

Imperial War Museum Corporate Governance Code

SECTION 1: INTRODUCTION

CGCG¹

Corporate governance is the way in which organisations are directed and controlled. It defines the distribution of powers and responsibilities among the different stakeholders and participants in the organisation, determines the rules and procedures for making decisions on corporate affairs including the process through which the organisation's objectives are set, and provides the means of attaining those objectives and monitoring performance.

- 1.1 This Corporate Governance Code brings together the powers and responsibilities recorded in legislation, regulations laid down by Parliament, HM Treasury and the Department for Culture, Media and Sport and the Charity Commissioners, together with current applicable elements of recommended good practice from HM Treasury.
- 1.2 The Code is divided into the main areas of Parliamentary and Regulatory Accountability derived from primary legislation and as an executive non-departmental public body, the role of the Director-General, the Board and its Executive, Skills and Internal Control. By way of an introduction, the aims of the Museum, as expressed in the *IWM 2020* vision, goal and mission statement, are explained. This is followed immediately by the primary Parliamentary direction given by the main legislation affecting the Museum.

Aims of the Museum

- 1.3 The Museum's aims are enshrined in its:

Vision – The Imperial War Museum's vision is to be the world's premier museum of modern conflict.

Goal – Its goal is to enrich people's understanding of the causes, course and consequences of modern war.

Mission – Its mission is to enable people to have an informed understanding of modern war and its impact on individuals and society by:

- Creating stimulating learning opportunities and inspiring visitor experiences that are relevant to twenty-first century audiences and draw on its unique collections and historical expertise.
- Collecting, studying and interpreting objects, images and records illustrating conflicts involving Britain, the Commonwealth and their allies, from the build up to the First World War to the present day, and people's personal experience of them.
- Providing worldwide access to its collections and expertise through innovative outreach and web-based programmes as well as at its five branches.
- Developing partnerships that extend the Imperial War Museum's networks and complement its status as a national institution of international renown.

This statement was approved by the Board of Trustees in 2006 and is a modern expression of the remit of the Museum authorised by HM Treasury in March 1953².

¹ CORPORATE GOVERNANCE IN CENTRAL GOVERNMENT DEPARTMENTS: Code of Good Practice, July 2005

² Treasury Letter SS.10/336/04, March 1953.

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SECTION 2: PARLIAMENTARY ACCOUNTABILITY DETERMINED BY LEGISLATION AND AS AN EXECUTIVE NDPB

Parliamentary Accountability is derived from primary legislation specific to the Imperial War Museum, as an exempt charity from the Charities Acts and as an executive Non-Departmental Public Body.

Accountability determined by Primary Legislation: Imperial War Museum Acts (as amended by the Museums and Galleries Act 1992)

- 2.1 The Imperial War Museum Acts are the founding legislation of the Museum. They are the primary Statutory mandate for the creation and continuation of the Museum and include the high-level mandated governance arrangements. The role and governance responsibilities of the Chairman, Board and Director-General, cited by the Acts, are recorded immediately below, with later augmentation of those high-level principles described in the following sections of this document.

Role of the Board

- 2.2 The Imperial War Museum Act 1920, as amended by the Imperial War Museum Act 1955, relevant Statutory Instruments³ and the Museums and Galleries Act 1992, designates that the Board of Trustees has the general management and control of the Museum and for that purpose, the Board is empowered to:
- Make rules for securing the due administration of the Museum and preserving the objects collected therein, including rules regarding payment for admission to the Museum.
 - With the Secretary of State, acquire land for the purposes of the Museum and sell land vested in them not required for the purposes of the Museum.
 - Exchange, sell or otherwise dispose of any duplicate objects belonging to the Museum, and with the consent of the Secretary of State, exchange, sell or otherwise dispose of any objects belonging to the Museum which the Board considers unfit to be preserved or not to be required.
 - Subject to the consent of the Secretary of State, can apply any money from the sale, exchange or disposal of objects, land, admission income, gift or grant, for the acquisition of objects which the Board believes are desirable to acquire for the Museum or to defray any expenses of the Board.
 - Subject to the consent of HM Treasury, appoint officers on terms and conditions the Board thinks fit.
 - Do such other things as appear necessary and expedient for furthering the interests and increasing the utility of the Museum.
- 2.3 The Board may allow premises occupied or managed by them to be used by other persons (for payment or otherwise) for purposes not connected with the Board's functions, if the Board are satisfied that to do so would not unduly conflict with those functions.
- 2.4 The Board has the power to form one or more bodies corporate for the objectives of:
- Producing and publishing books, films or other informative material relevant to the Museum's collections or theme.
 - Producing replicas or reproductions of objectives or souvenirs relevant to the

1920,
1955,
M&G⁴
1992
Acts &
MS⁵

M&G
11(2)

³ Statutory Instruments - Sections of the Transfer of Functions (National Heritage) Order 1992.

⁴ Museum & Galleries Act 1992

⁵ Management Statement

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Museum's collections or theme.

- Selling information and other material relating to the Museum's collections, theme or souvenirs or other goods, at any time.
- The provision of catering, car parking or other services using Museum premises occupied or managed for the purposes of income generation.
- Any other object or objects incidental to the Board's functions.

- 2.5 The Board may hold interests in any such corporate body, exercise its rights and provide financial assistance to it, including assistance by way of guarantee.

M&G

Funding and Financial Reporting to Parliament

- 2.6 The Imperial War Museum does not carry out functions on behalf of the Crown. The IWM receives funding by virtue of Section 7 of the Museum & Galleries Act 1992. The Museum and Galleries Act 1992 requires the Museum to publish an annual statement of accounts for each financial year, and that the statement gives a true and fair view of the state of the Museum's affairs at the end of the financial year and of the Museum's income and expenditure in the financial year. The statement must comply with any directions given by the appropriate Minister, with HM Treasury's consent, as to the:
- Information which is contained in the statement.
 - Form which the statement takes.
 - Manner in which the information is presented.
 - Methods and principles according to which the statement is prepared.

