



Risk & Compliance Committee Meeting
Wednesday 21 January, 2015 14:00 – 16:00
Boardroom, 5th Floor, 148 Old Street

Members:	Chris Aujard (Chair) Alisdair Cameron Fay Healey Alwen Lyons Paula Vennells Nick Kennett	Attendees:	Piero D'Agostino Gavin Lambert Jessica Madron Arnout van der Veer
Apologies:			

	Agenda Item	Purpose	Timing	Paper	Owner
1	Committee minutes and matters arising	Agree minutes of last meeting	14:00 – 14:10 10 minutes	One	Chair
2	RCC terms of reference	Discussion	14:10 – 14:40 30 minutes	Two	All
3	RCC rolling agenda	Discussion	14:40 – 14:50 10 minutes	Three	All
4	ERM framework implementation	Receive update	14:50 – 15:10 20 minutes	Four	Arnout van der Veer
5	Risk incident reporting: de-minimis values	Review and approve levels	15:10 – 15:25 15 minutes	Five	Arnout van der Veer
6	Overview of legal strategy	Receive presentation	15:25 – 15:40 15 minutes	-	Piero D'Agostino/ Jessica Madron
7	Audit update	Receive update	15:40 – 15:50 10 minutes	Six	Arnout van der Veer
8	Whistleblowing update	Receive update	15:50 – 15:55 5 minutes	-	Arnout van der Veer
9	Any other business		15:55 – 16:00 5 minutes	-	Chair

Papers for noting

10	Finance Road Map – lessons learned	Note paper	-	Seven	Peter Goodman
11	Front Office Tower Procurement	Note paper	-	Eight	Neil Wilkinson

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Risk and Compliance Committee (R&CC)		Reference: R&CC Dec 14
Date: 5 Dec 2014	Venue: Boardroom, 5th Floor, 148 Old Street	Time: 10:00 – 12:00
Attending:		
Chris Aujard	General Counsel	Chair
Chris Day	Chief Financial Officer	Member
Fay Healey	Head of HR	Member
Garry Hooton	Acting Head of Internal Audit	On behalf of the Head of IA
Nick Kennett	Financial Services Director	Member
Alwen Lyons	Company Secretary	Member
David Mason	Head of Risk Governance	Report
Steve Miller	Risk Business Partner	Report
Geoff Smyth	Head of Telecoms	Report
Colin Stuart	Head of Commercial Finance	On behalf of the CFO
Paula Vennells	CEO	Member
Georgina Blair	Risk Business Partner	Secretariat
Apologies:		
Gavin Lambert	Chief of Staff	On behalf of the CEO
Malcolm Zack	Head of Internal Audit	Observer
Introduction		
Purpose		
Chair's opening remarks		
Discussion		
The Chair declared the committee quorate and opened the meeting. The Chair reminded the committee that it was a second line committee and should focus its attention on risk governance rather than performance management.		
Agenda Item 1		
Committee minutes and matters arising		
Purpose		
The committee to agree minutes of the last meeting		
Discussion		
The committee reviewed the minutes from the last meeting and agreed that on this occasion updates to the actions would be reviewed when the minutes were circulated.		
Outcomes		
The committee agreed the minutes of the previous meeting.		
Agenda Item 2		
Update on ERM implementation		
Purpose		
The committee to receive update		
Discussion		
The committee received an update from the Risk Function on the ERM implementation. The committee discussed the collection of incident data and requested that some draft de minimis limits were identified and used to select incidents for the next ERM report (Action 1639).		
The Chair noted that it was easier to obtain incident data where there was an individual in the business unit who		

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had responsibility for risk management as part of their job description. The committee requested that each individual responsible for supplying incident data be named in the summary table (Action 1640).
The committee also requested clarification on the governance arrangements for the ATOS Consolidated Service Review (Action 1641).
Outcomes
The committee received the update and requested follow up action.
Agenda Item 4
Enterprise Risk Management (ERM) Report
Purpose
The committee to review report
Discussion
The committee received the ERM report from the Risk Function. The committee reviewed the report and discussed the appropriate governance arrangements for challenging elements of the report. The committee agreed the approach and format but would like to see more engagement from certain areas of the business. The committee agreed that individual risk owners should be asked to attend the committee to provide further information to support their assessments if required. The committee noted that the shape of the report will change in future iterations.
The committee recognised the progress that has been made and concluded that, whilst there is much work to do to enhance and embed it, the Post Office now has a basic and functioning ERM framework in place, for which the Risk Function was to be commended.
Outcomes
The committee received the report.
Agenda Item 6
Management of vulnerable customers in telephony
Purpose
The committee to receive update
Discussion
The committee received an update from the Head of Telecoms on the treatment of elderly and vulnerable customers in the Telecoms business. The committee requested that the Chair ask the Commercial Director and the Financial Services Director to review the treatment of elderly and/or vulnerable customers in all the product pillars at the Commercial Committee, and to update the RCC with the results (Action 1642).
Outcomes
The committee received the update and requested follow up action.
Agenda Item 3
Response to PwC recommendations for risk management
Purpose
The committee to receive report and agree recommendations
Discussion
The committee received a report from the Head of Risk on the PwC recommendations for risk management. The committee discussed the report and requested that a rolling 12 month agenda for the RCC be prepared which included reporting to the ARC (Action 1643).
Outcomes

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The committee received the report and requested follow up action.
Agenda Item 7
User Acceptance Testing (SSKs)
Purpose
The committee to receive report and agree recommendations
Discussion
<p>The committee received a report from the Head of Risk on the causes of the recent operational issues in Self Service Kiosks (SSKs). The committee discussed the report and considered the appropriate level of incidents which should be reported to the committee. The committee noted that there was a need to look for unexpected risk events ('the blob that sits outside the profile') given the amount of change in the business. The committee requested that a scenario-analysis workshop be held in early February to try and identify unexpected risks (Action 1644).</p> <p>The committee noted that there were many potential risks around planned changes in technology. A presentation on IT transformation is going to the Board on 28th January 2015, and the committee noted that there was a need for business users to highlight their concerns about future technological changes. The committee requested that a workshop be run in the New Year to try and identify other IT problems that might go wrong (Action 1645).</p>
Outcomes
The committee received the report and requested follow up action.
Agenda Item 8
Any other business
Purpose
The committee to discuss any other business
Discussion
<p>The Chair noted that the committee doesn't have visibility of policies that need to be approved on an annual basis. The committee requested a report on the list of policies that need to be approved (Action 1646).</p> <p>The Chair noted that the new finance system was experiencing some teething problems. The committee requested an update on the lessons learnt from the implementation of the system and assurance that they are being shared with the rest of the business (Action 1647).</p> <p>The committee requested that an update on Sparrow be presented in February or March (Action 1648).</p>
Outcomes
The committee discussed the items and requested follow up action.

