

Board Meeting Paper	
Nov 14 BM 11.0	
Purpose of report	<input type="checkbox"/> Decision ¹ <input checked="" type="checkbox"/> Discussion / debate <input type="checkbox"/> Information only ²
Sensitive Information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If sensitive, protective marking³	
Date of Meeting	13 November 2014
Agenda Item	11
Report Title	ARAC risk report for Q1 / Q2 2014
Sponsor	Marian Lauder
Author(s)	Marian Lauder



1. Summary
<p>This half yearly report to the Board covers those aspects of risk management within the Audit and Risk Assurance Committee's oversight. It is a requirement of its terms of reference that the Committee reports to the Board twice a year.</p>
2. Recommendations for action
<p>This report is for noting only.</p>
3. Serious risk management issues this half year
<p>None identified.</p>

4. Risk issues reviewed			
The Committee has reviewed the following aspects of the risk management system this half year:			
Element	Owner	Date last reviewed	Comments
Strategic risk register	Anthony Smith on behalf of management team	16 Oct 14	<p>The top corporate risk (graded red) is still rightly focused on ability to influence and achieve value for money, correctly identifying opportunities such as the Triennial Review and alternative delivery models in the mitigation plan.</p> <p>The development of the 'roads' risk is maturing well. The Change Manager has been invited to attend the next ARAC meeting to consider in more detail the risks involved in the change programme.</p>

¹ If a decision is required, or you are asking for the paper to be formally noted, please set this out in section 2

² If for information only, please make clear in section 1 **why** this information is being provided

³ ie **OFFICIAL/SENSITIVE**: plus COMMERCIAL / POLICY / MANAGEMENT-STAFF / PERSONAL PROTECT

			In the context of the risk 'continuing to be useful to government and industry', ARAC and RemCom have jointly invited the SMT to consider staff risks resulting from current high workloads.
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Team risks: Passenger Team	David Sidebottom	16 Oct 14	<p>The sole risk in the Passenger Team concerns complaint handling. ARAC have endorsed the proposal to complete a strategic review of complaint handling in Q4 as a mitigation against risk in the appeal complaints process.</p> <p>ARAC have encouraged Director Passenger Team to explore risks posed by recent staff turnover.</p>
Team risks: Passenger Issues Team	Mike Hewitson	16 Oct 14	<p>Passenger Issues Team risks centre around bus policy and advocacy, franchising and road user representation. All are graded amber.</p> <p>ARAC have noted that the corporate knowledge of bus policy is gradually being rebuilt following the restructuring of Passenger Focus and this risk continues to be mitigated through everyday work.</p>
Team risks: CEO Team	Jon Carter	16 Oct 14	<p>The CEO Team risks focus on internal control measures, risk management processes and business planning. The CEO team workload is still graded red and additional resource is being sought.</p> <p>ARAC have approved and recommend to the Board a Business Planning process for 2014/15.</p> <p>A review of the Risk Strategy will be conducted in the second half of this reporting year.</p>

Team risks for Communications, Change, Research and Resources Teams will be reviewed in January 2015, and will feature as part of the next report to Board.

Annual fraud and bribery risk assessment	Jon Carter	16 Oct 14	Completed Sep 14 using the very useful standard format. Following the application of mitigating measures, none of the residual risk is categorised higher than amber and most is green. Reasonable and proportionate controls are in place to mitigate and manage fraud and bribery risk.
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5. Information Risk

The Committee also keeps a watching brief on information risk issues as it is required to do by IA Standard No 6 (protecting personal data and managing information risk) of HMG Security Policy Framework and compliance with the Freedom of Information Act 2000 and the Data Protection Act 1998. The Senior Information Risk Owner (SIRO) (Jon) provides the Committee with a quarterly report.

Q	Date considered	Issues Comments
2	16 Oct 14	Information risk is being well managed, although 2 issues have emerged in this period: (1) the NRPS embargo was breached on 25 Jun 14 and we have committed to the ONS to find ways to prevent a recurrence before the autumn wave; (2) the CEO and SMT will increase efforts to get relevant staff trained in information risk by the end of the year in order to prevent a qualification on the letter of assurance from the SIRO to the CEO.

5. New developments / other issues

There have been further changes in our internal and external auditors, only a year on from the last major change of personalities. The NAO auditor is now Dhruve Shar and Helen Jackson has been promoted to the Audit Principal post. Timothy Le Mare is now our Principal in the newly formed Government Internal Audit Agency, with responsibility for the DfT family.

6. Overall opinion

The Committee's overall opinion on the management of risk is set out below.

Substantial (green)



Core Definitions for Annual and Engagement Opinions

Substantial

The framework of governance, risk management and control is adequate and effective.

Green



Moderate

Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.

Yellow



Limited

There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.

Amber



Unsatisfactory

There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

Red



7. Equalities screen

Sometimes, an equalities impact assessment (EIA) is required for a given report, proposal or project. To help decide whether an EIA is required, a screen must be undertaken based on the information provided above. The screen seeks answers to four questions which are used to determine impact on the protected characteristics – major, minor or none (default). Please choose the correct impact value and, if **major**, link it to an explanation below.

Gender	Age	Sexual orient'n	Disability	Marital status	Political belief	Religious belief	Racial group
1. What is the likely impact on equality of opportunity for those affected by this policy, for each of the Section 75 equality categories?							
None	None	None	None	None	None	None	None
2. Are there opportunities to better promote equality of opportunity for people within the Section 75 equalities categories?							
None	None	None	None	None	None	None	None
3. To what extent is the policy likely to impact on good relations between people of different religious belief, political opinion or racial group?							
					None	None	None
4. Are there opportunities to better promote good relations between people of different religious belief, political opinion or racial group?							
					None	None	None

Summary of **major** impacts

1	
2	
3	
4	

Conclusion (the board's consideration of this paper may result in a change of conclusion)

Based on the information above, and having regard to the guidance below, the sponsor and author of this paper agree that (√)	
(a) A full equalities impact assessment is not required	√
(b) A full equalities impact assessment is not required at this time but the impact values above suggest the matter should be kept under view during the lifetime of the project	
(c) A full equalities impact assessment is required and should be completed during the lifetime of the project	
(d) A full equalities impact assessment is required and should be completed immediately	
Please provide a brief explanation of why you have arrived at this conclusion	
<p><i>The proposal has little no relevance to equality of opportunity or good relations and / or is purely technical in nature and will have no bearing in terms of its likely impact on equality of opportunity or good relations for people within the equality and good relations categories.</i></p>	