



Government
Internal Audit
Agency

BEIS

Partner Organisation Governance & Sponsorship: Post Office

Final internal audit report

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Executive summary

Opinion	RAG
Moderate Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.	Yellow

The department's approach to governing sponsorship and shareholder activities over Post Office Limited (POL) are designed to ensure that Ministers, and the Department, receive accurate and timely advice with regards to the discharge of their duties in respect to the Company. To support this Sponsor and Shareholder Teams liaise with the Company on all aspects of their delivery work and will act as the first point of contact between Government and the Company.

While we have identified examples of good governance and sponsorship, we have also identified areas where there is scope for improvement, although the risks surrounding this are known and improvements are being made to strengthen governance and reporting arrangements. We have therefore given a Moderate opinion with the assumption that the improvements currently in progress will be implemented in a timely manner, including the finalisation of the Framework Document and ways of working around POL with all stakeholders.

In the context of improving existing sponsorship and shareholder activities, we have identified the following areas for improvement for which corresponding recommendations have been made in the action plan in this report:

- Improving communication links between the Post Office Policy Team and the BEIS Partnerships Team. Discussions between the Policy Team and the Partnerships Team are infrequent, with no regular engagement around performance, risks, issues or concerns. This could result in risks or opportunities to share good practice being missed, negatively impacting POL's operations, or BEIS's oversight of POL.
- Formalising roles and responsibilities between organisations. A draft MoU and RASCI agreement are currently in the process of being agreed between UKGI; BEIS: POL Policy Team; Partnerships Team; and Finance Team. Whilst we saw evidence that there had been input from UKGI and the BEIS: POL Policy Team, we could not confirm that the BEIS: Partnerships Team and Finance Team had been involved in the drafting; however, we have been informed that an initial

organisation-level document has been agreed since our fieldwork concluded, and work is now ongoing to complete a 'ways of working' document around POL. We also noted that the framework document did not fully identify the reporting/ information sharing arrangements between BEIS and UKGI, which will therefore need to be documented elsewhere.

- Providing greater visibility of POL risks within BEIS. The BEIS Policy Team does not have oversight of risk management activities conducted within POL and/or concerning POL by UKGI or the BEIS Partnerships Team (including quarterly risk assessments which filter up to BEIS ExCo, as well as UKGI's risk management activities). This could impact the Department's ability to influence/ oversee the mitigating actions in place to ensure risks are aligned to their risk appetite and the quality of risk reporting to the Permanent Secretary.
- Improving corporate knowledge of POL within BEIS. This risk has been recognised and is improving, although historic knowledge around POL continues to be concentrated in one individual. Whilst knowledge will spread organically as time goes on (the Policy Team, for example, is relatively new), a focused effort should be made around ensuring that key information is well-known and formally recorded.
- Updating the 'strategic vision' to ensure that it continues to reflect business need. The 'strategic vision' for POL was published in 2010 by BIS and may therefore be out of date, although work has recently commenced (following Ministerial approval) on a refreshed vision. However, work on this vision was still in its infancy at the time of fieldwork and as a result we have included a recommendation to ensure that progress is sufficiently monitored.

Further information around the recommendations mentioned above, as well as some areas of good practice identified, can be found in the 'summary of findings' and 'detailed findings' sections of this report.

	High	Medium	Low
Recommendations	0	6	0

Summary of findings

1

Risk: If processes designed to (i) develop an effective Framework Document between BEIS, UKGI and POL, and (ii) ensure that the document's content is appropriate and aligned to the achievement of its objectives, are flawed, an ineffective governance framework could come to undermine the achievement of stated objectives.

A sponsorship framework has been established, although the Framework Document is not currently in place to outline key activities; roles; responsibilities and accountabilities between BEIS, UKGI and Post Office Ltd, which is outlined within Managing Public Money guidance. The draft Framework Document in place was produced through consultation with BEIS, UKGI and HM Treasury (HMT) and forms the basis of the framework. POL's Legal Team is currently considering the specifics of the document to ensure that all parties are happy with the content before it is presented to Ministers or the POL Board for approval - although this review has been delayed due to their Legal Team being engaged with an ongoing litigation case.