Note. Agenda Item 5 Overview of Legal Strategy is carried over to the January 2015 meeting.

Action Summary and Updates				
Ref	Action	Lead	By	Update
1648	Present an update on Project Sparrow in February or March.	Chris Aujard	16 th March	
1647	Provide an update on the lessons learnt from the implementation of the new financial reporting system and provide assurance that they are being shared with the rest of the business	Colin Stuart	21 st January	Done for January RCC meeting – see Paper Six for noting – closed.
1646	Provide a report on the list of policies that need to be approved	David Mason	19 th February	A list has been prepared and the next steps are being discussed with the new Head

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				of Risk and Audit – action carried over to 19 th February.
1645	Run a workshop to try and identify other IT problems that might go wrong.	David Mason	16 th March	Workshop to be held towards end of February. To be attended by SLT members from all business areas except IT, and led by R&C supported by Roger Middleton and Neil Wilkinson. Deadline revised to 16 th March.
1644	Hold a scenario-analysis workshop to try and identify unexpected risks.	David Mason	22 th April	Workshop to be held after year end. Deadline revised to 22 nd April.
1643	Prepare a rolling 12 month agenda for the RCC which includes reporting to the ARC.	David Mason/ Alwen Lyons	21 st January	Done – draft rolling agenda has been prepared – closed.
1642	Ask the Commercial Director and the Financial Services Director to review the treatment of elderly and/or vulnerable customers in all the product pillars at the Commercial Committee, and to update the RCC with the results.	Chris Aujard	21 st January	Done – Commercial Director has accepted action – closed.
1641	Provide clarification on the governance arrangements for the ATOS Consolidated Service Review.	David Mason	21 st January	The reporting is reviewed by the PO1 – ITIL Performance and Service Review Meeting. Issues are escalated to the M4 Meeting – IT Supplier and Service Committee. Any significant issues raised / outstanding at the M4 are also discussed in the weekly CIOs SLT meeting – closed.
1640	Name each individual responsible for supplying incident data in the summary table.	David Mason	21 st January	Done for January RCC meeting – see Paper Two – closed.
1639	Identify some draft de minimis limits on incidents and use them in the next ERM report.	David Mason	21 st January	Done for January RCC meeting - see Paper Three – closed.
1638	The ERM framework report is to be updated with details of the ExCo engagement needed	David Mason	5 th December	Done - Updated paper circulated to RCC members with the minutes on 28/11/14 – closed.
1637	Provide a report to the committee on the approach to managing vulnerable customers in financial services.	Nick Kennett	21 st January	Action transferred to Commercial Committee – closed.
1635	Provide an update on the state of risk registers before the next meeting.	David Mason	5 th December	Incorporated into development of the ERM – closed.
1634	Review the existing standard of User Acceptance Testing and provide an update.	David Mason	5 th December	User Acceptance Testing (UAT) is a mandatory step for any IT change. This includes projects of all size and complexity and BAU changes to existing systems and data. Clearance/sign-off of successful UAT is a mandatory requirement for

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				Go-Live and is reviewed in Gating forum meetings. UAT is carried out by identified user(s) and there is a formal test plan and test scripts are completed evidencing adequate testing. From 1 October 2014, UAT is signed off by Atos as the SISD partner. The user group still has the responsibility for testing. On successful completion of UAT, Atos is provided with written clearance/approval before any change can go live. – closed.
1633	Provide an update on the resolution to the Travel Insurance problem.	Paul Havenhand	19 th February	Identification of customers has concluded. Project moving into rectification phase but Horizon fix not yet in place – action carried over to next meeting.
1632	Review the processes for dealing with vulnerable telecoms and government services customers and provide an update on what is in place.	Martin George	5 th December	Head of Telecoms updated committee on process in telecoms. Gov't services to be covered by Commercial Committee – closed.
1631	Brief the Telecoms team on the importance of registering risks and provide an update on training on regulatory matters and the allocation of accountability for compliance with General Conditions within the Telecoms team.	Geoff Smyth	16 th March	BT changes have impacted the Telecoms team significantly with a number of individuals moving roles/VR - team will be confirmed by mid- Feb. Deadline revised to 16 th March.
1629	Document the risks and mitigating actions associated with the reliance on contractors in project Titan and the future governance structures of Post Office Management Services	Jonathan Hill	5 th December	This action relates to POMS and so is not proper to the POL RCC - closed.
1628	Document the risks to Post Office and mitigating actions associated with the move to “devo max” in Scotland	Mike Granville	5 th December	The Smith Commission's report of 27/11/14 made no specific mention of the Post Office specifically much lower risk now of PO being involved – therefore the action is closed pending a further risk trigger. Comms will continue to monitor – closed.
1619	The NT programme to report back to the committee on the outcomes of its ‘100 day’ project to improve and embed risk management	Ian Kennedy	5 th December	The following is a summary of the information presented to BIS on the same subject: Risk / Issue management process – A programme wide risk process and Issue process has been fully embedded within all areas

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				with full documented supporting processes and structures; • Risk review and escalation – Delivery risks are reviewed centrally by a Risk and Compliance Committee. Below which is the Programmes Steering Committee, and then down to a Programme Council all dealing with risks escalated through according to severity. • Quantitative risk models have been constructed to show the financial exposure of all major programme risks allowing for accurate programme contingency calculations - close
1611	Provide the committee with a proposal covering the communications activity and other management of the emerging risk related to the restrictions policy.	Mark Davies/ Chris Day	5 th December	<p>The impact of accepting state aid on Post Office's restrictions policy is also under consideration with a proposal being discussed limiting the relaxation to a small number of small branches.</p> <p>Management is aware of the potential impacts and are in the process of developing an appropriate solution. Consultation with the EC and UK government in relation to this is progressing.</p> <p>A workshop was held with relevant stakeholders to discuss how best to govern the required actions across the range of restrictions issues in the business arising from this state aid risk and a paper on the proposed strategy was submitted to ExCo on 18.11.14 for consideration. This issue is now being addressed by management and is no longer relevant to the RCC – closed.</p>
1589	Assess the options for further FCA approved persons within Post Office and identify training requirements.	David Mason	5 th December	The Bank is taking this matter forward with their new supervisory team at the FCA – no longer relevant to the RCC – closed.
1584	Discuss and agree with Group People Director how any gaps in compulsory training are resolved	David Mason	5 th December	The results of the survey of training requirements have been passed to HR.