IWM &
M&G
Acts

The accounts statement needs to be sent to the Comptroller and Auditor General by 31 August following the financial year-end. The Comptroller and Auditor General examines, certifies and reports on the accounts, and lays the copies of it and his report before Parliament after approval from the Secretary of State.

Conditions of Funding

- 2.7 The *Management Statement* and associated *Financial Memorandum* of the Museum represent the terms and conditions of funding enabled by the Museum & Galleries Act 1992. The *Management Statement* and accompanying *Financial Memorandum* record the status, obligations, and regulations etc, of the IWM and are explained in paragraphs 2.14 to 2.23 and 3.1 to 3.5 of this Code.

MS, FM

Powers of Lending Collection Items

- 2.8 The Board has the power to lend any objects belonging to the Imperial War Museum for public exhibition elsewhere in the UK and abroad, to any Government Department or other authority or institution in the UK or elsewhere. The Board is required to give special consideration to any application for a loan for public exhibition or for display in permanent premises belonging to the UK armed forces. Loans are subject to the Board's terms as it sees fit. Items bequeathed or given to the IWM cannot be lent until 15 years have passed since the date of bequest or gift if the donor or representative has not consented to the loan. Loans cannot be made up to 25 years after the date of the bequest or gift if the loan arrangements fall foul of any conditions that the donor or representative has put in place. The power to lend collection items is delegated to the Director-General, who reports regularly all outward loans to the Board. Potentially novel or contentious loans are referred by the Director-General to the Board for advice.

1955 Act

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Appointment of Officers

- 2.9 The Board, with the approval of the Prime Minister, appoints the Director-General and Curator of the Museum, who is Secretary to the Board. This person holds office on terms and conditions determined by the Board, subject to conditions which the Secretary of State may impose with the consent of HM Treasury⁶.

Remuneration of the Director-General

- 2.10 Salaries of the Director-General and any officers of the Board are determined by the Board, under conditions laid down by the Secretary of State and consent of HM Treasury.

IWM
Acts

Definition of the Imperial War Museum in the Acts

- 2.11 The IWM is defined as all collections, galleries and museums, wherever situated, which from time to time form or are administered as part of the Imperial War Museum.

Accountability arising from the Charities Acts 1992, 1993

- 2.12 Under the terms of the Charities Act 1993, the Imperial War Museum is an exempt charity, which means that it is exempt from being required to be supervised by the Charity Commissioners. The supervisory role is provided by the Department for Culture, Media and Sport. However, the Act states that it is the Trustees' responsibility to ensure that the IWM complies with the Charities Act 1993, including compliance with its rules regarding fundraising and return of donations for aborted projects. The Act also states the need for the Board to seek prior legal authority from the Charity Commission for circumstances where conflicts of interest might arise, such as where a Trustee receives a benefit, financial or non-financial, from the Museum. Any potential conflicts of interest must be declared to the Board and the Department for Culture, Media and Sport should be informed, in advance of a potential conflict arising. Legal advice should be sought.
- 2.13 Further, the Act requires that, as Trustees of an exempt charity, they must act reasonably and prudently in all matters relating to the charity, act in its best interests, including properly manage and protect income, property and assets and conduct regular reviews of the charity's effectiveness.

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Accountability determined by the Imperial War Museum's Status as an Executive Non-Departmental Public Body

- 2.14 The *Management Statement* and *Financial Memorandum* jointly signed and agreed by the Accounting Officers of the Museum and the Department for Culture, Media and Sport (DCMS) in 2002, is the primary document describing the governance and regulatory regime for the Imperial War Museum authorised by HM Treasury and DCMS. The *Management Statement* asserts that the IWM is an executive non-departmental public body (NDPB). By virtue of being a government funded and sponsored NDPB, the IWM falls under the arrangements and regulation of *Government Accounting* and specific frameworks and administration arrangements of such bodies, as laid down by HM Treasury. The IWM and its subsidiaries and joint ventures form part of the National Accounts.

MS, para.
15

⁶ The role of Curator and Secretary was subsumed into the role of Director-General in the 1930s and the three roles are referred to as performed by the Director-General in the current and previous Director-General's job descriptions.

⁷ Charities Act, as recorded in guidance to Exempt Charities, available on the Charity Commissioners' website.

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Role of the Secretary of State for Culture

- 2.15 Conditions laid down by the Secretary of State refer to the conditions contained within the *Management Statement* and associated *Financial Memorandum*. The IWM Board sets the IWM's objectives and targets and agrees them annually with the Department for Culture, Media and Sport in a *Funding Agreement* signed by the Minister for Culture, the Chairman, and the Director-General and Accounting Officer of the Museum.

Secretary of State's Responsibilities and Accountabilities

- 2.16 The *Management Statement* records that the Secretary of State is accountable to Parliament for the activities and performance of the IWM. The Secretary of State:
- Approves the IWM's policy and performance frameworks.
 - Provides information to Parliament about the IWM.
 - Determines the resource and capital expenditure limits, the amount of grant-in-aid to provide for this and seeks Parliamentary approval for that amount.
 - Approves terms and conditions of both the staff and Board members.
 - Is responsible for approving the Annual Report and Accounts laid before Parliament.
- 2.17 DCMS Permanent Secretary (as DCMS Accounting Officer) is responsible for:
- Ensuring that the financial and management controls applied to the IWM by DCMS are appropriate and safeguard public funds and assets and for ensuring that the IWM complies with those controls. Public funds include all funds within the stewardship of the IWM.
 - The Permanent Secretary must be satisfied that the framework of internal controls applied by the IWM is robust in terms of regularity, propriety and good financial management.
 - The Permanent Secretary is also responsible for the issue of grant-in-aid, for ensuring that subvention is within the ambit and amount of the Resource Estimate and that Parliamentary authority is sought and given, and for the framework for achieving value for money.