Processes around the development of the Framework Document for POL are effective and the content of the document (whilst still in draft and under review) is appropriate and in line with existing documentation/ working practices and good practice and has been approved by HM Treasury. Whilst POL was not included in the initial development of the document, they have been given sufficient input to the review and challenge of the content of the draft document, which should ensure that it aligns with their expectations of their relationship with BEIS.

2

Risk: If the accountabilities, roles and responsibilities of BEIS, UKGI and POL are not clearly defined, consistently understood, and/or effectively implemented, ineffective governance activities could come to undermine the achievement of stated objectives.

The draft Framework Document outlines all relevant roles and responsibilities of key individuals at POL (as well as the Board and the company in general), including reporting requirements and rules that need to be followed. Although still in draft, roles and responsibilities are clearly understood. In addition, key responsibilities are outlined for the: Shareholder Principal Accounting Officer (PAO); POL PAO; Shareholder policy & corporate governance roles (including Ministers; the Policy Sponsor within BEIS; and UKGI); and the POL Board.

3

A memorandum of Understanding (MoU) between BEIS (including its Policy, Sponsorship and Finance Teams) and UKGI, which defines their individual roles and responsibilities relating to POL in more detail than is covered by the Framework Document, is also in the process of being finalised and agreed, as is a RASCI document. We were informed that since our fieldwork concluded, an organisation level MoU has been agreed between BEIS and UKGI, with work now commencing on a working level agreement around 'ways of working' with POL.

The POL Policy Team is leading on this for BEIS and are currently in the process of progressing this action. However, during fieldwork our interviews noted no plans to extend the review of roles and responsibilities to the Finance and Partnership Teams, although we were informed that this had been addressed following the agreement of the organisation level MoU. We also noted that BEIS did not currently intend to use this MoU to ensure all reporting/information sharing requirements between BEIS and UKGI are clearly defined. **(Recommendation)**

Risk: If sponsorship and governance arrangements (to include scrutiny and challenge of performance MI, risk management and control activities) are not sufficiently robust, BEIS may lack confidence that POL's activities align with its expectations.

An effective reporting framework is in place between POL and UKGI (with UKGI acting as Shareholder representative, performance management falls under their responsibility) supported by a good working relationship providing regular engagement, reporting and challenge.

The existing 'strategic vision' for the Post Office was issued by BIS in 2010, and is now in the process of being updated, with initial Ministerial approval confirmed and an initial project plan and supporting documents developed. This vision is expected to cover the next 10 years and will provide an update on the previous document. We have raised a recommendation regarding its completion to ensure that we are able to evidence the work being completed. **(Recommendation)**

Risk management oversight is currently provided by UKGI who maintain an operational POL risk register and populate quarterly risk assessments for BEIS Partnerships and Portfolio Teams and reporting within BEIS.

However, the BEIS Policy Team do not have oversight of any of UKGI or BEIS Partnership Team's risk management activities around POL and are currently in the process of producing their own team risk register. As a result, the Policy Team does not currently receive any information on POL risks and so are not in a position to effectively implement mitigations as are required. There is an additional risk that the information recorded on UKGI's registers may not align with BEIS's risk appetite and the Policy Team may not be able to fully update the Permanent Secretary on current risks and mitigations. **(Recommendation)**

4

Risk: If BEIS fails to provide effective support to POL (e.g. through sponsorship, Finance, Commercial, and/or Policy Teams), the delivery of stated objectives could be undermined.

Support to POL is provided at various levels of the organisation through BEIS (and its policy, sponsorship and specialist teams) and UKGI. The POL Policy Team is still a relatively new team, is sufficiently resourced to enable them to allocate time to more proactive and forward-looking activities and now appears to be settling into its role, which is evident by the planned and ongoing work around a new strategic vision for POL.