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TERMS OF REFERENCE FOR THE RISK AND COMPLIANCE COMMITTEE

1. Purpose

The purpose of the Risk & Compliance Committee (R&CC) is to support the Executive Committee (ExCo) in fulfilling their effective oversight of risk management by:

- Developing and promoting a risk culture that emphasises and demonstrates the benefits of risk management throughout the business
- Focusing on the top risks in the business as defined by the Executive Committee
- Monitoring and assessing significant risk events and near misses
- Developing the stewardship of risk and policy frameworks

2. Responsibilities

The Risk & Compliance Committee responsibilities will be:

- Developing and promoting a risk culture in the business by:
 - Enhancing the profile of risk management
 - Driving the behaviours of risk management
 - Recognising good risk management
 - Promoting a risk management agenda
- Focusing on the top risks in the business by:
 - Reviewing and assessing the management of risks
 - Identifying actions required to manage risks
 - Making recommendations to ExCo
 - Reviewing key risks, controls and relevant action plans
- Monitoring and assessing significant risk events and near misses and:
 - Considering the implications of internal or external risk events and near misses including financial impact as appropriate
 - Commissioning action plans to manage risks.
- Developing the stewardship of risk and policy frameworks by:
 - Ensuring policy governance is in place
 - Reviewing and approving business policies
 - Ensuring business policies are maintained and regularly reviewed
 - Receiving and reviewing compliance reports relating to
 - Anti-Money Laundering
 - Bribery / Gifts & Hospitality
 - Whistleblowing
 - Internal Audit

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TERMS OF REFERENCE FOR THE RISK AND COMPLIANCE COMMITTEE

3. Authority

The Risk & Compliance Committee is authorised by ExCo to:

- To seek any information it requires from anyone in the organisation in order to perform its duties.
- To obtain outside legal or other professional advice on any matter within its terms of reference.
- To call anyone to be questioned at a meeting of the committee as and when required.

4. Composition

The committee is a management committee and the chair and members shall be appointed by the Chief Executive Officer:

- The committee membership shall comprise the General Counsel (Chair), Chief Executive Officer, Chief Financial Officer, Group People Director and Company Secretary. The Head of Risk & Compliance whilst not a member of the committee will be a regular attender
- The chair of the committee may require other senior managers to attend all or part of meetings as appropriate.
- The quorum shall be two members and will be deemed competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee.

5. Meetings

- The committee shall meet at least six times a year aligned to every second ExCo meeting and otherwise as required.
- Notice of each meeting confirming the venue, time, date and agenda of items to be discussed shall be forwarded to each member of the committee and any other person required to attend no later than five working days before the date of the meeting. Any supporting papers will also be provided
- Once approved by the Chair minutes of committee meetings shall be circulated promptly to all members of the committee.
- The committee will arrange for an annual review of its own performance to ensure it is operating effectively and recommend any changes it considers necessary to ExCo for approval.
- The committee will ensure its terms of reference and membership are reviewed on an annual basis and updated as required

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 TERMS OF REFERENCE FOR THE RISK AND COMPLIANCE COMMITTEE

6. Reporting

- The committee shall report to ExCo on its proceedings after each meeting on all matters within its purpose and responsibilities highlighting significant risk and compliance matters for their attention
- The committee shall report to the Audit, Risk and Compliance Committee as requested
- The committee shall input to the Post Office annual reporting as appropriate.

7. Membership**Members**

General Counsel (Chair)	Chris Aujard
Chief Executive Officer	Paula Vennells
Chief Finance Officer	Chris Day
Group People Director	Neil Hayward
Company Secretary	Alwen Lyons

Other attendees

Head of Risk & Compliance	Dave Mason
Secretariat	Rob Bolton

7. Document Control

Owner:		Risk & Compliance Committee Secretariat	Enquiry point:	Risk & Compliance Committee Secretariat
Version:		2.0	Approved by R&CC	February 2014
Effective from:		March 2014	Next review:	March 2015
Version	Date	Author	Changes	
1.1	07/01/2014	Rob Bolton	Revised draft	
1.2	08/01/2014	Rob Bolton	Re-write of draft	
1.3	08/01/2014	Rob Bolton	Amendments to responsibilities and membership	
1.4	17/01/2014	Rob Bolton	Updated purpose and responsibilities	
1.5	17/01/2014	Rob Bolton	Change to order of priority in purpose	
1.6	17/01/2014	Rob Bolton	Purpose & responsibilities updated	
1.7	11/02/2014	Rob Bolton	Final changes to reporting and responsibilities	

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Risk & Compliance Committee Annual Agenda

This timetable sets out the known agenda items. It may be modified by the Risk & Compliance Committee in light of specific requests or actions arising from meetings. The meeting dates can be subject to change as can the number of meetings scheduled.

Agenda Item	Purpose	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Jan	Feb	Mar
POLICY GOVERNANCE												
Review and approve business policies	Approve business policies and forward to ExCo for endorsement		✓		✓		✓		✓	✓		✓
Review policy governance	Review the adequacy of policy governance and recommend changes						✓					✓
RISK MANAGEMENT												
Risk reporting to:	Agree summary of key risks and status of actions to ARC, Board and ExCo											
• ARC			✓				✓		✓	✓		
• ExCo		✓			✓			✓			✓	
• Board							✓					✓
Review strategic risks	Monitor status and any movement of high level risks and agree any mitigating actions		✓		✓		✓		✓			✓
Review business unit risks	Review and challenge business unit risk self assessments	✓			✓			✓			✓	
Risk Incident reporting	Review risk incidents and consider impacts and actions	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Risk reporting from Sub-committees:	Receive risk reports from sub-committee Chairs											
• Health & Safety			✓									
• Finance					✓							
• Commercial							✓					
• Transformation									✓			
• Information Security										✓		
• Business Continuity												✓
Review and approve Risk policy	Review effectiveness of risk policy and recommend amendments	✓										
ASSURANCE												
Review draft annual internal audit plan	Review draft internal audit plan and recommend for onward approval by ARC						✓					
Receive update on internal audit activity	Receive report on internal audit activity, key findings and actions status	✓			✓			✓		✓		
Gifts & Hospitality annual report	Receive and agree annual summary report	✓										
AML annual report	Receive and agree annual summary report	✓										
Whistleblowing annual report	Receive and agree annual summary report	✓										
REPORTING												
Risk management and internal control statement for Annual Report	Agree draft risk management and internal controls statement for inclusion in Annual Report for further approval by ARC/Board								✓			
Review effectiveness of risk management and internal control frameworks	Discuss effectiveness of risk management and internal control frameworks and agree any necessary changes									✓		
REVIEW												
Review R&CC Terms of Reference & membership	Review appropriateness of committee terms of reference and membership of the committee											✓
Review annual agenda	Review appropriateness of committee annual agenda											✓
Review effectiveness of R&CC	Perform review of committee effectiveness and agree any necessary changes											✓

