

Minutes

Sep 12 BM 10.0

Audit Committee

Date: Wednesday 11 July 2012

Location: Sir Daniel Gooch Theatre
Museum of the Great Western Railway
Swindon

Start time: 13.00 hrs

Present

Committee Members

Bill Samuel	BS	Chairman
David Burton	DB	

Executive in attendance

Anthony Smith	AS	Chief Executive & Accounting Officer
Nigel Holden (courtesy of Messrs Skype)	NH	Resources Director
Jon Carter	JC	Head of Business Services
Ian Wright (for agenda items 1-3)	IW	Head of Research

Apologies

Barbara Saunders OBE	BSa	
Nick Bateson	NB	Director National Audit Office
Darren Hall	DH	Internal Audit Manager DfT Audit and Risk Assurance
David Sidebottom	DS	Passenger Team Director
Matt Ayson	MA	Business Services Executive

1 Chairmans opening remarks

The Chairman welcomed everyone to the meeting. He had previously spoken to Darren Hall who had confirmed a year to date internal audit progress report would be available at the October meeting. Given the fact that this was David's last meeting, he would also be discussing with the Passenger Focus Chairman the possibility of increasing the committee's membership to four, including a Chairman designate, once the new members were appointed in the Autumn.

2 Minutes of previous meetings

The committee **approved** the minutes of the meetings held on 18 April 2012 and 16 May 2012 and **authorised** the Chairman to sign them.

There were no matters arising from the minutes.

3 Action Matrix

The committee discussed the action matrix and **noted** the following items:

AC 88 NH reported no progress once again, but that he was currently dealing with risks identified in other, largely manual ways. The committee asked for a formal update and risk analysis at its October meeting.

AC 108 IW provided an update on the process to replace the framework arrangement as requested. He confirmed the framework would expire in January 2013, and that NH had made available procurement expertise to work up proposals to replace it. Current thinking was that NPS and BPS would be excluded from the new arrangement as they could be tendered separately. This would leave a flexible 'approved supplier list' with perhaps 20-30 pre-qualified agencies on it from which to choose (based on a mini competition) depending on the project. AS believed this new approach would be consistent with the Government's stated aim of encouraging SME's to quote for public sector work. IW committed to reporting formally to the committee in October on how the new arrangements would comply with the management actions agreed in last year's internal audit report on the research framework.

All other current actions were **noted** as 'complete, delete' or otherwise covered on the agenda.

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AC 114	11/07/12	Accounting system upgrade	Progress report required	NH	Oct 12	
AC 115	11/07/12	Research framework	IA compliance report required	IW	Oct 12	

4 Q1 finance report

BS noted that Passenger Focus was living within its means based on the year to date expenditure data in the Q1 finance report. DB queried the apparent overspend on the website project; NH confirmed that the project had been estimated at £50K, but proposals had been sought from suppliers at £40K. The additional c£3K for user testing had therefore meant that the project was in fact under spent by around £7K. NH confirmed however that under the terms of the updated project framework, the variation would have been formally brought to the attention of Management Team. The committee **noted** the Q1 finance report.

5 Internal Audit rolling action log

The Committee agreed updates to agreed management actions as follows:

Internal audit report	Issue	Owner	Deadline
09/06 internal comms	Document management	JC	Oct 12
10/03 external comms	Bus media lines	DM	Oct 12
10/04 research procurement	New framework compliance	IW	Oct 12
11/03 corp gov & risk	1 board performance	Complete. Delete	
	2-4 risk issues	JC	Oct 12
11/05 project budgeting	All agreed actions	Complete. Delete	

6 Q1 Information Risk Report

The Q1 information risk report was **noted**.

7 Quarterly risk review

JC confirmed that meetings with all heads of teams had taken place at the end of June to review risks identified by / assigned to them. No major issues were identified. He noted the continuing work across the organisation in taking measures to mitigate most risks. The committee agreed it was important that the Board reviewed complaint handling statistics at its next meeting. The committee **noted** the review.

8 Project framework arrangements

JC introduced the revised project management framework which had occupied a great deal of time over the past few months. Most of the work had fallen on Matt, but with a significant contribution from Shahid and Jon Clay. Training sessions for all staff involved in project management had been scoped and would be delivered the week after next. The key change from previous arrangements is the firm link between project development and financial approval. AS noted that the new framework was already proving its worth, and was easy to understand. BS corrected the £50K approval threshold on the process map on page 7. JC reiterated that the Committee will be central to monitoring the success of the new regime via quarterly review of the project summary and, in this way, all the actions against us in the IA log have been delivered. The committee **welcomed** and **noted** the update.

AC 116	11/07/12	Project framework	Training required	feedback	MA	Oct 12	
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9 Project review: business continuity rehearsal

JC introduced the report which the committee had asked to see. The rehearsal had been successful and lessons learned had been discussed in detail with all team managers. Further testing would be undertaken once the London office move had taken place and the telephone switch had moved to the Farnborough data centre. BS suggested that emergency planning officers in London / Manchester should be consulted on the plans; AS thought this was best done via in-house managing agents. The committee **welcomed** the project review and **asked** Jon to convey it's thanks to Matt for a comprehensive report.

10 Annual report 2011-12

JC **confirmed** that the annual report and accounts had been laid in Parliament on Tuesday 10 July 2012.

11 Any other business

The Chairman thanked DB for his commitment to the work of the committee since 2005 and wished him all the best for the future. DB responded by reflecting on the underlying strength of the management team, and the processes in place for managing and controlling the business. He had much enjoyed being a part of it. The meeting closed at 1415 hrs.

Signed as an accurate record of the meeting

Bill Samuel, Chairman

Date