

## Audit & Risk Assurance Committee

Sep 15 BM D 1

**Date:** Wednesday 15 July 2015

**Location:** Fleetbank House, London

**Start time:** 11am

### Present

#### Committee Members

Marian Lauder MBE  
Paul Rowen

ML Chairman  
PR 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  
Tim Davies  
Andrew Paterson

DSH Audit Principal, NAO  
TD New Audit Principal, NAO  
AP Head of Internal Audit, DfT (GIAA)

#### Apologies

Isabel Lui

IL Board Member

### Part A

#### 1 Chairmans opening remarks

The Chairman welcomed everyone to the meeting and noted apologies received from IL.

#### 2 Minutes

The minutes of the meetings of the committee held on Thursday 16 April 2015 and Monday 8 June 2015 were **agreed** and the committee **authorised** the Chair to sign them. JC noted that the Board subsequently endorsed the recommendations in respect of the annual report and accounts from the June AARAC meeting.

# Minutes

## 3 Action matrix

No	Meeting	Issue	Action	Responsibility	Due Date	Status
<b>AC139</b>	17/10/13	<b>IT firewall</b>	Consider further penetration testing and report back to committee	<b>NH</b>	<b>Sep 15 – dependent on issues arising</b>	<b>New contract in place, penetration testing after data centre stabilises</b>
<b>AC153</b>	10/04/14	<b>Data validation audit</b>	Discuss and agree scope and timings with Jordan Sergeant and Andrew Patterson	<b>JC</b>	<b>Sept 15</b>	<b>Work in progress</b>
<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>	<b>Work in progress</b>
<b>AC171</b>	16/04/2015	Business Continuity Plan (BCP)	Discussion with ORR regarding recent fire	<b>NH</b>	<b>Sept 15</b>	
<b>AC172</b>	16/04/2015	BCP	Fix date for evacuation exercises	<b>NH</b>	<b>July 15</b>	<b>Date scheduled</b>
<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>Complete. Delete.</b>
<b>AC174</b>	16/04/2015	Equality/Diversity	Update Scheme, investigate E&D training	<b>NH</b>	<b>Sept 15</b>	<b>Work in progress. Refresher process started.</b>

			for Board and refreshing MT and staff training			
<b>AC175</b>	16/04/2015	Expenses Policy	Update expenses policy and guidelines for staff – FAO RemCom/Staff Forum	<b>NH</b>	<b>Oct 15</b>	<b>Work in progress</b>
<b>AC176</b>	16/04/2015	Internal Audit	Have memorandum of understanding available for July meeting	<b>AP / JC</b>	<b>July 15</b>	<b>Work in progress</b>

## Part B

### 1 Q1 finance report to end June 2015

NH talked through the key points of the report. No risks had been identified and we were keeping track of projects as they progress. ML noted that the wider issues included changes in government funding and that contingency plans must be in place. The committee were made aware that the DfT had delegated the entire Roads budget in one large payment as opposed to the usual staggered payments. This was not thought to cause us any risk. We were currently unable to resolve the funding for National Road User Satisfaction Survey (NRUSS) being transferred from Highways England and so were unable to begin the procurement process, which was due to begin early October 2015.

<b>AC177</b>	15/07/2015	Roads funding	Research – is the NRUSS a National Statistic	<b>AS/IW</b>	<b>Oct 15</b>	
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## Part C

### 1 Project Management report

MC said that we had started a new process for presenting and collecting more accurate project data and were currently building a data system to clearly display information for use of the Board and Management Team. ML stressed that we needed to focus on making clear the information which the Board wanted to know. AS added that the number

of projects was increasing and we needed to get better at inputting and capturing the data and making the information more useable. The Communications Team were to be involved and consulted from the beginning of each project.

<b>AC178</b>	15/07/2015	Project Management Report	Produce paper report progress	<b>MC</b>	<b>Oct 15</b>	
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## 1.1 Project management process

The Chair commented that the number of 'red' items on the project report and 'due to be reviewed' being out of date was concerning. MC added that these issues were what motivated us to create a better way of handling projects. Sometimes projects were completed but not reviewed and so it shows up as 'red'. NH noted that the review process is paper heavy and so takes time to complete, a simpler process could be developed. JC remarked that an online process was needed to deal with this concern and was currently being trialled; feedback was good so far. The committee agreed that we need to learn from problems throughout the project process but also understand why a project has been successful.