MS, para.
16

MS,
para.18,
19

DCMS employs a Sponsorship Unit to facilitate good communication and dissemination of information between DCMS and the IWM and to monitor the IWM's financial and non-financial targets set in the *Funding Agreement*.

Finances and Financial Reporting Requirements of the IWM as an Executive NDPB

Budgeting and Application for Grant-in-Aid

- 2.18 A formal statement of the resource and capital expenditure limits of the Museum is approved by the Secretary of State. The notified expenditure limits will form part of the Departmental Expenditure Limit (Resource and Capital). Virement from capital to resource requires DCMS approval, although this is rarely allowed. Once the Funding Agreement is approved by DCMS, the IWM can deliver its programmes without reference to DCMS. However, novel or contentious expenditure requires DCMS approval in advance. Advance approval is also required for the overall pay remit, or where there is a risk of an emerging overspend of general expenditure. Special restrictions may also be imposed by statute or conditions placed by DCMS.

FM, para.
5-8;

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| 2.19 | The application for grant in aid must be made to DCMS signed by the IWM Secretary and Director of Finance, or someone else in the Museum that DCMS has been informed of as the approved delegated officer. | FM,
para.10 |
| 2.20 | Pay needs to take account of public sector pay awards and any changes to the pay policy need to be evaluated and the evaluation given to DCMS. The terms and conditions of the Director-General require approval of DCMS and HM Treasury, as do any staff paid more than him. Redundancy or compensation payments for the loss of office for senior managers require prior approval by DCMS. Withdrawal from the Principal Civil Service Pension Scheme arrangements requires prior approval of DCMS. | FM,
para.29-34 |

Capital Expenditure

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| 2.21 | New construction, land, alterations to buildings and fixed asset purchases with an expected working life of more than one year are considered capital items. Delegations for capital expenditure are laid down in the <i>Financial Memorandum</i> . Above that level, capital expenditure requires the prior approval of DCMS and, in some cases, HM Treasury. Public/private partnerships are included. Options appraisals must be carried out with due application of a project management structure and methodology, including post implementation review. | FM, para.
38-42 |
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Borrowing & special payments & losses

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| 2.22 | Without prior consent from DCMS, the IWM is not permitted to: <ul style="list-style-type: none"> ▪ Borrow money. ▪ Lend or charge any asset or security. ▪ Gift money outside delegated limits. ▪ Give guarantees or indemnities or letters of comfort or knowingly incur a contingent liability above any delegated limits. ▪ Write off losses or make special payments of a novel, contentious or repercussive nature. ▪ Take out insurance, other than any statutory or third party insurance required by the road traffic act that permitted by Government Accounting. (In practice, insurance may be taken out where there are clear value for money grounds or where the activity is not covered by Government indemnity - recorded in paragraph 4.38). ▪ Make speculative investments. | FM,
para.8,
45

FM, para.
49-50 |
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Asset Management

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| 2.23 | A register of assets is required. Disposal of high value assets, other than by auction or competitive tender, requires DCMS approval. Proceeds from assets may be used to finance new assets, but items at £1 million or over require the IWM to give DCMS prior notification. Retention of receipts collectively over a given year or from very high value items, as determined in the <i>Financial Memorandum</i> , requires approval of DCMS and HM Treasury. Large disposals where Exchequer funds have been used to improve the disposed asset or the disposal has unusual features, requires approval by Parliament before the funds can be reinvested. | FM
para.57 |
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SECTION 3: DIRECTOR GENERAL'S AUTHORITY AND ACCOUNTABILITY

The Director-General, subject to the directions of the Board, is responsible generally for the management of the Museum and the care of the Museum and its collections. The Director-General is personally responsible for safeguarding the public funds for which he has charge, for propriety and regularity in the handling of those public funds, for the conduct and organisation of staff and for the day-to-day operations and management of the IWM.

IWM Acts;
MS, para.32;
CGCG, para. 1.4

Authority and Role

- 3.1 The role and authority of the Director-General derives from several sources:
- The Imperial War Museum Acts designate the Director-General, subject to the directions of the Board, as responsible generally for the management of the Museum.
 - The *Management Statement* states that the Director-General is normally designated by DCMS Accounting Officer as the Accounting Officer for the IWM.

Flowing from the designation as Accounting Officer, the Director-General is required to follow instruction and guidance relating to the Accounting Officer role recorded in *Government Accounting* and other HM Treasury documents, including *The Responsibilities of an NDPB Accounting Officer, Regularity and Propriety* and 'Dear Accounting Officer' letters and such other guidance, including that which may be given by the DCMS Accounting Officer.

MS, para. 31-35

Stewardship role

- 3.2 The Accounting Officer is responsible to Parliament, in respect of the deployment of public money, to consider value for money from the point of view of the wider Exchequer.
- 3.3 The *Management Statement* records that as the IWM's Accounting Officer, the Director-General:
- Advises the Board on the discharge of its responsibilities as set out under the Act and in the *Management Statement* and in any other relevant instructions and guidance that may be issued from time to time.
 - Ensures public funds including funds other than grant-in-aid are used for the purposes intended by Parliament (for the purposes of the Museum) and applied economically, efficiently and effectively.
 - Reports monitoring and forecast information to DCMS promptly, aims always to operate within budget, takes corrective action to avoid overspend and provides DCMS with early warning of likely over or under spend, if it were to occur. Any additional expenditure to be sourced from additional resources generated by the Museum is notified to DCMS.
 - Ensures that financial considerations are taken fully into account by the Board at all stages of the Board's decision making, including the use of recognised financial appraisal techniques.
 - Ensures adequate management and financial controls operate, including effective measures against fraud and theft and ensures all sums receivable are collected and controls applied by DCMS and applied to ensure compliance with the *Management Statement*.

