

# Minutes

Sep 13 BM 10.2

## Audit Committee

**Date:** Monday 1 July 2013

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

**Start time:** 11.00 hrs

### Present

#### Committee Members

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

Marian Lauder MBE	ML	Chairman designate
Isabel Liu	IL	
Paul Rowen	PR	

#### Executive in attendance

Anthony Smith	AS	Chief Executive & Accounting Officer
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
Ian Coates	IC	Group Head of Internal Audit DfT Audit and Risk Assurance

## 1 Chairmans opening remarks

The Chairman welcomed everyone to the meeting. There were no apologies for absence..

## 2 Minutes of meeting held on 1 May 2013

The committee **approved** the minutes of the meeting held on 1 May 2013 and **authorised** the Chairman to sign them.

There were no matters arising from the minutes.

## 3 Minutes of meeting held on 16 May 2013

Subject to two minor corrections, the committee **approved** the minutes of the meeting held on 16 May 2013 and **authorised** the Chairman to sign them.

There were no matters arising from the minutes.

## 4 Action Matrix

The committee noted all actions as 'complete delete' except AC 129 (stakeholder strategy) which was being updated.

## 5 Q1 finance report

NH presented the finance report for the period April-May 2013. Net operating costs for the two months, excluding Smart ticketing, were £562,000 against the forecast of £570,000, a favourable variance of £8,000. There was no expenditure on the National rail passenger survey in the period as costs for the Spring wave were included in the 2012-13 accounts. The Department for Transport had confirmed agreement to fund Smart ticketing research up to £400,000 for the current year. Expenditure of £9,000 has been incurred in the period to date for the programme of work agreed with, and fully funded by, the Department, and will be invoiced at the end of the quarter. AS updated the committee on a recent tranche of project briefs which had just been approved by management team.

The Q1 finance report was **noted**.

## 6 Annual Report and Accounts 2012-13

The committee **noted** the annual report and accounts had been certified by the C&AG on 19 June 2013, and had been laid before Parliament on 27 June 2013

### *Internal Audit*

#### 7.1 Internal Audit progress report

IC introduced the report which showed that the programme had kicked off in good time – both Q1 surveys were currently being scoped; BSa hoped this pace could be maintained. PR queried the increase in audit days from (actual) 36.5 in 2013-13 to 40 planned in 2013-14. IC clarified that this was only for planning purposes and days would be charged as incurred up to a maximum of 40, although there was one more assignment planned in the new year than there had been in the previous year.

IC noted that the new XDIAS arrangements for cross government internal audit had soft-launched that day. Methodologies would probably change over time, but it would be an opportunity to ensure audit teams had the necessary balance of skills and experience. BS assumed this was a cost saving exercise; IC said it was not savings-driven. BSa commented that as a small NDPB Passenger Focus would find itself a small fish in an even bigger pond. IC said that changes were not being made for the sake of it, but on that note he had to say to the committee that Belayet would be moving on in the near future, and that he and Darren Hall would cover the role until a new HIA was appointed.<sup>1</sup> ML commented that an entirely new committee was now potentially faced with an internal audit manager who would know nothing about Passenger Focus – this could hardly be described as ideal.

#### 7.2 Final HIA Opinion 2012-13

BS welcomed the final report although of course there was as always some room for improvement. HJ said Passenger Focus should be very content with the rating provided – it was very unlikely ever to be ‘full assurance’ as the costs of getting to that point were likely to be large and disproportionate. AS once again reiterated his dislike of the ‘reasonable’ rating; IC said that was possibly an issue to look at during the coming XDIAS integration, but that Passenger Focus should not be too concerned about it in the interim, as its overall results were very good within the DfT family. IC undertook to circulate the complete DfT results for comparison.

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<sup>1</sup> Ian Coates wrote to ML later that week to inform Passenger Focus that he would also be taking a six month sabbatical.

## 8 Senior Information Risk Owners report for Q1 2012-13

JC presented his information risk report for Q1 which the committee **noted** along with the Q1 information risk assessment by Information Strategy Group. The committee also **noted** the annual opinion by the SIRO to support the accounting officer's governance statement within the annual report and accounts.

## 9 Updated corporate risk register

AS updated the committee on the work in progress to complete the corporate risk register and risk assess the top seven objectives for the year. This would come back to the committee in October.

## 10 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, although t28P, 30A, 32M and 35R had actually completed. MC would reissue. IL queried the negative £5K on project 51R (Merseytravel) – this represented a charge for project management and was therefore shown as a negative sum. ML looked forward to hearing more about progress on project 50A (review of performance measures and management information) and wondered if a committee member would like to be more closely involved with the work.

## 11 Outgoing Chairman's closing remarks

BS noted that the last three years had seen improvements across the business but especially in the management of risk and financial control. On the whole internal audit reports had been sound, and there had been no let up in the series of unqualified accounts. He felt the governance environment at Passenger Focus was proportionate and constructive, and thanked the retiring committee members, as well as the officers, for their huge contributions to the work of the committee over the years.

## 12 Incoming Chairman's opening remarks

ML assumed the chair, and paid tribute, on behalf of the new committee, for the legacy it was to make good use of – there was a hard act to follow, but that was what it would try to do. One key task was to look a little bit further ahead by lifting its head out of the mass of detail the committee's brief allowed it to become engulfed with.

**13 Feedback on discussions**

ML reported back on discussions she had held with the NAO and DfT Internal Audit. Both organisations were generally very happy with the level of scrutiny the committee provided and hope this would continue. New and emerging guidance was however becoming available and notwithstanding the issue of proportionality – which she fully recognised – it would be important over the course of the year to understand how closely we were able to comply with new requirements or explain why we could or would not.

An NAO workshop towards the end of the year on the new ARAC guidance would be useful for all new members.

**14 Letter from Permanent Secretary**

The committee **noted** the letter from Philip Rutnam in respect of XDIAS arrangements, the substance of which had been discussed earlier in the meeting.

**15 ARAC fact sheet**

ML introduced the recently produced factsheet which was a lighter version of the new 2013 handbook. She and JC would be working their way through it over the coming months. BSa noted the financial planning assumptions at the spring meeting might prove particularly useful. HJ observed the new version was much more user friendly and the annexes were especially useful.

**16 Committee forward work plan**

ML introduced the work plan as work in progress. She had discussed it in detail with JC and NH and it could be refined over time. JC noted that such a plan had lapsed over recent years and this would be really helpful. In planning both cyclical and new business. IC observed that a review of committee performance should also be listed. IL felt that the plan should also be a good basis for assessing the skills mix of new committee members.

**17 Any other business**

Thanking the outgoing committee for its service and the rare and special opportunity of being able to shadow and learn from it for several months, and there being no other business, ML closed the meeting at 1230 hrs.

Signed as an accurate record of the meeting

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Marian Lauder MBE FCMI, Chairman

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Date