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Risk and Compliance Committee (R&CC)		Reference: R&CC/MIN/JAN14
Date: 20th January 2014	**Venue: POL Boardroom, 148 Old Street, London**	**Time: 13.30 – 15.30**
Attending:		
Chris Aujard	General Counsel	Chair
Chris Day	Chief Financial Officer	Member
Alwen Lyons	Company Secretary	Member
Martin Edwards	Chief of Staff	Report (for Paula Vennells)
Dave Mason	Head of Risk & Compliance	Report
Jonathan Hill	Head of Financial Services Risk	Report (for Nick Kennett)
Julie George	Head of Information Security	Report
Rob Bolton	Assurance Adviser	Secretariat
Apologies:		
Paula Vennells	Chief Executive Officer	Member
Neil Hayward	Group People Director	Member

Agenda Item 1

Top Business Risks

Purpose

The committee was asked to endorse the risk management approach and methodology and to provide feedback on the content and structure of future risk reporting

Discussion

The overview of ExCo risks paper was discussed and the committee reviewed each risk considering whether :

- the ExCo view was an accurate reflection of the risk
- the governance structure was appropriate for the risks
- had there been enough progress in managing the risk

An overview of the risk management approach and progress to date was provided and the committee requested an interim update on progress every 4 weeks outside of the normal committee meeting schedule. The committee provided feedback on the structure and content of risk reporting and it was agreed that the name of the business partner and the risk owner be identified in future updates. The committee also requested that consideration be given to the use of a RAG status to more clearly identify the quantum of risk.

As a general point the committee asked that consideration be given to more clearly describing the top risks in the interests of clarity – this will be reflected in subsequent reports to the committee.

The top risks were discussed by exception and the following comments made, however no significant concerns were raised:

Integrity of Horizon System
It was agreed that, whilst this is more of an issue than a risk, the progress on managing Sparrow would continue to be reported to the committee. It was noted that assurance work was being planned on Sparrow, especially with regard to its dependency on the Business Improvement Programme.

Inadequate People Capability
The committee was concerned that the risk was too focused on the capability of those currently employed rather than the mix of people and skills we need to deliver the strategic plan and a sustainable business. It was agreed that this will be followed up with the risk owner.

Data Security / Cyber Security
It was confirmed that merging the two risks had been agreed with Lesley Sewell (Chief Information Officer) and Julie George (Head of Information Security).The committee expressed concern regarding the IT capability in the R&C team and it was confirmed that a new IT Business Partner with experience in this field was due to start in February

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Failure to Deliver Top Line Growth
The committee requested that, for future meetings, more information was required about how the risk was being managed and controlled.

Outcomes

The committee endorsed the risk management approach and methodology

The committee provided feedback on the structure and content of future risk reporting

Actions

Ref	Action	Lead
1557	Interim update on risk management progress to be provided to the committee every 4 weeks	Dave Mason

Agenda Item 2

FS Mis-selling Focus Session

Purpose

To conduct a "deep dive" session on the management of the FS mis-selling risk

Discussion

The committee received a presentation on the FS Mis-selling risk. The committee suggested that the appropriate Risk & Compliance business partner should attend future deep dive sessions to support the risk owner.

The committee asked for more detail regarding the training and development controls and the risk owner explained that 100 mortgage specialists would be in place by April 2014 together with training & development logs retained in a central admin team in London.

The committee requested details of the 'go-live' decision for Mortgage Market Review. The risk owner explained this was performed through the Mortgage Market Review Governance Board which would be confirmed. The risk owner also confirmed that the Financial Services Sub Committee was under review and that terms of reference would be provided in due course

The Key Risk Indicator (KRI) measures were reviewed and the committee asked for more detail on how the tolerances had been calculated. The risk owner provided an explanation of how the tolerances had been identified and agreed

Outcomes

Actions

Ref	Action	Lead
1558	Confirm that the MMR Governance Board provides final sign off for mortgage product	Jonathan Hill
1559	Provide the terms of reference for the Financial Services Sub Committee once review of this forum completed	Jonathan Hill

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Agenda Item 3

Business Policy Approvals

Purpose

The committee was asked to approve a number of business policies as part of the agreed governance process

Discussion

Four policies had been submitted to the meeting for approval by the committee:
- Anti-Bribery
- External Data Protection
- Data Sharing
- Acceptable Use

With the exception of Acceptable Use the policies were agreed and approved for further submission to ExCo for final endorsement

It was the view of the committee that the Acceptable Use policy could not be approved until further work had been performed and it was agreed that once this had been completed an updated policy be re-submitted to a future meeting

Outcomes

The committee approved the Anti-Bribery, External Data Protection and Data Sharing policies to be submitted to ExCo for final endorsement

Actions

Ref	Action	Lead
1560	Approved policies to be submitted to next available ExCo for final endorsement	Rob Bolton
1561	Re-submit updated Acceptable Use policy to a future Risk & Compliance Committee for approval	Julie George

Agenda Item 4

Risk Events and Near Misses

Purpose

The committee was asked to note the implications of risk events and near misses and agree any recommendations to reduce the impact of similar future events

Discussion

The risk events paper was discussed at the meeting and whilst the report was well received it was agreed by the committee that future reporting should include an impact assessment for each reported event.