CGCG

MS, para.33, etc.

⁸ MODEL MANAGEMENT STATEMENT FOR NDPBS, HM Treasury

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- Arranges suitably economic, efficient and effective internal audit provision.
- Maintains a system of internal delegated authorities and regular review of compliance to the delegated authorities.
- Ensures appropriate personnel management policies operate.
- Signs the accounts, maintaining proper accounting records and ensures proper preparation and presentation according to directions by the Secretary of State. Signs the Statement of Accounting Officer's Responsibilities in the Annual Report and Accounts.
- Follows the action required by "*The Responsibilities of an NDPB Accounting Officer*" should the Board or its Chairman contemplate a course of action involving a transaction that the Director-General considers might breach the requirements of propriety or regularity, or are not value for money.
- Gives evidence to the Public Accounts Committee on the use and stewardship of public funds.
- Ensures complaints about the IWM are handled effectively using established systems and ensures complaints procedures are made known widely.
- Is the Principal Officer for the handling of cases involving the Parliamentary Commissioner for Administration. He is thus responsible for informing DCMS Permanent Secretary about any complaints received by the Ombudsman for investigation and any proposed response by the IWM to any recommendations made by the Parliamentary Ombudsman.
- Is the Consolidation Officer and is therefore personally responsible for preparing the consolidation information that sets out the financial results and position of the NDPB, for arranging for its audit and for sending the information and the audit report to the Principal Consolidation Officer nominated by HM Treasury.⁸

Banking Arrangements

- 3.4 The Director-General as Accounting Officer is responsible for ensuring that the IWM's banking arrangements are clear and comply with Government Accounting, safeguard public funds and are carried out with economy, efficiency and effectiveness. Arrangements must be reviewed every 5 years and be separate from those of any other person or organisation.

FM
para.55

Delegation

- 3.5 The Director-General may delegate day-to-day administration of these Accounting Officer responsibilities to the Director of Finance or other employees of the IWM. The absolute re-assignment of his responsibilities, laid down in the *Management Statement* and his letter of appointment as Accounting Officer, is not permitted and not done. Moreover, he is required to assure himself that delivery of his objectives and responsibilities is being achieved where it is delegated to others. This assurance is achieved through:

MS
para.34;

MS Sec.
IV

- Sound systems of financial control as demonstrated through a programme of quarterly stewardship reporting and management checks.
- A risk management identification, evaluating and recording system and the reporting thereof.
- Independently, from the Internal Audit function and other independent assurance sources he may wish to employ, such as the safety & disability officer, as appropriate.

- 3.6 Heads of Branch and Division provide a Letter of Assurance at the end of the financial year to support the Director-General's assurance provided in the annual Statement of

CGCG &
Establish

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Internal Control.		-ed good practice
<i>Delivery of Aims and Objectives</i>		
3.7	<p>The Director-General and Accounting Officer, in the delivery of the Museum's aims:</p> <ul style="list-style-type: none"> ▪ Takes forward the Museum's agreed strategic aims and objectives. ▪ Allocates its financial and human resources to achieve those aims. ▪ Manages Museum resources, monitoring the achievement of performance objectives. ▪ Sets the Museum's standards and values. ▪ Maintains a transparent system of prudent and effective controls (including internal controls). ▪ Assesses and manages risk, and is specifically responsible for the management of the Strategic Risks and their control evaluation "traffic light" indicators. ▪ Leads and oversees the process of change, encouraging innovation, and where appropriate enterprise, enhancing the Museum's capacity to deliver. 	CGCG
3.8	<p>The Director-General reports to the Board on all material matters affecting the Museum and its performance, including significant developments of a strategic, cultural, reputational or financial nature. Examples of such matters are given below:</p> <ul style="list-style-type: none"> ▪ Delivery against plan. ▪ Changes in policy. ▪ Capital projects. ▪ Major organisational changes. ▪ Potential employment disputes. 	Good practice
<i>Conduct Matters</i>		
3.9	<p>The Director-General is responsible for all appointments to the staff and for ensuring that they are made in accordance with the Principles of Public Life using clear written objective criteria including appropriate requirements for experience, knowledge, skills and competencies. All appointments are made on merit and recruits are provided with relevant induction materials and programmes. Managers receive particular training in responsibilities pertaining to them, including internal control and risk management.</p>	CGCG, Good practice
<i>Senior Management Team</i>		
3.10	<p>The Senior Management Team (SMT) has been constituted by the Director-General to support the discharge of his responsibility, as the Board's Executive, for co-ordinating the management of the Museum. It comprises the heads of the Museum's branches and divisions, who are appointed by and are individually accountable to the Director-General, and such other officials as he may determine. It meets regularly and is chaired by the Director-General. It provides an upward dissemination of information and views to enable the Director-General to fulfil his responsibilities effectively and enhance his decision-making, oversight and governance of the Museum.</p>	Good practice
3.11	<p>The Senior Management Team members satisfy themselves that management information is supplied in a timely manner to them from their staff and from them to the Director-General. This includes financial and business performance, stewardship of funds and assets, and the management of risk. Members of SMT complete a series of management checks, have direct access to the Museum's financial accounts and risk management system, which they use to complete stewardship reports quarterly. Internal Audit performs regular reviews of internal control at branch level and thus provides SMT members and the Accounting Officer with independent assurance on governance,</p>	Internal control good practice

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internal control and risk management matters.

- 3.12 All managers and staff are required to notify and register in a register of interests any matters on which they might have a conflict of interest.

