

## Audit & Risk Assurance Committee

May 15 BM D 1.2

**Date:** Thursday 16 April 2015

**Location:** Fleetbank House, London

**Start time:** 13.30

### Present

#### Committee Members

Marian Lauder MBE  
Isabel Liu

ML Chairman  
IL Board Member

#### Executive in attendance

Anthony Smith  
Nigel Holden  
Jon Carter  
Martin Clarke  
Michelle Calvert

AS Chief Executive & Accounting Officer  
NH Resources Director  
JC Head of Business Services  
MC Business Services Executive  
MCa Business Services Officer

#### Guests

Dhruve Shah  
  
Andrew Paterson  
Jeff Halliwell

DSh Audit Principal  
National Audit Office  
AP Head of Internal Audit, DfT (GIAA)  
JH Chair of Transport Focus

#### Apologies

Paul Rowen PR

### Part A

#### 1 Chairmans opening remarks

The Chairman welcomed everyone to the meeting. Paul Rowen has sent his apologies and also notes on agenda items, which will be referred to throughout the meeting.

# Minutes

## 2 Minutes

The minutes of the meeting of the committee held on Thursday 15 January 2015 were **agreed** and the committee **authorized** the Chair to sign them.

## 3 Action matrix

AC148 – this has taken longer than intended, however, starting in May, suitable training has been identified through Civil Service Learning.

AC163 – Complete, Delete

AC167 – It has been agreed by the NAO that the fee will stay fixed, there is no scope for reduction

AC169 – this is discussed later on in agenda (item 07.0)

No	Meeting	Issue	Action	Responsibility	Due Date	Status
AC 139	17/10/13	<b>IT firewall</b>	Consider further penetration testing and report back to committee	<b>Nigel Holden</b>	<b>Sep 15</b>	<b>Penetration testing will be completed once the new ICT contract is awarded.</b>
AC 148	16/01/14	<b>Equalities training</b>	Consider how to deliver for board members	<b>Nigel Holden</b>	<b>Dec 14</b>	<b>Work in progress.</b>
AC 153	10/04/14	<b>Data validation audit</b>	Discuss and agree scope and timings with Jordan Sergeant and Andrew Patterson	<b>Jon Carter</b>	<b>Jul 15</b>	<b>Deferred pending agreement with ORR on data publication</b>
<b>AC163</b>	16/10/14	Information risk training	Ensure all staff undergo appropriate training	<b>Anthony Smith</b>	<b>Dec 14</b>	<b>See update on Agenda, (item D 02.0)</b>
<b>AC164</b>	16/10/14	Whistleblowing policy	Circulate to board once approved	<b>Nigel Holden</b>	<b>Nov 14</b>	<b>Complete. Delete</b>

<b>AC166</b>	15/01/15	Governance statement	Update board members details	<b>Shahid Mohammed</b>	<b>Apr 15</b>	
<b>AC167</b>	15/01/15	NAO fee	Determine scope to reduce fee	<b>Dhruve Shah</b>	<b>Apr 15</b>	
<b>AC168</b>	15/01/15	Internal audit recommendations	Add to log	<b>Jon Carter</b>	<b>Apr 15</b>	<b>Complete. Delete</b>
<b>AC169</b>	15/01/15	'spare' internal audit days	Determine scope to use days this year	<b>Anthony Smith</b>	<b>Apr 15</b>	

## Part B

### 1 Q4 Finance report to end March 2015

The document was introduced by NH. We are on target for our budget allocation and the favourable variance on the road user preparation budget in a year of transition is not unreasonable. The budget for franchising work we were asked to draw down was not fully committed at the year end so we need to discuss this with the department. Budget allocations for road user representation do not currently include any fixed overhead apportionment although this may need to be reviewed. We are confident that we have a sufficient budget for road user representation next year.

ML congratulated NH and his team, in particular Shahid Mohammed, for helping us keep on track.

### 2 Governance Statement V2

DSh confirmed that we are fully compliant with the statement. The Chairman gave congratulations for another good piece of work from NH and the department.

## Part C

### 1 Project Management report

MC gave an introduction and detailed description of the "record of projects" document. He suggested that sticking to the given completion dates did not currently seem to be possible. JC mentioned that there were issues when it came to explaining the reasons for the late completion of a project, sometimes it was of benefit to the project. IL stressed that the purpose of the document should be for the MT and ARAC to understand the progression of projects and possible 'bottle neck' situations within projects. It was agreed that we also need to be able to provide more narrative of the progress of projects.

Looking at specific projects, PR had sent his congratulations to Jordan Sergeant on the success of the BPS Data Explorer.

<b>AC170</b>	16/04/2015	Project Management Report	Explore possible document options for use by the Board to track publication dates.	<b>MC</b>	<b>July 15</b>
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## 2 **Business planning: Workplan reporting 2015-16**

MC and MCa had created a new template for the Workplan reporting, and MT and other staff had started to fill it in. Both reports (2014-15 and 2015-16) would be reviewed at the next MT meeting. The document was encouraging teams to work together. AS had decided that the 2015-16 Workplan would have Scottish and Welsh versions. Information from 2014-15 Workplan report was being used to write the Annual Report and Accounts.

## 3 **Business planning: budgets 2015-16**

Budgets were similar to last year, but with the budget for Road User Representation being significantly higher due to the 2014-15 budget just covering the transition period. All allocation of budgets would be given to teams in early May.

We would follow the same principles for charging Project Management fees as in 2014-15 for projects funded by third parties, but the budgets for 2015-16 did not assume any income at present.

## 4 **Internal audit: progress report**

AP talked the committee through this document/review. The committee agreed on his findings and were content with the report.