The committee focused on the reported business continuity related events and the committee requested a full report on the status of business continuity to be provided to the next meeting

The committee did not reach a view on the recommendations in the risk events paper and the paper relating to assurance activity was not reviewed.

Outcomes

The committee agreed future risk event reporting to continue and that it include an impact assessment for each of the reported events

The committee requested a full BCM status report to be provided to the next meeting

The committee did not reach a view on the recommendations in the risk events paper or review the assurance activity paper

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Actions		
Ref	**Action**	**Lead**
1562	A full BCM status report to be provided to the next meeting	Dave Mason

Agenda Item 5		

Action 1552 Update

Purpose

The committee was asked to review and agree the update on the outstanding Information Security action from the last meeting

Discussion

A full update had been provided in advance and it was explained that there was a risk that the Information Security team does not have enough resource to manage the required activity. The committee agreed that the risk needed to be quantified and requested a paper to be provided to this effect, including options for Post Office and identification of the residual risk under each option.

Outcomes

The committee asked that the Information Security resource risk to be quantified

Actions		
Ref	**Action**	**Lead**
1563	Paper to be submitted to the next meeting that quantifies the Information Security resource risk, including options for Post Office and the identification of residual risk under each option	Julie George

Agenda Item 6		

Risk Management Culture

Purpose

The committee was asked to endorse the progress against risk plans and suggest any further recommendations

Discussion

The risk management update that had been provided was discussed. The committee queried the pace of progress against risk plans and it was explained that whilst there had been some good progress, this could have been quicker although now the Christmas period was over it was likely that this would improve. The committee agreed that the Risk & Compliance business partners should be more challenging in their discussions with risk owners and in any reporting to the committee

The committee also considered the profile of risk management and associated risk discussions and it was confirmed that a piece of assurance work was currently being performed, in the area of governance and terms of reference, that would focus on the profile of risk management. The results of this would be reported to the next committee meeting.

Outcomes

The committee agreed and endorsed progress against risk plans
The committee agreed a governance and terms of reference assurance report to be provided to the next meeting

Actions		
Ref	**Action**	**Lead**
1564	Results of assurance work on governance and terms of reference to be reported to the next meeting	Dave Mason

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Agenda Item 7

Minutes and Actions

Purpose

The committee was asked to agree the previous minutes and receive updates on actions to confirm they are completed

Discussion

The committee agreed the minutes from the last meeting in October 2013 and all actions were confirmed as completed

Outcomes

The committee agreed the minutes from the previous meeting as an accurate record
The committee agreed that all outstanding actions confirmed as closed

Actions

Ref	Action	Lead
None		

Agenda Item 8

Meeting Summary & AOB

Purpose

The committee was asked to consider any other business not captured in the agenda and agree any necessary actions

Discussion

Three AOB items had been identified:
National Measurement Office
McColls Multiple Partner
Terms of Reference

National Measurement Office (NMO):
It had been identified that the scales in use at self-service kiosks need to be certified together with the linked component of the Horizon system. This was being progressed via the Crown Transformation Programme. A review of the corresponding licence for counter scales has revealed that current certification expires in 2014 and this is being progressed with the NMO. The committee requested that confirmation be provided when this certification had been achieved

McColls Multiple Partner:
The Network Transformation Programme is currently engaging with this multiple partner to convert 192 branches to new models however it was suggested that this could lead to a concentration risk of too many branches operated by this partner. The committee queried what risk assessments are conducted when working with multiple partners in the NT Programme and that a representative from the NT Programme should attend the next meeting to explain

Terms of Reference:
The terms of reference had been re-drafted to reflect the recent changes in the committee focus and membership. The updated terms of reference to be circulated by email for agreement by the membership

Outcomes

The committee requested confirmation of the certification of scales required by the NMO
The committee requested confirmation of what risk assessments are performed when working with multiple partners in the NT programme
The committee agreed that the updated terms of reference be circulated to members for agreement

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Actions		
Ref	**Action**	**Lead**
1565	Report to be provided for the next meeting to explain what risk assessments are conducted when working with multiple partners in the NT Programme	Dave Mason
1566	Updated terms of reference to be circulated to members for agreement	Rob Bolton

Rob Bolton
Risk & Assurance Adviser

Action Summary and Updates			
Ref	**Action**	**Lead**	**Update**
1557	Interim update on risk management progress to be provided to the committee every 4 weeks	Dave Mason	
1558	Confirm that the MMR Governance Board provides final sign off for mortgage product	Jonathan Hill	
1559	Provide the terms of reference for the Financial Services Sub Committee once review of this forum completed	Jonathan Hill	
1560	Approved policies to be submitted to next available ExCo for final endorsement	Rob Bolton	
1561	Re-submit updated Acceptable Use policy to a future Risk & Compliance Committee for approval	Julie George	
1562	A full BCM status report to be provided to the next meeting	Dave Mason	
1563	Paper to be submitted to the next meeting that quantifies the Information Security resource risk, including options for Post Office and the identification of residual risk under each option	Julie George	
1564	Results of assurance work on governance and terms of reference to be reported to the next meeting	Dave Mason	
1565	Report to be provided for the next meeting to explain what risk assessments are conducted when working with multiple partners in the NT Programme	Dave Mason	
1566	Updated terms of reference to be circulated to members for agreement	Rob Bolton	