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Risk and Compliance Committee 21 January 2015**Update on ERM implementation and data flow analysis**

1. The timetable and data management tables provide updates on the implementation. Most activities are on plan although there has been some slippage mainly due to impact of staff in branches over the Christmas period and the senior management changes.
2. The first iteration of the ERM profile has been circulated to EXCO along with the implementation timetable.
3. The following critical success factors which require EXCO attention and feedback have been identified; progress is summarised below:

	Success Factor	Status
a.	Reviewing first ERM report (RCC then subsequently from EXCO)	First ERM report presented to RCC on 5 December 2014. RCC papers circulated to EXCO on 12 December 2014.
b.	Workshop on resetting strategic risks (and subsequent quarterly reviews)	Strategic risks refreshed for 5 December 2014 report. EXCO Workshop scheduled for February 2015.
c.	Risk Appetite statements and metrics	Risk appetite statements went to ARC on 12 January 2015. Timetable for collecting metrics and reporting in development.
d.	Process for annual assessment of the risk management activities	Plans on track.
e.	Construction of the annual report commentary on risk management in the PO	
f.	Implementation of an operational risk register and quarterly review process in their business areas	

Timetable:

4. Table 1 shows the timetable and current status. Implementation of the profile elements is mainly on track. A proposal for incident capture and de minimis reporting levels is included for discussion at 21 January RCC. Most amber rated elements have been re-planned to account for engagement with new members of senior management.

Data:

5. Work has continued on data mining and some enhanced information has been reported. Difficulties have been encountered in obtaining further depth around some data items, but nothing that isn't unusual for this type of activity.
6. The updated data source table is shown below.

Steve Miller

8 January 2015

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Implementation of ERM 21 January 2015

	NOV	DEC	JAN	FEB	MAR
RISK PROFILE (RP)	Socialise ERM format to EXCO Deliver first ERM profile report 28.11.14	Updates to approach / format from RCC feedback	Deliver revisions / updated profile to RCC / EXCO (incl via BPP)	Begin basic back-testing and validation with available incidents and metrics	Exception reports on re-dated action plans and estimates of post-action risks exposure
Risks (RP:R)	Communicate strategic risk process to EXCO Run strategic risk review process OCTAVE OR landscape	Review strategic risks action plans at RCC and EXCO	Report summary risk profile in BPP for EXCO	Design sustainable OR model Refresh strategic risks with an EXCO workshop	Report on exceptions basis for actions
Incidents (RP:I)	Include key incidents from existing processes in ERM report	Identification of gaps in incident reporting		Develop action plan for enhancing incident data flows – filling gaps in profile	
KRIs / Metrics (RP:M)	Review indicator landscape		Develop metrics for strategic and operational risks	Proposal for 'top down' metrics dashboard for inclusion in ERM report	
Annual Report (AR)		Initial draft of AR statements	Discuss with CFO treatment of liquidity / solvency risks and financial reporting sections of Code [REPLAN]	Redraft / update annual report Cultural approach and statement of design principals and embedding in HR policy	
Communications papers (CP)	Roadmap: activities from now to AR showing: - Approach to Code - EXCO actions - ERM development Request for strategic risk update	Placing paper for ERM profile at December RCC	Summary / reissue roadmap to reinforce actions leading to AR		

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Implementation of ERM 21 January 2015

	NOV	DEC	JAN	FEB	MAR
Risk Appetite (RA)	<p>Present Market Risk Appetite statement to 10.11 ARC</p> <p>Develop 'test' rating method for triggering risk action plans</p>	<p>Have draft of top risk exposure model</p> <p>Draft to EXCO 16.12</p>	<p>Draft updated risk appetite statements with owners for next ARC</p>	<p>Present full set risk appetite statements to ARC</p> <p>Plan to put metrics and tolerance cascade into operation</p> <p>Finalise rating method</p>	<p>Data collection on tolerance metrics where data available</p>
Annual Assessment (AA)		<p>Agree annual assessment methodology (EXCO / RCC)</p>	<p>Develop annual assessment process</p> <p>Begin first questionnaires / interviews</p>	<p>Report on results of annual assessment</p> <p>Build action plans to correct any gaps</p>	
Governance Structure (GS)	<p>Document trajectory of ERM report and its treatment at each point (RCC / EXCO / ARC / Board)</p>	<p>Implement process for filing risk related minute extracts from key committees</p> <p>Build process to manage actions from risk discussion</p>		<p>Review annual assessment process for any changes required to governance structure</p>	
Policies and Procedures (PP)			<p>Discuss impact of Code on HR policies and develop plans for required actions</p>	<p>Develop high level risk training plan</p> <ul style="list-style-type: none"> - Staff - SLT - EXCO / Board 	

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PAPER FOUR

Risk Data Flows: Update post ERM report

The table below shows which data types have been used in the report. The metrics collected so far paint a reasonable picture of how the control framework is operating in mitigating operational risks. There is further research to do in a number of areas to flesh out the profile. As this progresses the number, type and composition of metrics will change. This will assist in understanding the exposures and form an input to defining reportable incident levels.

Risk incident type	Examples	Data Owner	Oversight Body	Data source/ database	Actions	Status
Internal and external fraud	Robbery and burglary	Mark Dinsdale (IMS)/Elaine Spencer(ECD)	Tactical Coordination Group (Security)	Electronic Crime Database (ECD)/ Incident Management System (IMS)	Data provided and reviewed regularly.	Security incidents reviewed.
	Bribery	Georgina Blair	Risk and Compliance Committee	Gifts and Hospitality register	Data available and reviewed regularly.	No incidents in current month
	False accounting	Rod Ismay		Control reviews in Finance	Data provided for January ERM report.	Some financial incident reviewed.
	Theft of information/ hacking	Claire Davies	InfoSec Committee	ISAG log	Data provided – no new events for January.	Open InfoSec incidents reviewed.
	Third party fraud (eg. Bank of Ireland, Aviva)	Jonathan Hill	tbc	tbc	FS business partner investigating appropriate data streams with Bank of Ireland	Data not yet available
Employment practices & workplace safety	Compensation claims for unfair dismissal or treatment	Nisha Marwaha/Colin Stretch	tbc	Summary provided by external legal advisors	Current claims data available and reviewed regularly. Further analysis of internal HR data to be completed by HR business partner.	Number of legal claims reviewed.
	Industrial action	HR	tbc	Incident logs	Further analysis of internal HR data to be completed by HR business	Data not yet available