We identified that the POL Policy Team and UKGI regularly interact with other teams across BEIS as needs arise to tap into specialist knowledge. However, we noted that the BEIS: POL Policy Team and the BEIS Partnerships Team do not have any regular formal communications/ engagement with each other around POL or good practice/ common issues in other ALBs. Where teams involved in managing POL do not communicate effectively, there is a risk that they will overlook/ miss opportunities for efficiencies; duplicate efforts; or negatively impact their reputation/ relationship with Partner Organisations. **(Recommendation)**

An overarching risk exists within the BEIS Post Office Policy Team with regards to their internal succession planning and knowledge management, which is especially relevant as they remain a relatively new team which has grown. A large percentage of the team are new, with a large amount of the knowledge around POL concentrated in one of individual. Whilst knowledge will spread throughout the team as time goes by, we feel that a concerted effort should be made to ensure that knowledge around POL is retained. **(Recommendation)**

Detailed findings 1

<p>Risk 1: If processes designed to (i) develop an effective Framework Document between BEIS, UKGI and POL, and (ii) ensure that the document's content is appropriate and aligned to the achievement of its objectives, are flawed, an ineffective governance framework could come to undermine the achievement of stated objectives.</p>	<p>Opinion on management of risk: Substantial</p>
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Findings

Engaging other BEIS Teams around responsibilities

POL generally has 3 points of contact with its sponsor and shareholder, which are:

- **BEIS Post Office Policy Team** (the Policy Team) - core contact with POL for Ministerial and Parliamentary queries, as well as completing work to develop a long-term strategic vision for POL on behalf of the Government;
- **BEIS Partnerships Team** - corporate governance sponsor, with main involvement around Exec/ Board level recruitment at POL and ensuring the appropriate risk management information is fed into core BEIS risk management arrangements; an
- **UK Government Investments** (UKGI) - act as the Shareholder Representative for POL and manage/ monitor performance. UKGI have the most direct and frequent contact with POL, with regular, formal steering meetings and representation on the POL Board of Directors.

Our testing and discussions with BEIS, POL and UKGI members of staff provide a sound basis for confidence that current arrangements around the department's sponsorship of POL are fundamentally proportionate and effective, and aligned with the EAST strategy (Engage, promote Assurance, Strengthen alignment and foster Talent).

A Framework Document to outline key activities; roles; responsibilities and accountabilities between BEIS; UKGI and Post Office Ltd, in line with Managing Public Money guidance, is in the process of being agreed and signed off.

The draft Framework Document, which was produced through consultation with BEIS, UKGI and HM Treasury (HMT) forms the basis of the framework. POL's Legal Team is currently considering the specifics of the document to ensure that all parties are happy with the content of the document before it is presented to Ministers or the POL Board for approval - although this review has been delayed due to their Legal Team being engaged with an ongoing litigation case.

Whilst POL was not included in the initial development of the document, they have been given sufficient input to the review and challenge of the content of the draft document, which should ensure that it aligns with their expectations of their relationship with BEIS.

Processes around the development of the Framework Document for POL are effective and the content of the document (whilst still in draft and under review) is appropriate and in line with existing documentation/ working practices and good practice and has been approved by HM Treasury.

Implications and recommendations

No formal recommendation has been raised in this area as it has been evidenced that work is already in advanced stages to implement this control. Furthermore, we have not identified any significant instances of working practices that were not aligned with those outlined in the draft Framework Document

Detailed findings 2

Risk 2: If the accountabilities, roles and responsibilities of BEIS, UKGI and POL are not clearly defined consistently understood, and/or effectively implemented, ineffective governance activities could come to undermine the achievement of stated objectives

Opinion on management of risk:
Moderate

Findings

Engaging other BEIS Teams around responsibilities

BEIS and UKGI are in the process of finalising and agreeing an MoU between them that defines their individual roles and responsibilities relating to POL in more detail than will be covered by the Framework Document. A RASCI document is also in draft form and being agreed. We were informed that since our fieldwork concluded, an organisation level MoU has been agreed between BEIS and UKGI, with work now commencing on a working level agreement around 'ways of working' with POL.

For BEIS, the roles and responsibilities outlined include those for the POL Policy Team; the Partnerships Team; and the Finance Team. The Policy Team is leading on this for BEIS and are currently in the process of updating and clarifying their roles and responsibilities (which UKGI have already done). However, our discussions noted that there were not currently any plans to extend the review of roles and responsibilities to the Finance and Partnership Teams, although we were informed that this had been addressed during the agreement of the organisation level MoU.

