
BRITISH TRANSPORT POLICE AUTHORITY

MINUTES

AUDIT & CORPORATE GOVERNANCE COMMITTEE

TUESDAY 30th JUNE 2009 10.00AM

at

G1 & G2, FHQ, 25 CAMDEN ROAD

Present: Sir David O'Dowd (Chair)
Mr C Foxall
Mr M Holden
Suzanne May
Mr J Weimar

In Attendance: Sir Ian Johnston, Chief Constable
Mr A Trotter, Deputy Chief Constable
Mr P Crowther, Assistant Chief Constable Crime
Mr S Thomas, Assistant Chief Constable London & Olympics
Mrs S Burd, Director of Finance & Corporate Services
Mr P Zieminski, Chief Superintendent
Mr A Clarke, Interim Head of Finance
Ms V Delices, Secretariat Manager

Mr I McBrayne, DfT

Ms J Angus, NAO

Mr A Townsend, Tribal Business Assurance

Mr R Hemmings, Chief Executive

Miss L Barrick, Business Support Manager & Minutes

16/2009 WELCOME

Non-Agenda

The Chair welcomed Mr Townsend of Tribal Business Assurance to his first Audit and Corporate Governance Committee Meeting as the new internal auditor.

17/2009 MINUTES OF MEETING 17th MARCH 2009

Agenda Item 1

The minutes were **approved** as an accurate record.

18/2009 MATTERS ARISING

Agenda Item 2

A note explaining the neutrality of the pension solution was distributed to the Committee (copy in the minute book).

The Force advised that it was confident that it was meeting Cabinet Office guidance on information management.

The Chair advised that items 9 and 10 had been withdrawn from the agenda and the Accounts would now be presented to the September meeting for sign-off. The September meeting would be brought forward for this purpose if possible, so that the Accounts could be ratified by the Authority at its September meeting and then laid before Parliament once it returned from recess. This timetable has happened in the past and it was felt that this was preferable so as to ensure an unqualified audit opinion.

The Force reported that the Accounts had been prepared as normal pre the Judicial Review and the NAO had audited them. The Accounts had then been reviewed to take account of the Judicial Review and a set of Accounts that was a combination of these two pieces of work had been distributed to Members the week before. However, there had been some concerns that had emerged when unwinding the effect of the Judicial Review around debtors and creditors and the accuracy of the figures.

The issue was that the judgment stated that PSA holders whose agreements included fixed proportions should be paying according to those proportions. However, it had been noted that those proportions had changed over time due to amendments resulting from changes in franchises, such as stations moving between franchises, changes to the number of services etc. This meant that the percentage of the budget paid by these PSA holders in 2006/7 differed from their original fixed proportion in 1999/00. Therefore, the Authority and Force had to be clear on the justifications for these changes before any invoices were sent, as the judgment stated that only the percentages applicable by virtue of the 1999 model could be used.

Members asked if this affected the figures that the DfT had been given. The Force answered that it would not expect this to make a material difference to the numbers supplied to the DfT.

Mr McBrayne said that the DfT considered that the issues had been pursued sensibly and thoroughly. He added that given the complexity of the situation he could understand why the recent issues had only just come to light. He agreed with the Force that he did not consider that it would make a significant difference to the figures already supplied. Both DfT and NAO supported the view that the completion of the formal Statement of Accounts should be delayed until there was more certainty around the figures relating to the Judicial Review.

There was a suggestion from Members that the issues relating to the new model that had been raised by Arriva should be investigated at the same time as the above work was carried out and its impact on similar PSA holders considered. The Chief Constable offered assistance on this work but asked that Mr Dobbs manage the process.

The Committee expressed concern that the decision that had been taken by the Authority a week earlier about the issue of invoices had been delayed as further issues came to light.

The Committee asked for clarity as to where the assurance of the figures produced by the model sat. A governance framework detailing responsibilities and accountabilities for assurance of the old and new model figures was requested.

The NAO report included a recommendation to terminate the PSA with London Underground to bring London Underground in line with the new PSA. Mr Weimar said that he had not heard of this before receiving the paper. Mr Hemmings advised that the Authority had been in discussion with TfL on this point, and in particular about putting in place a new Agreement.

Ms Angus of the NAO said that putting aside the Judicial Review the main issue with the Accounts related to payroll. There had been a difficulty obtaining evidence for some of the payments, particularly allowances. However, it was added that it was highly unlikely that these payments were incorrect but without documentary evidence this could not be confirmed. The Force responded that a lot of the documentary evidence sat within Human Resources and the Department was currently in the process of moving to Birmingham. It would ensure that record keeping was improved in future.

Ms Angus thanked the finance team for their time and patience throughout the audit.

