Board Meeting Paper		
Nov 15 BM D 2.1		
Purpose of report	☐ Decision[1] ☒ Discussion / debate ☐ Information only[2]	
Sensitive Information?	☐ Yes ☒ No	
If sensitive, protective marking[3]		
Date of Meeting	12 November 2015	
Agenda Item	D 2.1	
Report Title	**ARAC risk report for Q1 / Q2 2015**	
Sponsor	Marian Lauder	
Author(s)	Marian Lauder	

1. Summary
This half yearly report to the Board covers those aspects of risk management within the Audit and Risk Assurance Committee's oversight. It is a requirement of its terms of reference that the Committee reports to the Board twice a year.

2. Recommendations for action
This report is for noting only.

3. Serious risk management issues this half year
None identified.

4. Risk issues reviewed			
The Committee has reviewed the following aspects of the risk management system this half year:			
Element	**Owner**	**Date last reviewed**	**Comments**
Strategic risk register	Anthony Smith on behalf of management team	15 Oct 15	A new strategic risk on Spending Review 2015 is under development and this should be fully fleshed out by the next ARAC meeting. This will also sweep up alternative funding models and the potential impact on our work of reduced local authority funding. The ARAC felt that, having recently managed a successful change programme, we are strongly poisitioned to manage the impact of the Spending Review.

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[1] If a decision is required, or you are asking for the paper to be formally noted, please set this out in section 2
[2] If for information only, please make clear in section 1 **why** this information is being provided
[3] ie **OFFICIAL/SENSITIVE**: plus COMMERCIAL / POLICY / MANAGEMENT-STAFF / PERSONAL PROTECT

			Consideration will be given to removing the 'Roads Remit and Change' risk (graded amber) from the strategic list as this work becomes embedded in the organisation and the respective teams mature their own risk registers. Three red graded risks remain: • Continuing to be useful to government and industry for which the SE Quadrant work is the most significant new mitigating factor. • Stakeholder engagement, which will be subject to a management review. Governance and management of performance and projects, which is subject to ongoing improvements overseen by ARAC.
Team risks: **Resources Team**	Nigel Holden	15 Jul 15	Future finance has been identified as the biggest issue for the Resources Team and this has been escalated to the strageic risk register (see above). All other risks are graded amber. The embedding of an equality and diversity culture should be enhanced by the training currently being undertaken by board and staff. There is much activity in the pensions area with current records being validated and the impending auto enrolment into a new Civil Service pensions scheme in 2016. The ARAC have therefore invited the internal auditor to focus on pensions for the core controls audit this year.
Team risks: **Passenger Issues Team**	Mike Hewitson	15 Jul 15	The Passenger Issues Team have developed a new risk on the South East Quadrant work. Currently graded red, mitigating actions concern work prioritisation and staff redeployment. The only other red risk for the team concerns the resourcing and work planning of franchising activity. This remains under review by the Franchising Task Force. The potential impact of the Northern Powerhouse development and bus franchising are being evaluated by the team as information emerges.
Team risks: **CEO Team**	Jon Carter	15 Oct 15	The CEO Team risks focus on internal control measures, risk management processes and business planning. All risks are currently graded amber. It is a concern that high workloads resulting from the Spending Review and other high priorities could inhibit progress on key management activities such as production of the Business Plan and review of the risk strategy. This will be monitored closely by the ARAC.

Team risks for Communications, Change, Research and Passener Teams will be reviewed in January 2016, and will feature as part of the next report to Board.

Annual fraud and bribery risk assessment	Jon Carter	15 Oct 15	Completed Sep 15 using the very useful standard format. Following the application of mitigating measures, none of the residual risk is categorised higher than amber and most are green. Reasonable and proportionate controls are in place to mitigate and manage fraud and bribery risk.

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
2	15 Oct 15	Information risk is being well managed and FOI and DPA requests are generally being met within the target times. There is a potential data protection issue concerning sharing of BPS and TPS data with commercial partners. This is being managed and is expected tp be successfully dealt with soon.

5. New developments / other issues

We remain concerned about the frequent change in auditing staff. In the past few months we have had a 2 new appointments in our NAO team: Director and Audit Principal and a new internal auditor. We have to accept this as normal but it does impact on our workload as the onus is on us to induct these new staff before they can be fully effective.

6. Overall opinion

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

Substantial (green) ⬤

Core Definitions for Annual and Engagement Opinions

Substantial   Green

The framework of governance, risk management and control is
adequate and effective.   ⬤

Moderate   Yellow

Some improvements are required to enhance the adequacy and
effectiveness of the framework of governance, risk management and   ⬤
control.

Limited   Amber

There are significant weaknesses in the framework of governance,
risk management and control such that it could be or could become   ⬤
inadequate and ineffective.

Unsatisfactory   Red

There are fundamental weaknesses in the framework of governance,
risk management and control such that it is inadequate and   ⬤
ineffective or is likely to fail.

7. Equalities screen

Sometimes, an equalities impact assessment (EIA) is required for a given report, proposal or project. To help decide whether an EIA is required, a screen must be undertaken based on the information provided above. The screen seeks answers to four questions which are used to determine impact on the protected characteristics – major, minor or none (default). Please choose the correct impact value and, if **major**, link it to an explanation below.

Gender	Age	Sexual orient'n	Disability	Marital status	Political belief	Religious belief	Racial group
1. What is the likely impact on equality of opportunity for those affected by this policy, for each of the Section 75 equality categories?							
None	None	None	None	None	None	None	None
2. Are there opportunities to better promote equality of opportunity for people within the Section 75 equalities categories?							
None	None	None	None	None	None	None	None
3. To what extent is the policy likely to impact on good relations between people of different religious belief, political opinion or racial group?							
					None	None	None
4. Are there opportunities to better promote good relations between people of different religious belief, political opinion or racial group?							
					None	None	None

*Summary of **major** impacts*

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Conclusion (the board's consideration of this paper may result in a change of conclusion)

Based on the information above, and having regard to the guidance below, the sponsor and author of this paper agree that (√)	
(a) A full equalities impact assessment is **not** required	√
(b) A full equalities impact assessment is **not** required at this time but the impact values above suggest the matter should be kept under view during the lifetime of the project	
(c) A full equalities impact assessment is required and should be completed during the lifetime of the project	
(d) A full equalities impact assessment is required and should be completed immediately	
Please provide a brief explanation of why you have arrived at this conclusion	
The proposal has little no relevance to equality of opportunity or good relations and / or is purely technical in nature and will have no bearing in terms of its likely impact on equality of opportunity or good relations for people within the equality and good relations categories.	