The Policy Team have yet to utilise the MoU to formalise reporting/ information sharing arrangements between BEIS and UKGI. This presents an opportunity to further ensure that all information required by the Policy Team is shared on a routine basis.

Implications and recommendations

Risk

Where teams at BEIS do not have sight of their roles and responsibilities that are being formally defined, there is a risk that key actions/ roles may not be completed due to a lack of clarity regarding responsibilities.

Recommendation

As was initially identified (and was since implemented for the MoU), BEIS Finance and Partnerships Teams should be consulted on their respective activities during the agreement of the 'ways of working' document. This review process should also be utilised as an opportunity for BEIS to ensure they are happy with the requirements that are currently outlined and that all reporting/ information sharing arrangements have been clearly defined.

Detailed findings 3

Risk 3: If sponsorship and governance arrangements (to include scrutiny and challenge of performance MI, risk management and control activities) are not sufficiently robust, BEIS may lack confidence that POL's activities align with its expectations

Opinion on management of risk:
Moderate

Findings

An effective reporting framework is in place between POL and UKGI (with UKGI acting as Shareholder representative, performance management falls under their responsibility) and includes monthly finance reports; quarterly investment reports and bi-monthly reports on the POL network. These reports are reviewed and challenged formally by UKGI at meetings between them and POL. Our examination of the supporting documentation, including evidence of additional challenge over email by the UKGI Team around financial queries confirmed an environment of constructive challenge.

A representative from the BEIS Policy Team also attends the bi-monthly Network Programmes Performance Update meetings alongside UKGI colleagues, as the size and geography of the network is a specific interest of BEIS and one of POL's core strategic objectives.

BEIS and UKGI Teams have an effective working relationship, with discussions and updates at all levels. At working level, we were informed that staff communicate on an almost daily basis around current issues/ activities; there are fortnightly meetings between the DD Post Office Policy and Sectors Briefing Hub and her counterpart in UKGI; as well as monthly meetings between the BEIS Director and the UKGI Director who is a NED on POL's Board.

The existing 'strategic vision' for the Post Office was issued by BIS in 2010. Work on updating and refreshing this outlook has recently commenced, with initial Ministerial approval confirmed and an initial project plan in the form of a Gantt chart that includes timescales for actions around: vision development; stakeholder engagement; and inputs and evidence base.

The desired output from this exercise has not yet been agreed at the time of fieldwork (i.e. whether this will be a formal publication or not); however, we were informed that this is expected to be aligned to the next spending review process. This vision is expected to cover the next 10 years and will provide an update on the previous document.

We have seen evidence that this process has been initiated and agreed with Ministers, and that work on updating and refreshing this outlook has commenced. However this work was in its infancy at the time of fieldwork, which we have identified as a control gap and raised a recommendation to ensure that progress is sufficiently monitored.

We also note that following the implementation of a new strategic vision, existing documentation (including the Framework Document and roles and responsibilities) will need to be re-visited and reviewed to ensure they remain appropriate and support the implementation and delivery of the new vision.

Risk management around POL

The BEIS Post Office Policy Team do not formally record and monitor risks to BEIS relating to POL; however, we were informed that the production of a team risk register is underway, following the completion of their Directorate risk register. Discussions with the Policy Team noted that they were not currently kept up to date of additional risk reporting conducted around POL, including UKGI's activities and the quarterly risk assessments which are reported through BEIS' central risk management processes. As a result, current risk management reporting arrangements are not adequate to ensure BEIS have an understanding of key risks relating to POL.

UKGI maintain an operational POL risk register which describes the main risks to them around POL; their impacts; current mitigations; RAG rating (inherent and residual); and a 'current status' update. Risks are segregated into seven headings: network monitoring; financial performance; strategy; litigation; compliance; governance; and appointments and pay. This register is updated monthly as part of an organisation-wide review of asset risks, with more detailed discussions held when risks move. We were informed that POL's risk score last changed in November 2018 as a result of the litigation case progressing, and as a result was discussed by the UKGI Board and ExCo.

UKGI also populate quarterly risk assessments around POL and submit these to the BEIS Partnerships and Portfolio Teams at which point any scoring/ information can be challenged as required. The Portfolio Team then use this risk assessment to compile regular reports to ExCo on the risks facing the department from its Partner Organisations (PO). A complexity grid is also maintained for each PO which are then used by ExCo to focus their attention on the highest risk POs.