## 5 **Internal audit reports**

### 5.1 **Business Continuity Plan (BCP) follow-up**

NH talked through the decision to test the BCP late June/early July involving both sites (Manchester and London).

AP agreed that Transport Focus concentrate on addressing the essence of the recommended actions rather than focusing on the detail, as was proportionate for an organisation of our size.

AS suggested that NH speak to ORR regarding what they had learnt from their recent electrical fire in relation to business continuity.

<b>AC171</b>	16/04/2015	Business Continuity Plan (BCP)	Discussion with ORR regarding recent fire	<b>NH</b>	<b>July 15</b>
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<b>AC172</b>	16/04/2015	BCP	Fix date for evacuation exercises	<b>NH</b>	<b>July 15</b>
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## 5.2 Equality and Diversity Scheme and Action Plan

AP said that the action plan needed reviewing and updating, and a register needs to be kept of who has been trained in what. The scheme is also due for reissue during 2015-16. NH agreed that the report is fair and said that we need to ensure the MT needed to take ownership of the new scheme and action plan.

Having a board level champion was discussed – this could be included in the accessibility champion's responsibilities, broadening the role to include accessibility, equality and diversity. AS said that the champion should work alongside the Insight Team, as our research programme was an area that would benefit from additional scrutiny to ensure equality and diversity issues are being fully covered.

IL pointed out that the Board also needed equality and diversity training, and JC agreed that MT needed refreshing on the subject.

<b>AC173</b>	16/04/2015	Equality/Diversity	Investigate expanding Champion's role to Accessibility, Equality and Diversity	<b>ML</b>	<b>July 15</b>
<b>AC 174</b>	16/04/2015	Equality/Diversity	Update Scheme, investigate E&D training for Board and refreshing MT and staff training	<b>NH</b>	<b>July 15</b>

## 5.3 Core controls

AP's report had eight findings, mostly to do with receipts and lack of evidence to support claims. NH agreed that the findings were as expected: the expenses policy needed to be updated to reflect the current ways of working and good practice. Education of staff was needed, including a reminder through line managers about what was needed for a claim. The policy needed to be refreshed and modernised to bring it in line with HMRC guidance.

<b>AC175</b>	16/04/2015	Expenses Policy	Update expenses policy and guidelines for staff – FAO RemCom/Staff	<b>NH</b>	<b>Oct 15</b>
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## 6 Draft Head of Internal Audit annual opinion 2014-15

AP had given us a 'moderate' opinion of our work over the last year. There were significantly fewer findings and issues raised than last year. AS asked how we compare to other organisations. AP confirmed that most organisations' reviews are 'official: sensitive' and would not be available to share at present.

## 7 Internal audit plan and fees 2015-16

These were agreed by the committee.

## Part D

### 1 Strategic risks

JC said that the periodic CRM data cleanse is currently taking place. NH mentioned that we also need to ensure the data remained accurate throughout the year.

ML noted the risks surrounding succession planning earlier in the meeting, as part of the BCP (item C 5.1).

### 2 Q4 Information Risk Report

Overall JC was satisfied with the report. It had already been noted that CRM needed a cleanse, mainly due to there being a large number of staff changes across the industry. The Annual Report needed to be updated and will be shown to the board in May. ML endorsed the letter to the Accounting Officer created by JC, seconded by IL and **agreed** by the committee.

### 3 Half yearly risk report

ML said that there were no reportable risk management issues this year and the report was to go to Board Meeting in May. ML proposed giving Transport Focus a "green" rating, which was seconded by IL, and **agreed**. ML agreed to draft the report.

### 6 Alternative delivery/funding models: update

AS and JH had held an initial discussion with DfT to get an understanding of their engagement and interest in consenting to us exploring new funding options. The agreed approach was to write to them with options setting out a menu of options for future funding arrangements.

There were three areas which could be explored:

1. Current funding should to be classified appropriately between 'programme' and 'administration' with agreement from the DfT
2. Funding for rail passenger representation could be transferred to a levy on

- operators, built into franchises – ORR were supportive of this option
3. We could set up a commercial entity as part of Transport Focus, such as an arms-length company.

It was important to offer solutions, even though we recognised that many issues would prompt debate. The need to diversify income needed to be addressed, regardless of the method. PR suggested setting up a Board task force to look at this further, and ML said that ARAC should look in more detail at the options at a future meeting.

## Part E

### 1 Annual review: outside interests

It was **agreed** that the format, process and content are appropriate and up to date with latest appointments.

### 2 Annual review: gifts and hospitality (G&H)

JC pointed out that there may well be more offers which are declined but not recorded. Declaring declines could give us more information about how the industry is approaching us. Reminders to staff should be put into diaries and senior members of staff should be responsible for reminding staff to declare their G&H.

The CEO Team's 'Spring Tour' would be commencing soon and would be educating staff in regards to G&H declarations. MC and MCA had produced a new, simpler, document for staff to declare their own G&H through Google Docs.

### 3 ARAC report to board

ML would draft this report and circulate to ARAC members. This was an opportunity to raise issues such as alternative delivery models, tightness of budget and to also confer with other committees such as SGG and RemCom, to coordinate and not duplicate issues. AS would also want to raise the issues of the change process and change risk register.

### Any other business

The memorandum of agreement for Internal Audit services would be available at the July meeting.

<b>AC176</b>	16/04/2015	Internal Audit	Have memorandum of agreement available for July meeting	<b>AP</b>	<b>July 15</b>
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There being no other business, the meeting closed at 15.30.

Signed as an accurate record of the meeting

# Minutes

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Marian Lauder MBE FCMI, Chairman

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Date