MS,
para.25

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SECTION 4. THE BOARD OF TRUSTEES

The Imperial War Museum is overseen by a Board which, within the authority and strategic framework set by the Imperial War Museum Acts, the Museums & Galleries Act, the Charities Acts, the Management Statement and Financial Memorandum and the Funding Agreement with the Department for Culture, Media and Sport.

Authority and Appointment of the Board

- 4.1 The authority of the Board of the Imperial War Museum is laid down in the Imperial War Museum Acts of 1920 and 1955 as amended by the Museum and Galleries Act 1992. The Acts determine the constitution of the Board and the broad means by which the appointments to it are made.

Board Members	Appointing Authority
10	Prime Minister
1	Secretary of State for Defence
2	Secretary of State for Foreign & Commonwealth Affairs
1	Secretary of State for Culture, Media & Sport
1 each for	Governments of Canada, Australia, New Zealand, South Africa, India, Pakistan, Sri Lanka.

- 4.2 The Sovereign can make further provision with respect to the membership of the Board by Order in Council, as laid before both Houses of Parliament.
- 4.3 The following stipulations regarding Board membership also apply:
- A President is appointed by the Sovereign.
 - The appointments have specified start and end dates.
 - A vacancy caused by death, resignation, effluxion of time, or otherwise is filled by the person by whom the departing member was appointed.
 - A person ceasing to be an appointed member is eligible for re-election, subject to regulations made subsequently by the Commissioner for Public Appointments.
 - The Board can exercise its powers no matter the number of vacancies, providing there are sufficient members to provide the necessary quorum of seven members⁹.
 - The Board may appoint a member as Vice-President and Chairman of the Board, to preside at meetings of the Board in the absence of the President.
 - With the consent of the Secretary of State, the Board can make rules: regarding regulating proceedings of the Board (including quorum), for enabling the Board to constitute committees and to include as members of its committees, persons who are not members of the Board, to delegate all or any of the powers of the Board (other than land sales or purchases) and for regulating the proceedings (including quorum) of committees.
- 4.4 All Board appointments, except for the Commonwealth Government appointments, are made by Ministers in accordance with the IWM Acts and guidance issued by the Commissioner for Public Appointments through DCMS.

IWM Acts;
IWM
Board
'Code of
Practice';
MS,
para.27

⁹ The quorum was set at seven at the first meeting of the Board, 10 Dec 1920.

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Board Responsibilities

- 4.5 Board Members have corporate responsibility for ensuring that the Museum fulfils the aims and objectives set out in legislation and governing documents and complies with any statutory or administrative requirements for the use of public funds. The responsibilities of Board members are set out in the *Model Code of Practice for Board Members of Public Bodies*. The Board is a body corporate **that** can sue and be sued. The Board is responsible for providing financial and operational reports – the Annual Report and Accounts - in accordance with the requirements laid down in Accounts Directions from the Secretary of State for Culture, *Government Accounting*, and specific guidance for NDPBs by HM Treasury and Accounting Standards. It has responsibility for environmental policies and the legal responsibilities of an employer.
- 4.6 Individual Board members have wider responsibility as members of the Board:
- To comply at all times with the *Code of Practice* adopted by the Museum and with the rules relating to the use of public funds and to conflicts of interest.
 - To act in good faith and in the best interests of the Museum.
 - Not to misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations.
 - To comply with the Board’s rules on the acceptance of gifts and hospitality (and of business appointments).
 - To act in accordance with the requirements of Charity law where this applies.

MS,
para.28;
CGCG

MS, para.
29

Appointment and Role of the Chairman of the Imperial War Museum

- 4.7 The Board appoints the Chairman who must be a member of the Board. The Chairman and the Board are responsible to the Secretary of State for ensuring that where appropriate, e.g. through the *Funding Agreement*, the IWM’s policies are consistent with those of the Secretary of State, and that the IWM’s affairs are conducted with probity, in accordance with the seven Principles of Public Life.
- 4.8 The IWM Board has a *Code of Practice*, which provides a summary of the responsibilities of the Board, the Chairman and Deputy Chairman. The Chairman is responsible for the full range of the Board’s performance.
- 4.9 The Chairman ensures that the *Code of Practice* for Board members is in place, and that it is based on the model *Code of Practice for Board Members of Public Bodies*, produced by the Cabinet Office. The Code commits the Chairman and other Board members to the seven Principles of Public Life, and includes a requirement for a comprehensive and publicly available register of interests (Model Code, para. 17, p.186, *NDPB Guide*).
- 4.10 The Chairman has particular responsibility for providing effective strategic leadership on the following matters consistent with the Model *Code of Practice*:
- Formulating the Board’s strategy for discharging its statutory duties.
 - Supporting the Museum’s Accounting Officer in encouraging high standards of propriety and promoting the efficient and effective use of staff and other resources throughout the organisation.
 - Ensuring that the Board, in reaching decisions, takes proper account of guidance issued by the Secretary of State or the Department.
 - Representing the views of the Board to the general public.

CGCG 4.3;
MS,
para.21 –
26

LB para.3;
Code of
Practice¹⁰

¹⁰ Lynton Barker paper “Building Effective Boards: Enhancing the Effectiveness of Independent Boards in executive NDPBs.” Nov 04

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- Providing an assessment of the contribution of individual Board members to the Secretary of State, when they are being considered for re-appointment to the Board.
- 4.11 The Chairman ensures that all members of the Board, when taking up office, are fully briefed on the terms of their appointment and on their other duties, rights and responsibilities. An information pack is provided by the Director-General who normally meets with the new Board member at the beginning of their term. When Board vacancies arise, the Chairman advises the Secretary of State of the needs of the Board with a view to ensuring a proper balance of expertise, including professional and financial expertise.
- 4.12 Communications between the Board and the Secretary of State are through the Chairman. The communication should be between the Chairman and the Department, except where a Trustee has any concern that he or she might feel the need to discuss directly with the Secretary of State.