However, the BEIS Policy Team do not have oversight of any of UKGI's, or the BEIS Partnership Team's, risk management activities, which could negatively impact the Department's fundamental understanding of its key risks relating to POL. We believe

that this information should be shared with the POL Policy Team to ensure that risks are known and BEIS can take effective action to mitigate risks to the Department relating to POL, as is appropriate/ required.

Additional area for possible improvement – which has not constituted a formal recommendation

Risk management reporting around Partner Organisations (POs) is not currently reviewed/ monitored through BEIS' online reporting system and is instead reported through standard risk assessment reporting templates. Risks are still reported through to ExCo, and we were informed that BEIS' central risk management team were currently considering making central reporting available to PO teams. Once this has been implemented, we would expect to see a more efficient and effective risk management system from one single source, with input from all relevant stakeholders. This will represent a significant improvement.

Implications and recommendations

Risk:

Where an updated strategic vision is not in place for POL, there is a risk that BEIS is not providing enough support/ guidance on what POL should be aiming to deliver (outside of stipulations from their subsidy agreement or the transformation programme). This could result in mis-aligned strategic objectives which may not meet the needs of the public, the Department, or the wider Government.

Recommendation:

As is the current intention, the Post Office Policy Team (with input and engagement from UKGI and POL) should develop a new strategic vision for POL.

Upon completion and agreement of this vision, existing documentation (including the Framework Document and roles and responsibilities) should be reviewed to ensure that they remain appropriate and that their content supports the delivery and implementation of the new vision.

Risk:

Where the BEIS Policy Team does not have oversight of risk management processes for POL and undertake its own risk management activities, there is a risk that key risks may not be known, which could result in decisions being made which may not be appropriate if all the information was available.

Recommendation:

The Post Office Policy Team at BEIS should have oversight of all current risk management activities around POL, including the quarterly risk assessments, as well as insights into UKGI's risk management activities/ opinions.

The Policy Team should utilise this information and record it within their own risk register. This should be maintained in line with the Department's risk management framework, and risks should be escalated to the directorate risk register as appropriate.

This oversight of risk reporting should be utilised as an opportunity for the BEIS Policy Team to ensure that risks have been considered in line with the Department's risk appetite and methodology and that any variances are investigated, discussed and mitigated as necessary.

Detailed findings 4

Risk 4: If BEIS fails to provide effective support to POL (e.g. through sponsorship, Finance, Commercial, and/or Policy Teams), the delivery of stated objectives could be undermined

Opinion on management of risk:
Moderate

Findings

The POL Policy Team is still a relatively new team and now appears to be settling into its role, which is evident by the planned and ongoing work around a new strategic vision for POL. However, in our interviews we identified an overarching risk exists within the BEIS Post Office Policy Team with regards to their internal succession planning and knowledge management, which is especially relevant as they remain a relatively new team which has grown. A large percentage of the team are new, with a large amount of the knowledge around POL concentrated in one of individual. Whilst knowledge will spread throughout the team as time goes by, we feel that a concerted effort should be made to ensure that knowledge around POL is retained.

Our interviews with the team noted that this would not have previously been possible due to resourcing difficulties, as the focus was on responding to Ministerial queries around letters received or Parliamentary questions that related to POL. However, the team now appear to be sufficiently resourced to enable them to allocate time to more proactive and forward-looking activities, such as the vision.

We identified that the POL Policy Team and UKGI interact with other teams across BEIS as needs arise to tap into specialist knowledge, but noted that the most common of these were the Legal, Finance and Partnerships Team, with UKGI having a fortnightly catch-up with Partnerships, who act as the Corporate Governance Sponsor for POL.

However, we noted that the POL Policy Team and the BEIS Partnerships Team do not have any regular formal communications/ engagement around POL or good practice/ common issues in other ALB's. Where teams involved in managing POL do not communicate effectively, there is a risk that they will overlook/ miss opportunities for efficiencies; duplicate efforts; or negatively impact their reputation/ relationship with Partner Organisations.