## 2 Business plan: update for MYR

MC stated that the process has been successful, though more input from staff and Board Members is needed at the scheduled October Awayday and having more ideas from across the organisation would be beneficial. It would also benefit the plan to have further feedback from external stakeholders while in draft form. AS stressed the importance of creating a workable and useful document and, though it is a good guide throughout the year, it becomes less relevant as the year progresses due to change. JC added that a plan is important but acknowledged a sensible change process and having contingency plans are also essential. It was agreed by the committee that the key information needed is how we would make decisions in response to those changes. Douglas Dalziel would be heavily involved in next years business planning process.

## 3 Internal audit progress report

AP had held a meeting regarding the Communications Team audit, which is to start in August, as well as the Insight Team audit. Unfortunately these audits are later than planned as internal audit resources have had to be sourced; an auditor from the DfT 'family' would be preferred. The committee were concerned at having an 'external' auditor but understood that we may have more audits in the future done in this way. PR said that we could have an induction built into the programme for people who do not know the industry as well as internal auditors from the DfT might. JC noted that it is the responsibility of Government Internal Audit Agency (GIAA) that the auditor is fully briefed, however we would provide any information deemed useful.

<b>AC179</b>	15/07/2015	Internal Audit	Produce induction	<b>JC</b>	<b>Aug 15</b>	
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			process for 'external' internal auditors			
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#### 4 Rolling Internal Audit action log

It was agreed by the committee that the Management Actions found on the Equality & Diversity audit had unrealistic target dates. These were to be amended to December 2015. PR asked whether the new recruitment process we were going through could be used as an example of our Equality & Diversity successes/failures.

It was agreed that the Triennial Review action matrix/recommendations will be included on the next meeting agenda.

AC180	15/07/2015	Internal Audit action log	Triennial review action matrix/recommendations	JC	Oct 15	
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## Part D

### 1 Strategic risks

AS stated that the biggest risk remained the uncertainty of next year's budget. We had, however, been discussing alternative funding models and contingency plans with the DfT. The committee agreed that we provide sufficient evidence to the department that we are useful and of value. Having recently managed a successful change process, we felt we were adequately resourced to prepare for any future changes.

### 2 Q1 Information risk report

JC mentioned how pleased he was with the turnaround time and responses from teams. The Information Strategy Group (ISG) met last week, the latest information risk assessment was included in the meeting papers. There were no major issues to report.

### 3 Team risks: resources team

NH reported to the committee. As previously mentioned, the largest risk was that of future finance, a risk that had been escalated to MT. The Equality & Diversity timeframes would be changed as discussed. In regards to the 'insufficient professional HR' support, NH noted that a lawyer would be assisting the HR team with any employment issues. PR queried whether there were any changes in the budget which would impact pensions, to which NH commented that the current records needed validating, which meant going through employees' history of employment. We would need to comply with auto-enrolment into a new Civil Service pension scheme from next year.

## 6 Team risks: PIT

The committee questioned what impact external pieces of work had on this risk register, for example the Bus Franchising project and Northern Powerhouse. JC said that it was too early to distinguish risks for the Road User Team. AS put to the committee that the succession planning for Management Team roles should be reviewed. The committee noted that this was on the strategic risk register and should be kept under observation.

## Part E

### 1 Annual review: whistle blowing

JC reported there were no particular changes to the document from the original draft. The committee agreed and re-endorsed the policy.

### 2 ARAC self assessment

The Chair and Board members of the committee would be taking responsibility for the assessment and would be using the Treasury Handbook as a guide.

AC181	15/07/2015	ARAC self assessment	ARAC self assessment	ML/IL/PR	Aug 15	
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### 3 Alternative delivery models

AS reported on the first meeting of the Alternative Funding Group, and said that minutes were available on request. A number of possibilities were discussed, however it was important to talk to colleagues and gain feedback on their views of the options.

### 4 Gifts and Hospitality 2015-2016

MC noted that the self populating spreadsheet is now being used and is proving popular and successful. The new program has significantly reduced the burden of paperwork.

### 5 Memorandum of understanding with GIAA

JC and NH had discussed this document in detail. There were a number of issues which had been raised with AP, including duration of contract term and fees. AP had discussed these issues with his colleagues and created an amended draft. The final draft would be circulated to the committee before being signed by NH. It was noted that the memorandum is very different to what we've had previously with the DfT but we were confident we could conclude negotiations soon.

# Minutes

## **Any other business**

No other business to note.

There being no other business, the meeting closed at 1pm

Signed as an accurate record of the meeting

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Marian Lauder MBE FCMI, Chairman

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Date