

<b>Board meeting paper</b>	
<b>May 13 BM 8.1 Ax A</b>	
Report for	Decision <input type="checkbox"/> Information <input checked="" type="checkbox"/>
Restricted or confidential Information?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
If confidential, protective marking <sup>1</sup>	
Date of Meeting	16 May 2013
Agenda Item	8.1
Report Title	<b>Audit Committee risk report for Q3/Q4</b>
Sponsor	Bill Samuel
Author(s)	Jon Carter



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

<b>4. Risk issues reviewed</b>			
The Committee has reviewed the following aspects of the risk management system this half year:			
Element	Owner	Date last reviewed	Comments
Corporate and strategic risk	Anthony Smith on behalf of management team	01/05/13	The updated risk register which the committee <b>noted</b> as work in progress would come back to the committee after the management team had had another crack at residual impact assessments. There were no major issues identified on corporate and strategic risks which were not already work in progress.

<sup>1</sup>ie RESTRICTED plus COMMERCIAL / POLICY / STAFF / PERSONAL PROTECT

Element	Owner	Date last reviewed	Comments
Team risks: <b>Passenger Team</b>	David Sidebottom	10/10/12	The committee <b>noted</b> and <b>agreed</b> with the current risk statements in the passenger team risk register. It was observed that clarity was required on liability for redress and compensation on change of franchise given the extent of the current franchising programme.
Team risks: <b>CEO Team</b>	Jon Carter	10/10/12	The committee <b>noted</b> and <b>agreed</b> with the current risk statements in the passenger team risk register, noting in particular the delay to the annual board appraisals.
Team risks: <b>Passenger Team</b>	Ian Wright	16/01/13	The committee <b>noted</b> and <b>agreed</b> with the current risk statements in the research team risk register, noting in particular the progress made on risk PRX-RSH03 (procurement) and the need to reassess this risk in the light of the new Preferred Supplier List.
Team risks: <b>Passenger IssuesTeam</b>	Mike Hewitson	16/01/13	The committee <b>noted</b> and <b>agreed</b> with the current risk statements in the passenger issues team risk register. The committee noted in particular the recently published Brown review of franchising and the impact this would have on the workload of the team.
Team risks: <b>Comms Team</b>	Sara Nelson	01/05/13	The committee <b>noted</b> and <b>agreed</b> 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 <i>Passenger Power</i> which it looked forward to discussing on 16 May. The issue of media training and availability for board members was raised.
Mid year management assurance return to DfT	Jon Carter	10/10/12	The committee <b>endorsed</b> the mid-year management assurance return to DfT
Annual fraud and bribery risk assessment	Jon Carter	10/10/12	The committee <b>noted</b> the annual fraud and bribery risk assessment conducted by Management Team
End year management assurance return to DfT	Jon Carter	01/05/13	The committee <b>endorsed</b> the end-year management assurance return to DfT

## 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
1-4	16/01/13	JC presented information risk reports each quarter including the quarterly information risk assessments conducted by Information Strategy Group. In January 2013 he drew the committees attention to the need to carefully review the data protection provisions of the proposed new call centre contract,

## 5. New developments / other issues

The committee were introduced to Mr Belayet Hussain at its October meeting. Belayet is a senior auditor at DfT Audit and Risk Assurance and assumes responsibility for Passenger Focus's internal audit programme from April 2013.

## 6. Overall opinion

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

Rating	✓	Audit Definition
Full		Systems of corporate governance, risk management and internal control are fully established, documented and working effectively.
Substantial	✓	Systems of corporate governance, risk management and internal control arrangements are well established and working effectively. Very minor control weaknesses have been identified in a maximum of one or two discrete areas.
Reasonable		Systems of corporate governance, risk management and internal control arrangements are generally established and effective, with some minor weaknesses or gaps identified.
Partial		Systems of corporate governance, risk management and internal control are present and operating effectively except for some areas where material weaknesses or significant deficiencies have been identified, aspects of the control arrangements need documenting, or evidence does not exist to demonstrate effective operation.
None		Systems of corporate governance, risk management and internal control are poorly developed or non-existent or major levels of non-compliance or non-conformance have been identified. Control arrangements are not adequately documented, or evidence does not exist to demonstrate effective operation.