LB, page 3

Board Proceedings

- 4.13 The Board's role is to focus on the strategic, policy direction of the Museum. Trustees use their best endeavours to attend meetings and prepare thoroughly. A quorum of seven Trustees is required for each Board meeting. Trustees are expected to participate fully and bring the benefit of their particular knowledge, skills and abilities to the meetings. However, the Board may seek independent and/or expert opinion and advice.
- 4.14 The Chairman is responsible for ensuring that the Board meetings are conducted properly and that the outcomes are clear, logical and coherent to guide the Director-General and to enable the Director-General's performance to be evaluated effectively.
- 4.15 Board meetings are held four times a year – usually in June, September, November and February.
- 4.16 Trustees not able to attend a meeting are required to advise the Secretary of the Museum, who will advise the Chairman. In the event they are unable to attend a meeting, they may request that the Chairman makes representations on their behalf.
- 4.17 Trustees may request items for a Board meeting agenda.
- 4.18 Meetings are constructive and open. Trustees are free to give their honest opinion, so that greater clarity is obtained and better decisions made. The Chairman aims to achieve a consensus across the Board members, but may put an issue or decision to a vote, with the Chairman having the casting vote.
- 4.19 The Director-General and Secretary of the Museum attend Trustees' meetings as officers of the Board. The Director-General is responsible for providing the Board with all necessary information to conduct its business, advising the Board on matters of policy, responding to questions and implementing the Board's decisions.
- 4.20 Minutes of Board meetings are taken, kept and distributed by the Secretary of the Museum.
- 4.21 Board members take decisions both corporately and objectively, acting in the public interest in keeping with the Principles of Public Life. The Board's responsibility includes the need to be open and responsive to the information needs of Parliament, Parliamentary select committees and the public.
- 4.22 The Board's decisions are recorded and made available to the Museum's management

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Established
practice

CGCG

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Imperial War Museum Corporate Governance Code

through the Board minutes and their availability on the Museum's Intranet.

Board Committees

- 4.23 The Board's Committees are formed for the accomplishment of specific tasks and activities. They observe the same rules of conduct and procedure as the main Board. Board Committees speak and act for the Board only where they have been authorised to do so. The Chairman nominates Committee members who are appointed by the full Board. Appointment periods on Board Committees are set by the Board and may not exceed the absolute limit set for membership of the Board itself. Trustees may be invited by the Chairman to join advisory groups, working parties or assist in the raising of funds.

Established
practice

Audit Committee

- 4.24 The Audit Committee was constituted in 1995 and meets three or four times a year, in April, July, (September) and November. There are four members of the Audit Committee with a quorum of two members, all of whom are Board members. The Director-General and Accounting Officer is normally required to attend, and the Secretary and Director of Finance, the Head of Internal Audit and external auditors or observers may also be invited to attend.

Audit
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Terms of
Reference

- The Audit Committee members are nominated by the Chairman and appointed by the Board to advise the Director-General and the Board itself on measures to promote the highest standards of effectiveness, economy, accountability and propriety in the use of resources in general and public funds in particular by ensuring, inter alia, that internal audit and financial controls and reporting systems reflect best practice, including standards specified in the Government's Internal Audit Standards, and that they serve the Museum's key aims and objectives.
- The Committee's terms of reference include all activities relating to the Museum and its subsidiaries and associated activities, including the Development Trust and the Trading Company. The Terms of Reference of the Audit Committee are available to the general public. The Chairman of the Audit Committee reports annually to the main Board on the work of the Audit Committee.
- Significant issues that would normally come within the terms of reference of the Audit Committee, such as incidents of fraud, are reported to the main Board by the Director-General at the Board meeting immediately following the incident's discovery. The Audit Committee is delegated to review the Annual Report and Accounts and recommend to the Board and the Chairman that the Annual Report and Accounts signed by the Chairman.
- The Audit Committee reviews the Strategic Risks Register of the Museum and reports by the Head of Internal Audit and the National Audit Office.
- The Audit Committee may invite information on contracts placed above a specified threshold.

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- 4.25 There is a steady rotation of Board members on the Audit Committee, balancing the need for continuity of membership, developing the Trustees' role, knowledge and understanding of the Museum and bringing in fresh perspectives to the deliberations of the Audit Committee. The Audit Committee's terms of reference are reviewed and revised periodically. The Audit Committee membership includes a member with business (particularly financial) experience and at least one other with senior public sector experience. The Audit Committee membership includes a Chairman of the Committee and a Secretary. The Audit Committee is, by virtue of being members of the IWM Board of Trustees, non-executive and advisory.

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IWM Development Trust

- 4.26 The Development Trust's purpose is to oversee fundraising policies and programmes and the investment of funds. It meets six-monthly, and has a membership of seven (six Trustees including the Chairman and the Director-General, who are Trustees ex officio). It has a quorum of three Trustees. The terms of reference for the IWM Development Trust are defined by the deed of trust. Members serve for three-year terms and can be re-elected. It was constituted in 1969. The Trust is an exempt charity and its accounts are consolidated with those of the Museum. The Secretary of the Museum is Secretary of the Development Trust. The Trust has the power to co-opt members who may not necessarily be members of the Board.

Trust Deed

Trading Company

- 4.27 The Trading Company Board was constituted in 1998 and comprises three Trustee Members (one Trustee acts as Chairman), the Director-General, the Secretary & Director of Finance and the Director of Public Services. All members are designated as Company Directors as defined by Companies Act legislation. Company Directors serve for 3 years and can be re-elected. It meets twice a year, in February and September. The September meeting begins with a business meeting and then convenes as the Annual General Meeting. No quorum is recorded. The terms of reference for the Trading Company are its Memorandum and Articles of Association. Its main purpose is to generate additional income for the Museum in order to further the Museum's programmes and activities.

