

# Minutes

May 13 BM 8.1

## Audit Committee

**Date:** Wednesday 1 May 2013

**Location:** Fleetbank House  
Salisbury Square  
London EC4

**Start time:** 14.00 hrs

### Present

#### Committee Members

Bill Samuel	BS	Chairman
Barbara Saunders OBE	BSa	
Deryk Mead CBE	DM	

#### Committee Members designate

Marian Lauder MBE	ML	
Isabel Liu	IL	
Paul Rowen	PR	

#### Executive in attendance

Nigel Holden	NH	Resources Director
David Sidebottom	DS	Passenger Team Director
Jon Carter	JC	Head of Business Services

#### Guests

Helen Jackson	HJ	Audit Manager National Audit Office
Darren Hall	DH	Internal Audit Manager DfT Audit and Risk Assurance Head of Internal Audit, Passenger Focus

#### Apologies

Anthony Smith	AS	Chief Executive & Accounting Officer
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# Minutes

## 1 Chairmans opening remarks

The Chairman welcomed everyone to the meeting. There were apologies for absence from Anthony Smith.

## 2 Minutes of previous meetings

The committee **approved** the minutes of the meeting held on 16 January 2013 and **authorised** the Chairman to sign them.

There were no matters arising from the minutes.

## 3 Action Matrix

Most actions were **noted** as 'complete, delete' or otherwise covered on the agenda or not yet due. BS explained the background to AC119 – Ian Coates, DfT Group Head of Internal Audit – and AC125 in respect of bringing the transition costs summary to the board for information. The latter would be added as an annex to the committee's annual report to the board.

## 4 Q4 finance report

NH presented the finance report for Q4 2012-13. It showed expenditure on target against the predictions made in January. The small underspend was consistent with that prediction and no last minute and/or unnecessary spending had taken place. BSa raised the issue of the payroll provider which NH confirmed would now take place in 2013/14 as both the current and new had to synchronise transitional arrangements. The project plan would provide for managing data transfer and other risks. DM wondered if long term sickness would impact on the new year's budget; NH had noted this as a potential risk but felt the outlook in this respect was probably better than the actual situation in 2012-13. He also confirmed that succession planning arrangements were under development as this issue was a risk recently escalated to management team level.

The Q4 finance report was **noted**.

AC 128	01/05/13	<b>Most recent staff absences report</b>	Circulate to AC members and members designate	May 13	<b>LCG</b>	
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## 5 Format of Annual Report and Accounts

The committee **noted** the format of the AR&A for 202-13 which it would formally endorse and recommend to the board on 16 May. HJ confirmed that notwithstanding further work planned this week and next, the audit was going well. She was grateful to the Resources team for the early production of the draft accounts and governance sections which meant they had been able to make rapid progress. BSa noted that the reference to PaxCo on page 5 should be amended to be clear that no formal proposal had yet been put forward for the board to consider and approve. ML wondered whether in this context mutualisation had been considered; JC confirmed that it had and that the next step was to brief the board for a fuller discussion.

## 6 Internal Audit report: stakeholder strategy

DH introduced the report which had been well received by the management team – JC explained the discussions they had had in respect of the prioritisations of management actions. The committee did not recall seeing the stakeholder strategy on which the audit was based and this would be addressed. BS observed there was clearly a need to monitor the embedding of the strategy and use of the systems and urged the incoming committee to take a keen interest in its success.

The committee **noted** the report and the useful outcomes.

AC 129	01/05/13	<b>Stakeholder Strategy</b>	Circulate to Board	May 13	<b>DS</b>	
AC 130	01/05/13	<b>SH Strategy Audit</b>	Admit to rolling IA log	July 2013	<b>JC</b>	

### 6 (a) Core controls audit

DH briefed the committee on the history of this annual piece of work and progress. A sense of proportionality was required in the context of the risk facing Passenger Focus. BS reminded the committee of previous discussions in respect of the replacement of the finance system but NH confirmed that an upgrade to the current system had produced the audit trail required.

The committee **noted** the report.

AC 131	01/05/13	<b>Core controls audit</b>	Admit to rolling IA log	July 2013	<b>JC</b>	
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## 7 Internal Audit progress report

DH briefed the committee on year to date progress which would inform his annual opinion now in preparation. The committee commended DH and his colleagues for a year of high quality work and useful outcomes.

## 8 Internal Audit plan 2013-14

DH introduced the final version of the internal audit plan for 2013-14, which has been based on discussions with most members of the management team and the Chairman of the Audit Committee. A provision for upfront advice rather than historic audit had been made on the reserve list in respect of PaxCo. It was thought that some of the assignments may be better retimed to give new arrangements a chance to settle down; JC undertook to take the matter to management team and then discuss with Belayet.

## 9 Senior Information Risk Owners report for Q4 2012-13

JC presented his information risk report for Q4 which the committee **noted** although the Q4 information risk assessment by Information Strategy Group was outstanding. He briefed the committee on the history of information risk within government and the need to appoint a SIRO and Information Asset Owners. The committee **noted** the report.

## 10 Updated corporate risk register

JC introduced the updated risk register which the committee **noted** as work in progress which would come back to the committee after the management team had had another crack at residual impact assessments. BSa wondered if the initial impact assessment was overstated; JC promised that this would be looked at again.

## 11 Team risk: Communications Team

The committee **noted** and **agreed** with the current risk statements in the comms team risk register, as introduced by Sara Nelson. The committee agreed that more work was needed on influencing and noted the Chief Executive's paper on *Passenger Power* which it looked forward to discussing on 16 May. The issue of media training and availability for board members was raised and it was agreed that this matter would benefit from a discussion with AS and CF

## 12 Risk report to Board for six months to March 2013

The committee **agreed** its six monthly report to the board subject to adding a note in respect of the corporate risk register and comms team risks.

## 13 Record of projects 2012-13

The committee **noted** the updated project record showing how project funds had been allocated and projects managed over the course of the year. Certain project reviews were noted as outstanding.

## 14 Registers

14.1 The committee reviewed and **noted** the gifts and hospitality register for 2012-13 which JC confirmed had been uploaded to the website.

14.2 The committee reviewed and **noted** the register of outside interests for 2012-13. JC confirmed that once the declaration of the new member for Wales had been received, the register would be amended (including the deletion of the entry for Mike Parker) and re-uploaded to the website.

## 15 Audit Committee annual report to Board

The committee **agreed** its annual report to the board subject to the following additions:

- Chairman's introduction – add a note on the updated arrangements for the scoping of internal audit assignments
- Page four – add Deryk Mead
- Section six – risks, governance and recommendations – include brief notes on the embedding of new risk management arrangements; a recommendation that the board should review risk management arrangements annually; note arrangements for succession planning going forward; undertake a review of the effectiveness of PF influencing and, a recommendation that the June members event should be devoted to a discussion on the transfer of corporate memory and related / complimentary issues.

## 16 Year end management assurance statement

The committee **endorsed** the year end management assurance statement recently submitted to DfT.

# Minutes

**17 Any other business**

There being no other business the meeting closed at 1530 hrs.

Signed as an accurate record of the meeting

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Bill Samuel, Chairman

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Date