Agreed:

- **The issues relating to the new model that had been raised by Arriva should be investigated at the same time and their impact on similar PSA holders considered.**
- **The Force to offer assistance on the above work but Mr Dobbs to manage the process.**
- **A governance framework detailing responsibilities and accountabilities for assurance of the old and new model figures was requested.**
- **The decision to delay finalising and laying the formal Statement of Accounts before Parliament until September/October be supported.**
- **The decision to delay sending out final invoices for 2009/10 was noted and endorsed.**

19/2009

UPDATE FROM DIRECTOR OF FINANCE AND CORPORATE SERVICES

Agenda Item 3

The Force informed Members that the 2008/9 outturn had been an underspend of £1.46m, close to that forecast, with just some accounting adjustments to be made. The capital programme funding had been spent in the year so none of the grant had been lost. It was expected that the loan agreement for the funding gap following the Judicial Review would soon be signed with the DfT.

The Purchase to Pay policy had improved procurement controls significantly and invoices were now being paid on time. The Force was better at raising purchase orders and there were fewer orders in total as some could be consolidated.

The Bank of England was moving away from business banking and the Force would be looking for a new banking service as a result. This would be likely to result in an increase of fees, but the Force expected that it would be able to manage it within its current budget. The Force was using the 'Managing Public Money' framework as guidance on new banking services and was also in discussion with the DfT.

IFRS trigger point 3 was on track for completion on time.

The contingency reserve stood at £1.4m and would not be touched by the £1.6m which came out of the distributable reserve.

The Committee questioned paragraph 5.2 in the report, which stated that the text to address the Judicial Review in the Accounts was discussed at the 24th June Police Authority meeting as this had not been the case. The Force said that the paper would be amended to remove this. The timing of the meetings had meant that the paper had been submitted for distribution before the Authority meeting took place.

The report was **noted**.

20/2009
Agenda Item 4

STRATEGIC RISK MANAGEMENT

The Force updated that there had been a major review of the risk register since it had last come to the Committee. The Force was also working closely with the Authority to align both registers.

The Committee asked for an update on pensions. It was updated that this was still under discussion with the Home Office.

The Committee asked if there had been any difficulties with suppliers as a result of the recession. The Force answered that there were no concerns currently with the major strategic suppliers. Meetings were held periodically with suppliers and information on their status was monitored through various methods. However, some of the smaller companies had been requesting faster payment which suggested they could be experiencing some difficulties.

The Committee questioned the inclusion of the control rooms staffing risks on the strategic risk register. They felt that these should be more based around the Force's industrial relations policy and the modernisation of the terms and conditions. The Force said that it would reflect on this and added that the risks had been included immediately following the strike.

The Committee felt that the risk around football and events policing was important to keep on the agenda.

The Force updated on the Tadworth situation saying that it was currently settling on a location for training and it expected to bring recommendations to the Authority in the next 2-3 months.

21/2009
Agenda Item 5

FOLLOW UP TO PREVIOUS AUDIT REPORTS

The Force updated that all the 2007/8 matters had been resolved. There were 5 recommendations that remained ongoing from 2008/9.

The majority of the work on the London Underground issue of controls had been completed, but there were some ongoing strands and the Force would be linking in with Mr Weimar on this.

The Disaster Recovery plan was now in place for the control rooms. There was work with Global Crossing taking place.

The Committee asked what had happened with data security. The Force answered that this was now less of a concern but there was still work to be done. The IMPACT programme work was progressing which was developing this area and there were a number of positions to be filled before this moved ahead.

The drafting of formalised payroll procedures was not yet completed but the majority of the work had been done.

The Committee was pleased to see the amount of work that had taken place to close the outstanding actions.

The report was **noted**.

22/2009
Agenda Item 6

AUDIT STRATEGY

Mr Townsend of Tribal Business Assurance introduced the proposed Audit Strategy. He said that the major difference from the previous audit regime was that rather than doing one wide review of an area, a modular approach would be adopted which would look at each key risk area within a wider issue each year. A value for money component would be included in each report.

Transactional testing would take place and an agreement had been put in place with the NAO to ensure that sample sizes met their requirements.

The Committee said that the auditors had to be clear on who the sponsor was for each audit and what the parameters of the audit were before starting.

The Committee **endorsed** the strategy.

23/2009

AUDIT CHARTER

Agenda Item 7

Members asked for clarification as to who the auditors were working for. The Chief Constable said that he had the responsibility of Accounting Officer but the auditors were funded by the Authority. The Audit Plan was the result of dialogue between all three parties and all reports came to the Committee.

Mr Townsend clarified that the internal audit role around fraud was only to look for control issues that may lead to fraud.

The NAO suggested that it would also be useful for Tribal to meet with the DfT auditors to ensure alignment and be clear on the DfT concerns. The NAO also raised concern over the very small contingency budget.

The Force responded that the contingency was based on that which had been in place previously, but it would be reviewed should it be found to be insufficient.

The first piece of work that the new auditors were doing was a follow-up from the previous auditors. This would include comparisons with Home Office forces where they were appropriate.

