



CAO Operating Manual: Annex 1

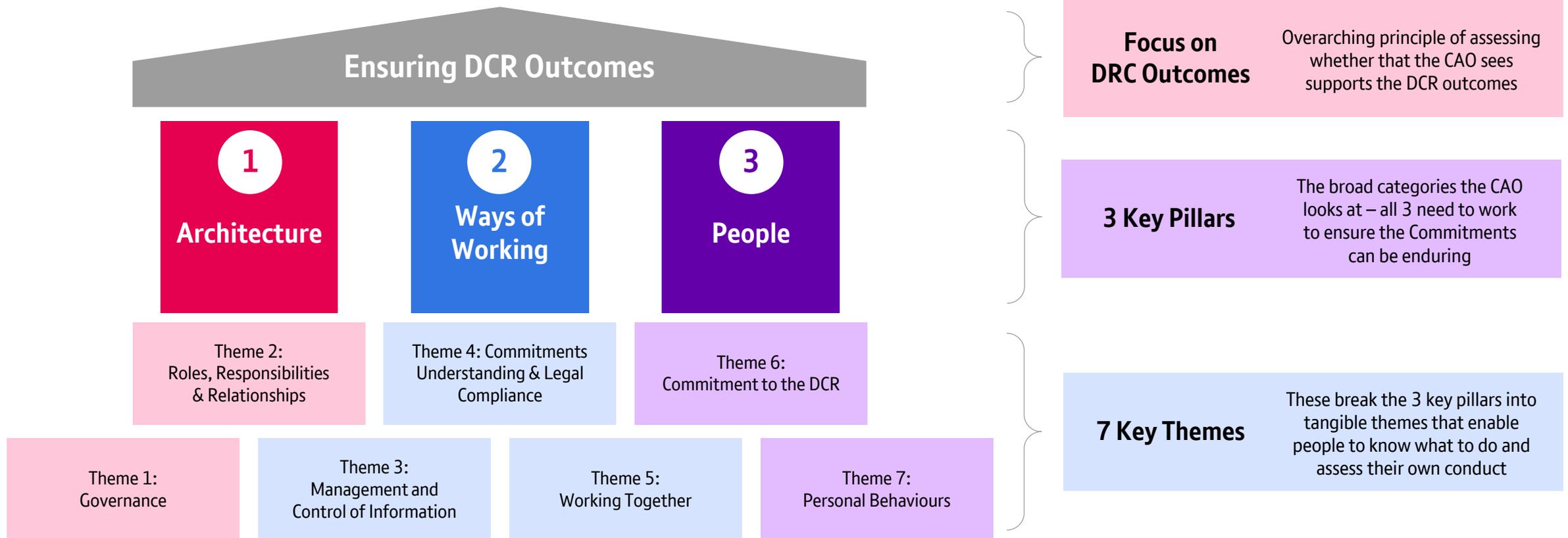
The CAO's approach to Deep Dive Reviews

Commitments Assurance Office, BT Group

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CAO Deep Dive Review Framework – Plan on a Page

We look at the **Architecture, Ways of Working** and **People** aspects of how major projects/processes are run over their life cycle



Why do we have this framework?

- The BT Compliance Committee reviews (1) BT's compliance with the Commitments and Governance Protocol, (2) whether the culture in BT and the behaviour of BT people supports BT's compliance with them and to delivery of the DCR outcomes, and (3) whether DCR outcomes are being achieved.
- The CAO, which is separate to the bodies which make up BT's three lines of defence, monitors and reports to the BTCC these areas.
- Living up to our Commitments should be business as usual. And all stakeholders should understand how the CAO undertakes reviews major projects so it can report to the BTCC. This framework brings structure and transparency to the CAO's review process.
- Our framework has 3 key pillars, supported by 7 themes. Against each theme, we've set out what we would regard as of concern, what we would normally expect to see, and examples of role modelling good behaviours and actions.
- This is not a tick-box checklist, and of course not every item is relevant in every case.
- The CAO will share this framework with BT, and set out its expectations at the start of key projects. However the decision of how to set up and operate a project still sits with BT and the accountable manager. We believe consideration of this framework at the outset of a project, and from time-to-time in-life, will be a useful reminder to BT people of how they can help themselves to do the right thing.
- Similarly, this framework does not seek to prescribe how BT should run a project. If a particular project brings a legitimate need for a different way of working, the CAO's framework does not prevent this; the CAO would simply seek to understand the drivers and why this is happening, by reference to whether it supports DCR outcomes.

The 7 Themes in Detail

Theme 1: Governance

Disappointing

- No real governance in place, or only ad hoc governance, or only considered well down the line rather than at the outset.
- Lack of clarity of the 3 lines of defence – in particular business owners not clear on their responsibilities.
- Signs of resentment of the process, on the basis that it does not strike the right balance between greater Openreach independence and BT parent company oversight.

Expected

- Delegations of authority and levels of decision making authority clear in the context of the project.
- Governance model established in line with [*The BT Way*](#).
- 3 lines of defence model established.
- Escalation routes are clear in terms of when they can be used and what the process for resolution looks like.

Role Model

- Formalised governance – controls are systemised, known and operated by all involved, not just the project leaders, so as to be enduring.
- Those involved consider that there is the right balance between greater Openreach independence and BT retaining parent company oversight.