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Risk incident type	Examples	Data Owner	Oversight Body	Data source/ database	Actions	Status
					partner.	
	Health and safety event	Simon Eldridge	Health & Safety Committee	ERICA+	Data provided and reviewed regularly.	Health and safety incident data reviewed.
Clients, products & business practices	Compliance breaches eg. mis-selling	Andy Garner	Customer and Conduct Risk Committee (FS)/	Managed Services Complaints Summary	Oversight process mapped. Data provided and reviewed regularly.	Complaints analysis reviewed.
	Product flaws and defects and model errors	Louise Fairhurst (Finance)	Finance Committee	Post Investment Reviews (Finance)	PIR process is only slowly becoming established. Once data becomes available it will be provided.	Data expected to be available in future.
Damage to physical assets	Natural & other disasters (inc eg. terrorism, vandalism, pandemic)	tbc	tbc	Business Continuity incident management process	Confirm collection, data flow and oversight process.	Data flows not yet established but no current incidents.
Business disruption & systems failures	Hardware, software, telecoms, utility outage or disruption	Steve Beddoe	ITIL Performance & Service Review Meeting	ATOS Consolidated Service Review	Existing data is provided regularly. The IT business partner has been working with IT colleagues to try and improve the quality of the data provided. This work is continuing.	ATOS incident data reviewed.
Execution, delivery & process management	Poor execution of transactions and processes	Andy Garner	Product teams; reports reviewed by ExCo	Managed Services Complaints Summary	Oversight process mapped. Data provided and reviewed regularly.	Complaints analysis reviewed.
	Projects: missed deadlines, unauthorised overspend, benefits not realised	Louise Fairhurst	Finance Committee	Project reporting	Project overspend data discussed but not provided.	Data expected to be available in future.

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Risk incident type	Examples	Data Owner	Oversight Body	Data source/ database	Actions	Status
	Failed reporting obligations, inaccurate external report	Legal/Company Secretary's Office	tbc	tbc	Determine appropriate data flow.	Data not yet available
	Disputes with suppliers or vendors	Procurement/Supplier management	tbc	ATOS (for some)	Determine data sources and oversight processes (IT & Finance business partners)	Data not yet available

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PAPER FIVE

RISK AND COMPLIANCE COMMITTEE 21 January 2015**Risk incident reporting: De-minimis values****Action:**

The committee is asked to review the approach to collecting risk incidents and the de-minimis levels.

Request: RCC to consider the approach and confirm current approach and suggested reporting.

Context:

Collecting risk incident data is an important part of understanding the organisation's risk profile. It works together with the risk assessments and key risk indicators.

'Toolbox' element	What it means
Risk assessment	Assessment of risk and mitigation
Risk incidents	Examples of individual risks materialising (quantitative data)
Key risk indicators (KRI)	Trend data about related indicators risks (quantitative data)

Both incidents and indicators provide information on the effectiveness of controls and likelihood of risk to materialise. They provide a perspective on the overall risk profile

Definition:

The definition of a risk incident for the purposes of the Post Office risk management framework is:

Any event which causes or may cause an interruption to, or a reduction in, the quality of a service, or which causes financial loss, or other operational failure.

Key reasons for recording risk incidents

- To learn lessons from what has happened and to identify mitigating controls to help prevent a similar incident from happening again.
- To treat it as an opportunity to improve our processes and to reduce operational risk exposure and drive value for the Post Office.
- To understand the root causes and establish whether other areas of the organisation could have an exposure.

Which incidents should be reported to the Risk and Compliance Committee?

In order to ensure that only the most relevant incidents are reported to the RCC a set of draft de-minimis limits and other significant factors have been drafted (see table in Appendix). This guidance is not exhaustive, and will be updated as the ERM framework develops.

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Example risk incident:

<p>Background:</p> <p>The Government announces dog licences will become mandatory and Post Office decides to tender for the contract to provide the licences. In order to provide the service some changes are required to Horizon and project costs are estimated and included in the model. A cost per transaction is calculated and used in putting together POL's bid.</p> <p>Based on the model forecasts, POL offers the Department for Dogs a competitive bid and wins the contract to be one of two physical providers of dog licences.</p>			
		Exposure	Action
Risk assessment	<p>Risk description:</p> <p>There is a risk that the modelling assumptions are wrong and POL will not achieve the expected benefits.</p>	<p>Risk assessment:</p> <p>Low</p>	Review model assumptions and process
Risk incident	Post investment review identifies the cost of each transaction has been incorrectly captured in the model, which will result in a loss of £300k at year end, instead of the expected benefit of £500k.	Reporting trigger breached (product flaws and defects or model errors: financial impact > £250k) incident reported to RCC in ERM report	RCC requests review; possibility that contract is not renewed due to cost to business / lost profitability.
Key risk indicators (KRI)	<p>Calls to NBSC about the dog licence issuing process are higher than expected each month.</p> <p>This suggests that the process is not working well in branch and it is taking longer than planned.</p>	<p>Expected level: 400 calls a month</p> <p>Actual level: 2000 calls a month</p> <p>Included in ERM report as KRI with tolerance breach</p>	Call levels trigger review of process to improve efficiency / effectiveness.

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APPENDIX: RISK INCIDENT REPORTING GUIDANCE

Please note this list is for guidance; and will be further completed with the implementation of the ERM framework.

	Risk Type	Example incidents	Impact (financial or other)	Other elements to consider
1.	Customer	Hacking or other theft of information	Customer or 'strictly confidential' information lost or compromised	Any brand or reputational impact
2.	Financial	Projects: missed deadlines, unauthorised overspend, benefits not realised	Financial impact > £250k	Repeated examples of projects going over budget in one area
		Deliberate misreporting or unauthorised changes to transactions or data	Financial impact > £250k	Evidence of unauthorised access to system
3.	Market	Product flaws and defects or model errors	Financial impact > £250k	
4.	Legal and regulatory	Compensation claims for unfair dismissal or treatment	Claim ≥ £50k	Involves whistleblowing and/or discrimination Any brand or reputation impact
		Compliance breaches eg. mis-selling	Events which have been reported to regulatory body (eg. FCA)	Linked events Multiple similar events
		Monitoring and reporting: Failed reporting obligation, inaccurate external report	Financial impact > £250k	Failure puts POL in breach of legal or regulatory obligations
		Bribery or corruption	Bribe offered or received	Bribe paid on behalf of Post Office
5	People	Employee relations – industrial action	Disruptions to operations > 1 day	Unforeseen or unplanned action
		Health and safety events	Death or serious injury	Multiple people affected
5.	Technology	Poor execution of transactions and processes (eg. accounting and inputting errors, failure to follow procedures)	Financial impact > £250k	Large number of customers affected Potential reputational impact
		Hardware, software, telecommunications, utility outage or disruption	Financial impact > £250k	Disruption > SLA recovery time No service for customers
		Disputes with suppliers or	Financial impact >	Customers are, or are