The Committee questioned whether the timing of the HR audit was right as there was a huge amount of work taking place. The Force responded that the audit was scheduled so that it could feed into the work whilst it was happening.

The Committee **endorsed** the charter.

24/2009**PROTOCOL WITH NAO**

Agenda Item 8

Ms Angus said that the NAO was satisfied with this but noted that her phone number was incorrect on the document. The protocol was **noted**.

25/2009**HMIC INSPECTIONS**

Agenda Item 11

The Force explained the rounded assessment process. The theme of the assessments was to provide public access to force performances for comparison across the forces. These were modular reviews rather than the themed inspections which had previously taken place. The rounded assessment looked at the following domains:

- Confidence and satisfaction
- Local crime and policing
- Protection from serious harm
- Value for money and productivity
- Managing the organisation

The suggested audit of the policing pledge had been rejected as BTP's was so different from Home Office forces that this would not be appropriate.

The Committee noted the inclusion of neighbourhood policy in particular. The first review of this subject was to be presented to the Stakeholder Relations and Communications Strategy Committee in July. The Committee felt that, after this had been presented, the Authority should be given a policy paper about BTP's understanding of what neighbourhood policing means to BTP. This could be a topic for discussion in the light of the Authority meeting in July. On Police Authority inspection, the Committee hoped that the experience from the Home Office pilots would be used to inform any work on this.

It was agreed that the new HMIC Inspector for BTP would be invited to an A&CG Committee meeting.

Agreed:

- **The new HMIC Inspector for BTP to be invited to the A&CG Committee once appointed.**
- **The Authority to be given a clear policy paper on the Force's understanding of what neighbourhood policing means to BTP.**

26/2009 BUSINESS CONTINUITY UPDATE REPORT

Agenda Item 12

The Force updated that all the internal audit recommendations had been completed and the HMIC recommendations would be complete by December. The number of plans had increased from 105 to 181. The software that was used for business continuity planning was to be changed in August and a new external provider was starting.

The profile of business continuity within the organisation had changed now and it was embedded throughout the Force and no longer seen as an add-on. There were 4 overarching corporate plans that were complete or approaching a mature stage of development. The procurement plan was on hold until others had been completed so that the full scope could be identified.

The Committee noted the progress.

27/2009 UPDATED STANDING ORDERS

Agenda Item 13

The Chief Executive spoke to the paper. He said that currently the standing orders were silent on conducting meetings via telephone or video conferencing and felt this should be ratified.

The Committee approved the update to the standing orders for recommendation to the Authority, but asked that papers still be posted in hard copy as far as possible. Also, that the word 'may' be removed from 12(i) so that in the event that Members were unable to attend a meeting any written comments submitted would be relayed to the meeting via the Chairman.

Agreed:

- The amendment to the Standing Orders was approved for recommendation to the Authority with minor changes agreed (a copy of the updated standing order section is attached at Annex A)

28/2009 **AOB**

Agenda Item 14

There was no AOB.

DATE OF NEXT MEETING:

Tuesday 8th September 14.00 – 16.00

Signed.....

Chairman

Annex A - Amended Standing Order**Business at meetings**

7. The agenda for each meeting of the Authority shall be prepared by the Chief Executive and Clerk in consultation with the Chair of the Authority. The Chief Executive and Clerk and the Chair shall consult with the Chief Constable as appropriate and agree the submission of such reports from the Force to the Authority as requested by the Chief Executive and Clerk, Chief Constable or Chair. As far as possible, the agenda and supporting documents/papers will be despatched to Members via email, as well as hard copy where time permits, subject to the requirements to comply with the Government's and Force's Protective Marking Scheme, which in the main relate to papers marked "confidential".
8. Members may place items on agendas but they must be received in writing by the Chief Executive and Clerk ten working days before the meeting (can be waived in cases of urgency).
9. Reports shall, where practicable, be submitted to the Chief Executive and Clerk ten working days before a meeting for dispatch and not later than seven working days before the meeting.
10. All Members have the right to inspect reports which are to be submitted to the Authority or its Committees, sub-committees or panels.
11. All reports should include an executive summary which includes an introduction, purpose, risk implications, financial implications, procurement implications, safety implications, quality and diversity implications and human rights implications. The executive summary should be limited to two sides of A4 paper with additional information included in appendices to the summary.
12. Where any Member is unable to attend a meeting for which he/she is a Member, they may:
 - (a) send written comments on any items or reports to the Chief Executive & Clerk who will make them known to the Chairman of the Meeting and which will be relayed to the meeting when the item or report to which they relate are being discussed;
 - (b) participate in the meeting by way of a telephone or video link conference call, provided that at least 3 days notice has been given to the Chief Executive & Clerk of his intention to do so, and the Chairman of the meeting has agreed to this method of participation. Any such attendance will be counted for the purpose of recording any votes and shall be included in the numbers relating to the quorum of the meeting, as described in Standing Order 14