UKGI monitor succession planning at POL as part of their responsibilities as Shareholder Executive. This is led by the Director who sits on the POL Board as a Non-Executive Director (NED), and we were informed that a paper discussing this topic is due to

be reviewed before the end of 2019, with previous discussions on this topic paused while POL shifted its focus to recruiting a new Chief Executive. The Partnerships Team at BEIS offer support in this area, and support all Board and Executive recruitment at partner organisations, including POL.

While UKGI have established effective working relationships with both BEIS teams, we noted that the communication links between the teams within BEIS did not seem to be as effective. Our interviews identified that discussions between the Policy Team and the Partnerships Team were infrequent, with no regular engagement around performance, risks, issues or concerns.

Our interviews with the Policy Team also identified that they are currently seeking out other ALB Policy Teams who have a similar working relationship with UKGI in order to identify common issues and discuss areas of good practice. Whilst this was still ongoing, we believe that this represents a good opportunity to identify potential improvements (or share some) with another team in the Department.

Implications and recommendations

Risk:

Where knowledge around POL is largely concentrated in one individual, there is a risk that that key information could be lost if that person left the civil service or changed teams/ Departments.

Recommendation:

The Policy Team should ensure that key knowledge around POL is spread throughout the team. This should include a good understanding of:

- the relevant governance meetings that take place and who attends them;
- the reporting framework in place;
- key decisions that impact the relationship with POL and/or UKGI;
- any areas where UKGI leads on the relationship with POL, including how a summary of this information is relayed to BEIS; and
- key contacts throughout BEIS; UKGI and POL and their areas of responsibility. A contact log (or similar) should be considered.

Risk:

Where teams within BEIS do not communicate effectively when their work is aligned, there is a risk that they will overlook/ miss opportunities for efficiencies; duplicate efforts; or negatively impact their reputation/ relationship with Partner Organisations.

Recommendation:

The Post Office Policy and the Partnerships Team should review their working relationship to ensure effective an open information sharing and communications around their responsibilities towards POL.

The Post Office Policy Team should also continue with current intentions to contact other Policy Teams at BEIS who work with UKGI in a similar way. This should facilitate further sharing of good practice and discussions around common issues.

Annex 1: Management action plan

Risk 2.		If the accountabilities, roles and responsibilities of BEIS, UKGI and POL are not clearly defined consistently understood, and/or effectively implemented, ineffective governance activities could come to undermine the achievement of stated objectives			
Opinion on management of risk:		Moderate			
	Recommendations:	Priority	Actions Agreed	Target date:	Owner:
2.1	As was initially identified (and was since implemented for the MoU), BEIS Finance and Partnerships Teams should be consulted on their respective activities during the agreement of the 'ways of working' document. This review process should also be utilised as an opportunity for BEIS to ensure they are happy with the requirements that are currently outlined and that all reporting/ information sharing arrangements have been clearly defined.	Medium	Consult BEIS Finance and Partnership teams on ways of working document.	31 st December 2019	Pranita Bhargava
Risk 3.		If sponsorship and governance arrangements (to include scrutiny and challenge of performance MI, risk management and control activities) are not sufficiently robust, BEIS may lack confidence that POL's activities align with its expectations			
Opinion on management of risk:		Moderate			
	Recommendations:	Priority	Actions Agreed	Target date:	Owner:

3.1	As is the current intention, the Post Office Policy Team (with input and engagement from UKGI and POL) should develop a new strategic vision for POL.	Medium	Produce advice to Ministers on draft long-term vision for Post Office. Once this is completed, agree and publish new long-term vision for Post Office	31 st March 2020	Pranita Bhargava
3.2	Following completion, publication and agreement of the new POL vision, existing documentation (including the Framework Document and roles and responsibilities) should be reviewed to ensure that they remain appropriate and that their content supports the delivery and implementation of the new vision.	Medium	Update existing documentation to reflect new vision	30 th June 2020	Pranita Bhargava
3.3	The Post Office Policy Team at BEIS should have oversight of all current risk management activities around POL, including the quarterly risk assessments, as well as insights into UKGI's risk management activities/ opinions. The Policy Team should utilise this information and record it within their own risk register. This should be maintained in line with the Department's risk management framework, and risks should be	Medium	Agree this new approach with UKGI, then update Post Office entries in Directorate's risk register	31 st December 2019	Pranita Bhargava