5. Risk Incident Reporting_ de-minimis values

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	Risk Type	Example incidents	Impact (financial or other)	Other elements to consider
		vendors	£250k	likely to be, affected
6.	Operations	Admin sites unavailable	Disruption > 1 day	Contingency plans are insufficient
		Cash centre unavailable	Disruption > 4 hours	Contingency plans are insufficient
		Natural disasters (eg. terrorism, pandemic, vandalism)	Any human losses, Financial impact > £250k	Human losses likely
		Robbery or burglary Kidnap or hostage situation	Financial loss > £75K OR Major injury to one person or injuries sustained by more than one person	Larger than expected loss

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POL Internal Audit – Summary of Significant Audit Issues for the RCC meeting on 21.1.2015

Audit	Issue/Risk
Local Area Network – Identity and Access Management (October 2013)	<ol style="list-style-type: none"> 1) There is no overview of all local area network accounts access rights. 2) Access rights are granted on a 'mirroring with a similar account role' base instead of a fit for job principle. 3) Movers' access rights are not reviewed and updated to remain fit for job. 4) Leavers' accounts are not systematically disabled in time and there is no control. <p><i>An update to ARC was provided by the CIO on 12/1/15 indicating a positive progress in closing the actions.</i></p>
Software Licencing Management (November 2013)	<ol style="list-style-type: none"> 1) The SLM process is not yet defined. 2) POL software licencing assurance and governance process is therefore also not yet defined. 3) Currently there is insufficient expertise in house to define the best fit for purpose and cost effective licenses holistically for the company needs 4) There is currently no overview of all licences and licence types POL has and uses. POL is currently at a higher level of risk from sanction should an external software audit take place. 5) Licences can be purchased by different parts of the business. There is currently no overall control by the Procurement team on the software purchase and change process <p><i>An update to ARC was provided by the CIO on 12/1/15 indicating a positive progress in closing the actions.</i></p>
Business Continuity Programme – Business Readiness (October 2014)	<ol style="list-style-type: none"> 1) Top level management guidance not yet issued. 2) The Finance BCP is quoted as the example for central teams to follow – this is still not complete – call out cascades outstanding. 3) At least 50% of Supply Chain sites have no formal contingency location. 4) No single plan is fully complete – callout cascades outstanding. This was not in the basic plan specification. 5) Whilst product and service plans have been tested, no site testing has taken place 6) Crisis management does not yet form part of the plans. <p><i>Actions have been accepted and are being implemented.</i></p>

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Confidential**POST OFFICE LTD RISK AND COMPLIANCE COMMITTEE****Noting Paper – Finance Roadmap Programme (part of Separation Programme) –
capture and sharing of Lessons Learned****1. Purpose**

The purpose of this paper is to:

- 1.1. Update the Risk and Compliance Committee on the processes followed to capture, document and share Lessons Learned during the Finance Roadmap Programme in response to a question raised at the December 2014 Committee meeting.

2. Background / Overview

- 2.1. The Finance Roadmap Programme (FRP) implemented a new Finance system in Post Office enabling Finance Separation from Royal Mail. The approved funding over the years 2011/12 to 2015/16 was £18.4m. This was managed as a discrete programme within the Separation Programme.
- 2.2. The new Finance system went live on 1 September 2014 and the Programme was formally closed on 29 October 2014.
- 2.3. Post Office Internal Audit were engaged throughout the Programme and issued a number of reports during the Programme lifecycle. The Head of Internal Audit was also a member of the Programme Board.
- 2.4. Lessons Learned were captured over the lifetime of the Programme in line with Post Office Change Management methodologies.
- 2.5. Change Management was represented on the FRP Programme Board to provide challenge / best practice into the Programme and to take Lessons Learned from the Programme and share them with other programmes.
- 2.6. A Post Evaluation Review (PER) was carried out as part of Programme closure by a member of the Change Management team independent of the FRP and Separation Programmes. This made a number of observations from which Lessons Learned, that could be applied to future programmes, were derived
- 2.7. The Lessons Learned from the PER have been made available to the Change Management team and are being factored into the set-up of the new Change Management and PMO structures and revised programme and project methodologies
- 2.8. A Post Completion review, mainly focused on business case delivery, will be completed towards the end of 2014/15 financial year

FRP Lessons Learned process

Peter Goodman
9 January 2015

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Confidential**3. Lessons Learned Processes**

- 3.1. FRP applied a number of different processes to capture Lessons Learned and used these to improve the Programme itself during its lifecycle and to make these available to other programmes.
- 3.2. The key processes used to capture Lessons Learned and apply them within FRP were:
- Internal Programme team Lessons Learned workshops were held at key milestones during the lifecycle of the Programme
 - Lessons Learned identified in the workshops were documented within the shared Programme documentation repository (SharePoint)
 - Application of the Lessons Learned to future phases of the Programme was actively considered
 - Ongoing engagement with Internal Audit took place to benefit from an independent challenge and act upon feedback received
 - Internal Audit reports were reviewed at Programme Board meetings and recommendations actively followed up and closed
- 3.3. The key processes used to capture Lessons Learned and share them to improve the quality and reduce the risk of other programmes were:
- Change Management was represented on the FRP Programme Board through Michael Brown who both provided challenge / best practice into the Programme and was able to take Lessons Learned from the Programme and share them with other programmes
 - The SLT Programme Sponsor (Peter Goodman) requested an independent PER to be carried out by the Change function in October 2014. An experienced Programme Manager independent of FRP and Separation Programmes (Chris Nelson) was provided to complete this work
 - Chris Nelson interviewed eight people from within the Programme and external to the Programme. Each of these eight were also asked to illicit input from team members / colleagues
 - A PER was produced based on these interviews which was shared with the Programme Board as part of Programme closure and has been shared with the Head of Change (Alison Thompson)
 - The Lessons Learned from this PER are being factored into the set-up of the new Change Management and PMO structures and revised programme and project methodologies to ensure they are applied to programmes going forward

FRP Lessons Learned process

Peter Goodman
9 January 2015

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- Additionally, the Lessons Learned captured during the Programme, referred to in section 3.2 above, are available as an ongoing resource for other programmes and projects to reference during their set up. The gating process led by the Change Governance Lead (Jaki Purser) requires new programmes and projects to consider Lessons Learned from previous similar programmes during their set up

4. Conclusion

- 4.1. FRP has followed a robust process to capture, document and share Lessons Learned during, and on closure of the Programme.