Memorandum & Articles of Assoc.

Art Commissions Committee

- 4.28 The Art Commissions Committee comprise one Trustee member (who acts as Chairman), the Director-General, the Head of Art, and three appointees who are leading figures in the field, as appointed by the Trustees on the advice of the Chairman and the Director-General. The purpose of the Committee is to commission artists to record contemporary conflicts and the contemporary role of the armed forces. There is no quorum or formal meeting schedule. There are formal terms of reference.

Terms of reference

Remuneration Committee

- 4.29 The Remuneration Committee, comprising the Chairman, Deputy Chairman and Chairman of the Audit Committee, was constituted by the Board of Trustees in 1996 to determine the discretionary elements of the annual pay award for the Director-General in accordance with his contract of employment and the remuneration terms approved by HM Treasury. It meets annually.

Matters not delegated by the Board

- 4.30 The Board does not delegate to its Committees or the Director-General the approval of:
- Purchases for and disposals from the Collections above delegated limits.
 - The Corporate Plan, including major targets and performance indicators.
 - Minutes of the Board meetings.
 - Agendas of the Board meetings.
 - Major capital projects.
 - Purchase of land and buildings.
 - Admission charging policy including special exhibitions.
 - Major, novel or contentious new services.

CGCG & Established practice

Imperial War Museum Corporate Governance Code

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| 4.31 | Where members of the Board have concerns which cannot be resolved about the running of the Museum or a proposed action, they record their concerns in the minutes. This might occur, for example, if the Chairman of the Board considers it necessary to depart from the collective view of the Board. | CGCG |
| 4.32 | The Board satisfies itself that it is supplied in a timely manner with information in a form and quality appropriate to enable it to discharge its duties in respect of all the activities of the Museum. This includes financial and business performance and the management of risk. Information is provided in Board Papers, including the Director-General's Report, the risk management system and other information supplied by the Director-General as requested by the Board. | CGCG |
| 4.33 | Board members have access to the advice and services of a dedicated Board Secretariat. The Director-General, advised by the Secretary of the Museum, is responsible for ensuring compliance with Board procedures. | CGCG |
| 4.34 | Board members are required to notify and register with the Director-General in a register of interests, any issues on which they might have a conflict of interest. The Register is updated annually and retained in the Director-General's office. It is the responsibility of the Board member to declare specific conflicts of interest before related matters are discussed by the Board. The Chairman, on advice of the Director-General, may require that Board members do not participate in decisions in matters in which they have a conflicting personal interest and will report material conflicts to the Permanent Secretary of DCMS. | |

Board's review of performance

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| 4.35 | <p>The Board undertakes an evaluation of its performance at least every five years covering its remit, constitution, operating procedures, <i>Code of Practice</i> and Corporate Governance in general. Criteria for evaluation include:</p> <ul style="list-style-type: none"> ▪ The clarity of the Board's role and responsibilities. ▪ The Board's relationships with the Director-General and his staff, stakeholders and the Department for Culture, Media and Sport, including impact on the specific objectives of fostering constructive relationships and good communication. ▪ Clarity of their objectives and adequacy of information about the Museum's objectives, organisation and business by the Director-General. ▪ The Board's capacity to deliver, including the skill set needed. ▪ The extent to which the Board is led as a team within a constructive and open atmosphere of discussion, to ensure decisions are well considered and auditable. | CGCG |
| 4.36 | The Museum reports annually on how the Board operates, including a high level statement of which types of decision are to be taken by the Board and which may be delegated. This report refers to the existence, responsibilities and work of any committees of the Board. The annual report is incorporated in the Annual Report and Accounts in accordance with the Accounts Directions of the Secretary of State. | CGCG |

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Grievances and Whistle blowing

4.37 As independent non-executives, Board members ensure that appropriate arrangements are in place to allow staff in the Museum a channel to raise concerns outside the normal line management chain:

- A grievance procedure involving line managers, senior managers and the Director-General is in place. A procedure exists for serious grievances not satisfied by this procedure to be raised through the Director-General with the Chairman.
- An independent whistle-blowing facility operated by the National Audit Office and DCMS is available to all staff.

CGCG, 4.7

Staff Handbook¹¹ including fraud policy.

Government Indemnity

4.38 The Government indemnifies the actions of the Trustees of the main Board pursuant to the activities of the Imperial War Museum. Liabilities when acting as Trustees of the IWM Development Trust or directors of the Trading Company are covered by commercial directors' liability insurance especially purchased.

¹¹ IWM Staff Handbook.

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SECTION 5. SKILLS

The Board's membership has a balance of skills and experience appropriate to directing the business of the Museum including finance and business management and expertise relating to the Museum's subject matter.

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On Appointment to the Board

- 5.1 The newly appointed Trustee is provided with an induction pack which includes a copy of the Corporate Plan, Annual Report & Accounts, the IWM Acts, the Code of Conduct, *Financial Memorandum*, HM Treasury's *Regularity & Propriety*, the *NDPB Accounting Officer Memorandum*, handbooks, DCMS publications and the Corporate Governance Code [this document]. The new appointee is also invited for personal introduction with the Director-General. The pack provides the new appointee with IWM and government-wide information. The new appointee is briefed on the way the appointee will be appraised.
- 5.2 Seminars and courses are available for new Trustees about public sector and government environments, run by the Department for Culture Media & Sport and the National School of Government. DCMS continues to review and update the sector-wide training for Board members. The National Audit Office also offers tailored induction training for Trustees.