	<p>escalated to the directorate risk register as appropriate.</p> <p>This oversight of risk reporting should be utilised as an opportunity for the BEIS Policy Team to ensure that risks have been considered in line with the Department's risk appetite and methodology and that any variances are investigated, discussed and mitigated as necessary.</p>				
Risk 4.		If BEIS fails to provide effective support to POL (e.g. through sponsorship, Finance, Commercial, and/or Policy Teams), the delivery of stated objectives could be undermined			
Opinion on management of risk:		Moderate			
	Recommendations:	Priority	Actions Agreed	Target date:	Owner:
4.1	<p>The Policy Team should develop a plan which will ensure key knowledge around POL is spread throughout the team going forward. This should include developing a good understanding of:</p> <ul style="list-style-type: none"> the relevant governance meetings that take place and who attends them; the reporting framework in place; key decisions that impact the relationship with POL and/or UKGI; and 	Medium	Knowledge-sharing within team	31 st January 2020	Pranita Bhargava

	<ul style="list-style-type: none"> any areas where UKGI leads on the relationship with POL, including how a summary of this information is relayed to BEIS. 				
4.2	<p>The Post Office Policy and the Partnerships Team should review their working relationship to ensure effective an open information sharing and communications around their responsibilities towards POL.</p> <p>The Post Office Policy Team should also continue with current intentions to contact other Policy Teams at BEIS who work with UKGI in a similar way. This should facilitate further sharing of good practice and discussions around common issues.</p>	Medium	Meet BEIS Partnerships team to discuss the results of this audit and agree way forward. Following this, we will continue to build relationships with other policy teams in BEIS.	31 st December 2019	Pranita Bhargava

Annex 2: Objectives, scope and limitations

Objectives:

The objective of this audit is to provide reasonable assurance over the adequacy and effectiveness of Departmental sponsorship arrangements in respect to POL.

The POL sponsorship team are currently in the process of creating a Relationship Framework Agreement between the department and POL. As such, this review the current relationships between BEIS; UKGI; and POL and whether these are effective through a review of governance arrangements. We will also consider the powers and responsibilities BEIS has with regards to POL as its sole shareholder, and whether staff are fully aware with these to ensure that sponsorship arrangements remain effective.

Scope and Limitations:

To provide assurance over the governance and sponsorship systems and processes including compliance of the Partner Organisations to the Cabinet Office code of best practice, financial rules, and relevant regulations.

The review will provide assurance that:

- Plans are in place around the production of the POL Shareholder Framework Document and current performance against time scales;
- BEIS, UKGI and POL roles and responsibilities are clearly defined, understood and working in practice, and BEIS / UKGI are providing effective governance and direction;
- BEIS and UKGI are aware of their powers and responsibilities regarding POL as shareholder and shareholder representative;
- BEIS and UKGI have an effective working relationship to ensure effective governance and oversight for POL;
- Support is effectively provided by BEIS as per the sponsorship model to support the POL control framework (e.g. Managing Public Money guidance).

Distribution:

Sarah Munby – Director General, Business Sectors

Carl Creswell - Director, Professional Business Services, Retail and Post

Beth White - Deputy Director, Post Office Policy and Sectors Briefing Hub

Pranita Bhargava – Head of Post Office Policy and Sectors Briefing Hub

BEIS Internal Controls Team

Authors:

Andrew Harrold – Audit Manager

Ryan Douglas – Senior Internal Auditor

Annex 3: Our classification systems

Opinion

Substantial	The framework of governance, risk management and control is adequate and effective.
Moderate	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
Limited	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	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.

Recommendations

Priority	Definition	Action required
High	Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.	Remedial action must be taken urgently and within an agreed timescale.
Medium	Weakness in governance, risk management and control that if unresolved exposes the organisation to a high level of residual risk.	Remedial action should be taken at the earliest opportunity and within an agreed timescale.
Low	Scope for improvement in governance, risk management and control.	Remedial action should be prioritised and undertaken within an agreed timescale.