Peter Goodman

9 January 2015

RCC 21 January 2015

PAPER EIGHT

RISK AND COMPLIANCE COMMITTEE

Front Office Tower Procurement

1. Purpose

The purpose of this paper is to:

- provide the committee with an update on the actions and mitigations resulting from the withdrawal of Fujitsu from the Front Office Tower Procurement

2. Recommendations

A paper was presented to the ExCo on 20th November 2014 covering the actions and mitigations that have been put in place following the withdrawal of Fujitsu Services Ltd from the Front Office Tower Procurement. This paper is attached as Appendix A. The committee is requested to review Appendix B which provides update on the actions taken. This paper is for noting only.

Neil Wilkinson
21 January 2015

RCC 21 January 2015

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Strictly Confidential

POST OFFICE LTD – RISK AND COMPLIANCE COMMITTEE

Front Office Tower Procurement

1. Purpose

For the Risk & Compliance Committee to note the following:

- 1.1. The actions and mitigations that have been put in place following the withdrawal of Fujitsu Services Ltd from the Front Office Tower Procurement.
- 1.2. The paper was reviewed and noted by ExCo, 20th November 2014 meeting.

2. Background

- 2.1. Front Office Applications Tower procurement is one of several Tower Procurements within the Post Office target IT Supply Chain model.
- 2.2. The procurement will replace the Post Office's core transactional system, Horizon Online which provides the Point of Service (POS) functionality supporting c.30,000 counters, serving 20 million customers a week and managing over 2 billion transactions per year. The Horizon Online system is a proprietary and is provided and supported by Fujitsu, the contract expires on 31st March 2017.
- 2.3. The current operating cost for Horizon is c. £52m per annum, with the POS element representing approximately £28m.
- 2.4. On the 17th October 2014, following evaluation of interim tenders, a decision was taken to shortlist three bidders, Fujitsu Services Ltd, IBM UK Ltd and CSC Computer Sciences Ltd. The decision to short-list took into consideration the desire to conclude the procurement in a timely manner and the need to safeguard competitive tension should one of the three bidders withdraw from the process. All three bidders were debriefed and feedback was provided on their tender responses.
- 2.5. In addition, on the 17 October 2014, Post Office informed Accenture UK Ltd that they had been unsuccessful following evaluation of their interim solution.

3. Activities/Current Situation

- 3.1. On 30th October 2014 Fujitsu Services Ltd formally withdrew from the process. Citing concerns about the resources and costs they have expended on unsuccessful bids on other Post Office procurements, and a belief that their bid methodology was not aligned with the Post Office procurement process.
- 3.2. In response to the Fujitsu Services Ltd withdrawal, Post Office formally invited Accenture UK Ltd to re-join the procurement to maintain competitive tension; the invitation was accepted on 14th November 2014.
- 3.3. Post Office are seeking to appoint a dedicated senior exit lead who will manage the overarching relationship, commercial performance and contract exit with Fujitsu Services UK Ltd.

Front Office Tower Procurement

Neil Wilkinson
8th December 2014

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PAPER 8A
Strictly Confidential**4. Key Risks / Mitigation**

These risks have been presented and discussed at the IT Transformation Committee.

- 4.1. Failure to maintain competitive tension in the procurement and Fujitsu not providing, or delaying the provision of Inbound Due Diligence information.

(Financial Risk – Controlled)

Initially there was one less bidder which could have led to a reduction in competition, and an increased risk of the procurement resulting in a sole bidder outcome.

Fujitsu may delay the provision of information to the bidders, thereby impacting Inbound Due Diligence, the timescales and price certainty of the procurement.

Mitigating Actions:

- The remaining two bidders, IBM and CSC, submitted strong proposals at the ISPS stage and demonstrated enthusiasm to win the business.
- In accordance with the published terms of the procurement documentation Accenture UK Ltd have accepted the invitation to re-join the procurement process. Though Accenture came fourth at the interim proposal stage, their proposal was also viable. This increases the number of bidders back up to three.
- We are increasing the relationship management with all bidders, at a working and executive level to safeguard against further withdrawals from the procurement.
- Post Office has started to engage with Fujitsu on the Horizon extension. Principles have been agreed to help shape a possible extension. Both parties have expressed a desire to close negotiations by the end of this financial year.
- A dedicated procurement lead has been appointed to facilitate Inbound Due Diligence information and the negotiation of a service extension as deemed necessary.

- 4.2. Failure to maintain continuity of service or Fujitsu not fully cooperating on contract exit.

(Operations Risk – Controlled)

There is a risk that remaining bidders may be unable to guarantee successful transition of services away from Fujitsu by March 2017 or even if they offer assurance we may not be satisfied with the risk profile.

Fujitsu have advised that they are now in a state of exit, and as such behaviours may change. Operationally, there is a risk that Fujitsu will deliver solely to contract (resulting in service degradation to Post Office) and seek to exploit change control procedures.

Fujitsu may not fully cooperate with the new supplier after the award of contract, impacting knowledge transfer and increasing the continuity of service risk.

Mitigating Actions

- Three out of four bidder proposals were within the March 2017 time limit to deliver continuity of service (only Accenture were not). The procurement team is currently working with bidders to accelerate the delivery timeframes as part of the development of their proposals.
- Attempts are being made to accelerate the procurement process in-order to bring the new partner on-board as soon as possible.

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- Fujitsu has been re-engaged to consider extending the contract beyond March 2017. It is likely to be difficult to secure acceptable and affordable terms with Fujitsu, to guarantee the current service levels Fujitsu may request Post Office to provide further investment to refresh the central infrastructure. Alternatively, there may be a need to provide Fujitsu with service lets.
- The dedicated senior exit lead will manage the overarching relationship and commercial performance both of Fujitsu. Any spend with Fujitsu (including arising from change requests) shall be carefully considered, given that Post Office are currently procuring a new POS solution and exiting from the Horizon agreement. Operational Horizon service will continue to be managed by Dave Hulbert, HomePhone and Broadband by Andy Garner.
- Within the Exit schedule in the contract, Fujitsu are formally obliged to provide knowledge transfer information on request of Post Office. The charges related to this will be managed by the dedicated exit lead.

5. Commercial Impact/Costs

- 5.1. Post Office is seeking to appoint a dedicated senior exit lead who will manage the overarching relationship and commercial performance both of Fujitsu and of future change requests on the Horizon contract.
- 5.2. Post Office is developing an approach to engage Fujitsu on an extension to the existing contractual terms. They may request Post Office to provide further investment to refresh the central infrastructure. In addition, there may be a need to provide Fujitsu with service lets.