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4.5

Representation

- 5.3 The Board is a team providing corporate leadership to the organisation as a whole. Individual Board members are not responsible for and do not represent specific parts of the Museum. The Chairman may from time to time seek the advice of individual Trustees on aspects of the Museum's work in which they have special expertise.

CGCG

Skills required

- 5.4 To be effective, the Board needs an appropriately balanced range of skills and experience to meet the IWM's specific role and needs, which is periodically reviewed by the Chairman, including:
- Financial expertise.
 - People skilled in leadership and management of change.
 - Expertise in strategy formulation, development, evaluation and communication.
 - People with skills in operational delivery, including project management, the law and banking.
 - Fundraising.
- 5.5 Appointments to Board Committees similarly recognise the need for appropriate balance. For example, the Art Commission includes members with relevant skills; the Audit Committee with finance and public administration expertise; the Trading Company with commercial and financial acumen; the Development Trust with fundraising and finance skills.

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3.2, 3.3

Succession Planning

- 5.6 The Chairman is responsible primarily for satisfying himself that plans are in place for orderly succession to the Board; the Director-General is responsible primarily for satisfying himself that plans are in place for orderly succession to senior management positions. Thus, an appropriate balance of skills and experience within the Museum and

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the Board is maintained. Board members may be appointed for terms of up to five years and may not normally serve for more than two terms or a period of more than ten years, as prescribed by the Appointing Authority, in accordance with the Commissioner for Public Appointment's rules.

- 5.7 Appointment of members of the Board committees is also planned to ensure that Board members have a range of experience while serving as Board members and to ensure that the membership of those Committees remains balanced with appropriate skills and experience.

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SECTION 6. INTERNAL CONTROL

The Board ensures that effective arrangements are in place to provide assurance on risk management, governance and internal control. In this respect, the Board is independently advised by an Audit Committee chaired by a Board member (by virtue of being a Board member independent of the executive function of the Museum) and an internal audit service operating in accordance with Government Internal Audit Standards (GIAS).

CGCG

6.1 The Board and the Director-General assures itself on the effectiveness of the Museum's internal control and risk management. For this purpose, the Board and the Director-General have established:

- A proper framework of prudent and effective controls, so that risks can be assessed, managed and taken prudently.
- Clear accountability for managing risks; and those managers are equipped with relevant skills and guidance.

CGCG

6.2 The framework for prudent and effective control or mitigation of risk and clear accountability and skill is achieved through:

- The consideration and evaluation of risk being integral to the Museum's corporate planning.
- Use of a systematic database system, which records and evaluates all important business risks to the Museum. It provides the means by which all Museum managers are able to report on risk and risk mitigation to their heads of branch and division and for the heads of branch and division to report to the Director-General, on a quarterly basis in the Quarterly Stewardship Report.
- The risk database requires that every risk be assigned to an owner.
- The risk database also records the progress by the divisional heads in managing the Museum's Strategic Risks, including progress in implementing any actions required to reduce the residual risk exposure to an acceptable level. Progress in managing risk is reported to the Director-General bi-monthly at the Senior Management Team meetings.
- The outcome of the Director-General's review of risk is reported to the Audit Committee (at least three times a year) and the full Board (once a year). Strategic Risks relating to the Development Trust and the Trading Company are reported to the Committees of the Board assigned to oversee those two operational areas of the Museum's business. The Board and its Committees evaluate the prevailing risk exposure and control effectiveness together with the Director-General's progress in implementing changes to reduce the residual risk exposure to an acceptable level.
- Training in risk management is mandatory for managers in the Museum. Technical assistance is also available and provided to managers by the Museum.

6.3 Risk management is also assured by the:

- Use of a regime of management checks performed by senior managers, the outcomes of which are reported to the Director-General via the Quarterly Stewardship Report.
- A programme of internal audits carried out by an adequately resourced team of professionally qualified internal auditors, working to Government Internal Audit Standards. The Head of Internal Audit holds the Government Internal Audit Certificate. The audit strategy and annual programme of audit work is approved by the Director-General and the Audit Committee and follows a balanced strategy of audit and consultancy, financial and business risk.
- Each recommendation for improvement arising from an audit is assigned an action

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owner, who has agreed to take ownership for the delivery of the improvements required. The Director-General and the Audit Committee monitor progress in the implementation of audit recommendations.

Audit Committee and Financial Control

- 6.4 The Audit Committee advises the Director-General and the Board on measures to promote the highest standards of effectiveness, economy, accountability and propriety in the use of resources in general and public funds in particular by ensuring, inter alia, that internal audit and financial controls and reporting systems reflect best practice, including standards specified in the Government's Internal Audit Standards, and that they serve the Museum's key aims and objectives. Further detail on the purpose and membership is explained in paragraph 4.24 to paragraph 4.25.

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Reporting line of Head of Internal Audit

- 6.5 The Head of Internal Audit is independent of line management, reporting directly to the Director-General and Accounting Officer, with direct access to the Chairman of the Board and the Chairman of the Audit Committee. Internal Audit reports are the work of the Head of Internal Audit and owned by him. The Head of Internal Audit produces an Annual Report for the attention of the Director-General and the Audit Committee as soon as practicable after the end of the financial year, which summarises the main audit work and findings during the year, highlighting any significant control issues and providing an Annual Opinion on the adequacy of the systems of internal control and risk management. Once the Director-General and the Audit Committee have accepted the Annual Report, a copy is filed with DCMS Internal Audit and copied to the Museum's sponsoring unit at DCMS.
- 6.6 An independent body reviews IWM Internal Audit at least every five years, to provide DCMS Accounting Officer with assurance on the effectiveness of IWM Internal Audit. In practice, this also provides the IWM Audit Committee and Director-General with assurance.

MS 47-48, & established practice

GIAS¹² & MS para. 48

¹² Government Internal Audit Standards.