Audit Office Report ISA260

- 6.1** The Board noted the contents of the draft report. Chris Bedford, Director, the National Audit Office (NAO) advised that the report had been reviewed by the Audit Committee and that the small number of outstanding items listed had now all been satisfactorily resolved and that as far as the auditors were concerned, the accounts were ready for signature. In noting the changes in accounting policy required as a result of the new Statement of Recommended Practice 2005, he considered that Historic Royal Palaces was at the forefront of the DCMS family of bodies. Comments made by the NAO were always well received by management. He found that the NAO had a good and appropriate relationship with Historic Royal Palaces and in particular with the Finance and Internal Audit Departments. He felt this was a good report with comments to help improve things further.

7. The Annual Review and Accounts

- 7.1** The Chief Executive confirmed that typographical errors in the Annual Review had now been corrected and noted that the Financial Statements would be inserted on a disc in the back cover of the Annual Review to provide more information at reduced costs. Trustees agreed that this was a good initiative. The Board, noting the good use of pictures in the design of the Annual Review, formally approved it and the Financial Statements.