6. Communications Impact

- 6.1. Press Relations have been briefed and are prepared to respond to any press inquiries.

7. Conclusion & Recommendations

- 7.1. Due to the severity of risks continued focus is required, and potential implications for both the procurement and current services will be mitigated. Post Office will institute heightened risk management control and provide transparency to the Board as the situation develops.
- 7.2. Risk & Compliance Committee is asked to note:
 - The risks highlighted in the paper, and the associated planned mitigation.
 - Regular updates will be provided to Risk & Compliance Committee, Transformation Committee and Executive Committee.

Neil Wilkinson
December 2014

Front Office Tower Procurement

Neil Wilkinson
8th December 2014

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PAPER 8B

Front Office Tower Procurement Appendix B

Challenge Area	Concern	POL Status	Actions	Comments / Updates
Strategy	<ul style="list-style-type: none"> Towers create a less stable environment Drives in Cost Increases Risk Dilutes Accountability 	<ul style="list-style-type: none"> Has been tested against Business Transformation agenda and is aligned supported by McKinsey Strategy and delivery overseen by steering committee and Transformation Board Has been market tested with key independent organisations (Mosaic, ISG, Gartner, Deloitte) Procurements all market tested to ensure value for money Towers is a growing trend in the market; it's live and working successfully in other organisations – see attached 	<ul style="list-style-type: none"> Continue to challenge and validate against changes in the market and our strategy (PB(NW)) Align with Business Transformation as transitional plans develop (PB(NW)) 	<ul style="list-style-type: none"> Sessions planned in early Jan to map technical landscape based on FO. (PB) IT strategy work is looking at investment plan and transition states across BTP delivery (PB) Strategy being tested with FO bidders (NW) No further external market testing identified at this stage.
Transition Execution	<ul style="list-style-type: none"> Increases development risk Timescales are unrealistic Risk of losing or concentrating accountability across supply chain Delay Escalating costs Ease of change 	<ul style="list-style-type: none"> Towers model changes how we manage risk but increases competition Commercial model designed to constrain cost escalation Recognised as complex to transition; benefits grow as Towers are established Getting the model right on accountabilities for the Towers is key to avoiding duplication or loss of function. This is a key focus through governance in the programme PWC worked with us to identify key risks and controls for a programme of this scale and the programme continues to implement and monitor controls Acknowledge that timescales have moved, under formal governance due to: <ul style="list-style-type: none"> Set aggressive timescales with the market, but said we would listen and respond Market input has resulted in more dialogue and testing of solutions Business Transformation and Separation We've applied lessons learned to improve quality and de-risk from successive towers (DC/ SISD/ EUC) Cost and benefit remain a key focus of the programme, to-date we believe that these are aligned to the business case IPR has not proved an issue to the Front Office bidders, solutions don't rely on it Clear cross tower security model 	<ul style="list-style-type: none"> Review Cross Towers alignment (NW(DH)) Complete planned use case tests on Towers accountability model (NW(DH)) Review and challenge risks supported by PWC (NW) Conclude on need for contingencies with FJ for continuity of service – including TSS extension (BW) Validate cost and benefits with Programme Committee and Transformation Committee (NW) Complete use case on IPR, test our assumptions (NW) Programme execution aligned with TMO (NW) Test security model across towers (PCI/ISO and Cyber) (JG) 	<ul style="list-style-type: none"> Reviewing cross tower alignment is active and an on-going piece of work undertaken by Lee Ham, Ian Mealings and Andy Jacques. This is owned by Steve Hayes on behalf of Dave Hulbert, with the outputs required by Neil Wilkinson who uses it to procure the right services (NW & DH) 20 use-case tests have taken place and found no significant issues with the model. This activity will be repeated periodically. (DH & NW) PWC finding due for publication early Jan, and session to agreed way forward in diaries (NW) TSS negotiations on-going, targeted for completion prior to FO contract award Updated cost and benefits work complete, to be presented at Programme Committee (NW) Continue to work closely with TMO to ensure appropriate alignment (NW) IPR position continues to be monitored, with further validation received from CMS (NW). Initial security review complete, findings published under a separate cover (NW)

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PAPER 8B

Front Office Tower Procurement Appendix B

Commercials	<ul style="list-style-type: none"> Onerous obligations 	<ul style="list-style-type: none"> POL has customer contracts that impose obligations that Towers find onerous. We continue to work with customers to minimise impact, but in areas these remain an issue and are outside market norms We have taken advice from CMS on shaping obligations, have challenged appetite with the Programme Committee, and have selectively used Gartner to impact likely cost and balanced with risk Have succeeded in awarding SISD and EUC contracts that have found the right balance (ExCo approval sought within delegated authorities) Have maintained credible bidders in all remaining Towers and continue to have dialogue to reach a compliant and affordable solution 	<ul style="list-style-type: none"> Test FO material commercial obligations (NW) Test cross-tower obligations and accountability model (DH) Commercial Committee/ExCo sign off of obligations/risk (NW) Board approval to be sought prior to Tower contract award, supported by specific Business Case (NW) 	<ul style="list-style-type: none"> Commercial obligations being tested during ISFT dialogue (NW) Commercial Committee sign-off of final ISFT will be sought as part of on-going governance (NW) Meeting diarised to discuss the governance required to support contract award, including Board requirements (NW). Cross tower obligations have been tested by the cross-tower design team (Lee H, Andy J and Ian M). No significant gaps found. (DH)
Benefit Case	<ul style="list-style-type: none"> Not achievable 	<ul style="list-style-type: none"> SISD awarded and benefits secured (more value to be derived from the contract) EUC awarded and benefits secured – average £7m p/a across term (ahead of Business Case), 42% reduction against current run rate ISPS for BO was in line with Business Case ISPS for FO was ahead of Business Case ISPS for Networks shows a benefit challenge – this is being reviewed, run costs demonstrating 20% reduction 	<ul style="list-style-type: none"> Continued review of benefits and investments across all Towers (NW) Business Case to be presented to Finance Committee before YE (NW) 	<ul style="list-style-type: none"> Review of benefits case and investment profile complete, to be presented to Programme Committee (NW) Finance Committee requirements being reviewed. Further update to be provided in Jan (NW).

Post Office Ltd
Risk & Compliance Committee Meeting
21 January 2015

Location:

5th Floor Boardroom, 148 Old Street, London, England, EC1V 9HQ, United Kingdom

ATTENDANCE LIST

ATTENDEES	SIGNATURE
Alwen, Lyons	
Aujard, Chris	
Cameron, Alisdair	
Fay, Healey	
Lambert, Gavin	
MacLeod, Jane	
Nick, Kennett	
Paula, Vennells	