

Review of RCC Terms of Reference

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Meeting date: 05 May 2016

Executive Summary

Context

In line with best practice and as recommended by the UK Code of Corporate Governance a clear Terms of Reference ('TOR') for the Risk and Compliance Committee ('RCC') should be in place and reviewed on an annual basis.

Questions this paper addresses

1. Does the RCC have a clear and agreed TOR?
2. Has the Committee fulfilled the requirements of the TOR over the last year?
3. How will the Committee ensure it uses its time effectively in future and fulfils the requirements set out in its TOR?

Conclusion

1. The requirements specified by the TOR are clear but the TOR has not been reviewed since March 2015. [When are we going to review it?]
2. The analysis carried out confirms that the RCC has fulfilled the requirements of its TOR with the exception of receiving reports from several sub-committees.
3. The draft RCC timetable set out in Appendix 2 is a proposed forward agenda for RCC meetings which will ensure the RCC fulfils the requirements of its TOR in 2016/17.

Input Sought

The members of the RCC are asked to:

1. Confirm they believe they have fulfilled the requirements of the RCC TOR as specified by the Group Executive.
2. Feedback to the Chair any comments on the proposed timetable for future agendas.

The Report

1. The RCC is responsible for supporting the Group Executive (GE) in fulfilling their responsibilities in the effective oversight of risk management, internal control and compliance. It was decided in March 2016 that RCC membership should be extended to include all members of the Group Executive (GE). The TOR has not been updated to reflect this.
2. The areas of the TOR (Appendix 1) have be assessed against the Committee agendas, papers and decisions to ensure that the Committee has fulfilled its requirements to the Group Executive:
 - a) The 'Purpose' of the Committee is clear and agreed by the Group Executive.
 - b) The 'Meetings' have convened in accordance with the TOR, although this review of the effectiveness of the Committee did not take place within the year.
 - c) The 'Responsibilities' have been discharged, with the exception of:
 - i) Review of risk reports from the Health and Safety Committee; instead this committee reports directly to the Board.
 - ii) Review of risk reports from Commercial Committee and the Business Continuity Committee. The Commercial Committee doesn't report to RCC and the Business Continuity Committee doesn't currently exist.
 - iii) No whistleblowing report was provided in 2015/16. One is being provided in May 2016.
3. Areas of specific risk have been reported throughout the year and key further actions agreed, for example cyber security and anti-money laundering in March.

Appendix 1

RISK AND COMPLIANCE COMMITTEE TERMS OF REFERENCE (March 2015)

1. Overview

The purpose of the Risk & Compliance Committee (R&CC) is to support the Executive Team (ET) in fulfilling their responsibilities in the effective oversight of risk management, internal control and compliance.

2. Responsibilities

The responsibilities of the Risk & Compliance Committee include, but are not limited to:

- Reviewing the effectiveness of the risk management framework and risk policy and the oversight of the development and implementation of the risk management framework;
- Oversight of the current risk exposures of the business and advising on the future risk strategy;
- Oversight of the identification and effective management of current key risks and regular reviews of emerging risks;
- Oversight of the key operational risks facing the business including the effectiveness of internal controls;
- Monitoring the implementation of key recommendations and management action plans;
- Monitoring compliance with legal and regulatory obligations, including any significant breaches;
- Receiving and reviewing risk reports from the R&CC Sub-Committees:
 - Health & Safety
 - Commercial
 - Transformation
 - Information Security

- Security
- Business Continuity
- Receiving and reviewing reports related to
 - Anti-Money Laundering
 - Bribery / Gifts & Hospitality
 - Whistleblowing
 - Internal Audit activity;
- Receiving and reviewing the draft annual internal audit plan for onward reporting to the Audit and Risk Committee (ARC);
- Receiving and reviewing of the draft annual risk management plan for onward reporting to the Audit and Risk Committee (ARC), and;
- Reviewing the adequacy of policy governance and recommending changes.

3. Authority

The Risk & Compliance Committee is authorised to:

- Seek any information it requires from anyone in the organisation in order to perform its duties including calling anyone to the meeting to be questioned as required; and
- Obtain outside legal or other professional advice on any matter within its terms of reference.

4. Meetings

- The R&CC shall meet at least six times a year and otherwise as required;
- The quorum shall be two members which will be deemed competent to exercise all or any of the authorities and powers vested in or exercisable by 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 ET for approval; and
- The committee will ensure its terms of reference and membership are reviewed on an annual basis and updated as required

5. Reporting

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

6. Membership

Members

General Counsel (Chair)	Jane MacLeod
Chief Executive Officer	Paula Vennells
Chief Finance Officer	Alisdair Cameron
Group People Director	Neil Hayward
Financial Services Director	Nick Kennett
Company Secretary	Alwen Lyons

Other attendees

Head of Risk & Assurance	Arnout van der Veer
Head of Internal Audit	Garry Hooton
Chief of Staff	Gavin Lambert
Secretariat	Georgina Blair

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Appendix 2

RCC Forward planner – proposed topics and allocation (assuming 6 meetings per year)

Items	Proposed					
	1) Jan	2) Mar	3) May	4) July	5) Sep	6) Nov
1. Standing Agenda Items						
• Minutes and actions from previous RRC meetings	✓	✓	✓	✓	✓	✓
• Minutes from POMS RCC meetings	✓	✓	✓	✓	✓	✓
2. Governance Items						
• Review of RCC Terms of Reference		✓				
• RCC effectiveness against ToR self-assessment		✓				
3. Risk Management, Internal Control and Assurance						
• Group Risk Profile		✓			✓	
• Key Further Actions & Risk Incidents	✓	✓	✓	✓	✓	
• Internal Audit update	✓	✓	✓	✓	✓	✓
• Internal Audit – approval of the upcoming plan		✓				
• Business Continuity – approval of annual plan		✓				
4. Financial Reporting and Disclosure						
• Risk disclosures for annual report and accounts			✓		✓	
• Board Annual Assessment (including Executives Declaration, Key Policies and Control Self Assessment)			✓			
• Corporate Governance Statements			✓			
5. Compliance						
• Regulation						
▪ Anti Money Laundering	✓	✓	✓		✓	✓
▪ Anti Bribery & Corruption		✓				
▪ Competition Law	✓					
▪ Data Protection	✓					
• Conduct/ People						
▪ Customers (e.g. Vulnerable, Conduct issues)		✓				
▪ Ethics and Code of Conduct		✓				

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Items	Proposed					
	1) Jan	2) Mar	3) May	4) July	5) Sep	6) Nov
▪ Fraud and Theft		√				
▪ Whistleblowing		√				
6. Deep Dives						
▪ FS Deep Dives on specific issues	√		√			
▪ Pensions		√			√	
▪ Health and Safety					√	
▪ Incident Management, Disaster Recovery & Crisis Management					√	
▪ Transformation Risk	√				√	
▪ Cyber / IT Security					√	