Theme 2: Roles , Responsibilities and Relationships

Disappointing

- Role definition etc. non-existent, unclear, or only established when the matter is well-advanced and after significant information disclosed and significant engagements have already happened.
- Not everyone has role clarity.
- People in shared functions (e.g. regulatory affairs, legal, economists) have potential conflict/lack of clarity about roles some people act as suppliers and some act in parent company roles.

Expected

- RAPIDs agreed at the outset and used in-life.
- Clarity of roles – everyone has personal role clarity (Openreach, parent company, supplier or customer) as well as clarity of expected actions.
- Transparency – governance is clear to those outside the project and it is easily accessible.
- Decision making – individuals feel empowered to act and make decisions, that they will be supported by colleagues and managers and with only limited need for escalations.
- Healthy commercial relationship with Openreach (where relevant).

Role Model

- Prior thinking about potential issues that may arise, and thus agreeing in advance the ways of resolving them.
- Inter-project dynamics: individuals have a clear understanding of the roles, objectives and concerns of others on the project as well as their own – dynamics between people in each group are clear and healthy – partnership vs adversarial/transaction based.

Theme 3: Management and Control of Information

Disappointing

- Little or no sign of prior thinking about how information will need to be managed.
- Demanding Openreach information without explaining how it is needed to fulfil a legitimate purpose.
- Weak evidencing of compliance with processes (including delays in making Disclosure Records or incomplete Disclosure Records).
- Breaches, non-conformances or even “near misses”.

Expected

- Awareness of rules on sharing of CI/CCI, the extent to which it can be shared and the processes to be followed.
- Evidence of following of the standard processes in real time to a good standard.

Role Model

- Prior thought given to need for project specific processes, e.g. data rooms, Project Disclosures.
- Real-time and transparent compliance with project-specific processes, and to a high standard that makes assurance straightforward.
- Thought given on how to manage Openreach information in documents going to BT governance bodies, e.g.
 - Only Openreach CI/CCI redacted not just any Openreach information
 - Ways to present data (e.g. table not pie chart) so that non-Openreach data can be shown

Theme 4: Understanding the Commitments and Approach to Compliance

Disappointing

- Behaviours that have little or no regard to the Commitments, or are purely superficial gestures to adhere to the Commitments.
- Legalistic approach rather than meeting the spirit of the Commitments.
- Not adopting a “can do” problem solving approach – over-compliance on the basis of “*the Commitments don’t let me do ...*”

Expected

- Awareness of how the Commitments are relevant to / potentially impact on the matter at hand.
- Both letter and spirit feature in people’s thinking.
- Legal features as a support function to advise on risk, not to make commercial decisions on what is and is not possible.

Role Model

- Evident that approach is based on following the spirit as well as the letter, and a positive attitude to dealing with hard issues.
- Seeking expert advice where necessary and in good time to properly manage legal and business risks.
- Calling out both under or over-compliance as well as business risks and effectively managing all these factors.

Theme 5: Working Together

Disappointing

- Accepting and not challenging sub-optimal working practices (e.g. lack of RAPID, lack of role clarity, poor information management).
- Disinterested in potential commercial risks/costs of working to own agenda without looking to do things the right way.

Expected

- Inter-working in line with the operating model in [*The BT Way*](#).
- Easy to do business – processes support balancing of independence and parental company oversight.
- Makes relevant relationship (i.e. BT Group as supplier or parent, or BT CFUs as customers) work effectively in line with DCR outcomes.

Role Model

- Champions [*The BT Way*](#).
- Works to make things better:
 - breaks down barriers,
 - make things simple,
 - enduring for the future

Theme 6: Commitment to securing DCR outcomes

Disappointing

- Primarily driven by interests of own part of the business without consideration of wider DCR impacts (“personal gain”).
- Tensions/frictions creeping in as parties not clear on the other’s drivers or aspirations, damaging trust and long term sustainability of healthy relationships.
- Incorrectly believing that there are things that cannot be done with Openreach and then blaming sub-optimal business outcomes on the Commitments.

Expected

- Shows commitment to acting in a way that supports DCR outcomes.
- Shows commitment to ensuring Openreach’s greater independence is respected.
- Clarity and understanding of what required to ensure the Parent Company can fulfil its responsibilities.

Role Model

- Evidence of striving to promote key DCR objectives.
- Identity – evidence that individuals clearly identify with their role (i.e. Parent Company, Supplier, Customer) separate from the roles of other individuals.
- Able to separate business issues from Commitments issues and resolve each via proper escalation routes at the right time.
- Evidence of trying to deal with this in ways that, from a DCR perspective, are Personal, Simple and Brilliant.

Theme 7: Personal Behaviours

Disappointing

- Avoiding personal accountability by sweeping issues under the carpet.
- Being inappropriately directional.
- Unnecessarily escalating issues/concerns because individuals not clear on responsibilities or not able to resolve issues themselves.

Expected

- Confidence to speak up with honesty (challenge if there is ambiguity around power structures and what is expected and feel safe to do so).
- Individuals look for ways to work towards a common goal rather than relying on Legal or Compliance to do this for them.

Role Model

- **Personal Responsibility:** If tensions/issues arise, these are resolved at source constructively, amicably and transparently in real time using agreed processes.