

# Minutes

## Audit & Corporate Governance Committee

Tuesday 15 December 2009, 10.00am

Camden Lock 1, Holiday Inn Camden Lock

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### Present:

Sir David O'Dowd (Chair)  
Mr Michael Holden  
Mr Jeroen Weimar

### Apologies:

Mr Colin Foxall  
Suzanne May

### In attendance:

Mr Andrew Trotter, Chief Constable  
Mr Paul Crowther, Deputy Chief Constable Crime  
Mr Stephen Thomas, Assistant Chief Constable Olympics  
Mrs Sharon Burd, Director of Finance & Corporate Services  
Mr Peter Zieminski, Chief Superintendent  
Mr Andrew Clarke, Head of Finance  
  
Mr Ian McBrayne, DfT  
  
Ms Janet Angus, NAO  
  
Mr Andrew Townsend, Tribal Business Assurance  
  
Mr Paul Coen, Chief Executive  
Mrs E Pike, Treasurer  
Miss Lucy Barrick, Business Support Manager & Minutes

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### 37/2009 Welcome and Apologies

Non-Agenda

The Chair gave apologies from Suzanne May and Mr Foxall.

### 38/2009 Minutes of Meeting 8 September

Agenda Item 1

It was noted that at the September meeting a question had been raised as to whether the Force could go ahead with the pension salary sacrifice

scheme from a regulatory perspective. It was not clear from the minutes what the answer to this had been. The Force advised that it had looked at the regulations and it was allowed, and as such was being taken forward following further work on the feasibility of the proposal.

The first sentence of the third paragraph on page 7 was unclear and it was agreed that this would be removed.

The minutes were approved with the above amendment.

### **39/2009 Matters Arising**

Agenda Item 2

All actions had been discharged.

### **40/2009 Update from Director of Finance and Corporate Services**

Agenda Item 3

It was noted that since the report had been written things had moved on considerably. The 2010/11 budget had been set at the 9 December Authority meeting, although not the PSA charge. The PSA charge would be finalised in January as there were ongoing discussions around how depreciation was dealt with for capital charges. The BTPA budget was also still to be agreed. The reference at paragraph 5.1 to the 2012/13 budget was to be struck from the record as no decisions had been made relating to this year, only a direction of travel for 2011/12 had been discussed.

It was also noted that paragraph 4.1 of the report should be struck from the record, as the formal Statement of Accounts had not been approved at the Authority. There was still further work to be done before the Accounts were completed. The approval of the Accounts had been delegated to the Authority Chairman and Chair of the A&CG Committee, assuming no material changes as a result of the further work. The Force assured the Committee that it had now sent the National Audit Office (NAO) the answers to all the questions raised in its draft pre-certification report and they expected to have the final version with the NAO before Christmas.

The NAO said that the audit would need to be completed before sign off by the Chairmen and the Comptroller General. After this the Accounts could be laid before Parliament. The NAO gave assurance that it would ensure the issue log was updated with the focus being on all issues identified and dealt with before Christmas. A diary date would also be agreed for final sign off in early January.

The year end forecast was for the Force to come in on budget.

The Force had moved from the Bank of England to the Royal Bank of Scotland (RBS) for its banking, as the Bank of England had stopped

providing business banking services. The move offered an excellent opportunity to improve administration arrangements. It was also expected that the move would bring some efficiency gains. The Members asked if moving away from the Bank of England brought any additional risks. The Force answered that it did not. It was agreed that a further report on this would be brought to the Committee once the changeover had been completed.

Tribal was reviewing the policies and procedures in place around payroll following work by the NAO. This would cover the matters that had been flagged in the previous PwC report.

The IMPACT Programme Board was looking at IT issues and had an action plan in place, which it would report back to the Committee on. It was noted that there were some outstanding significant IT audit actions from the previous PwC report that had been subsumed into the IMPACT work. The Force said that it would report back on these specifically to the Committee. The Force added that it was now able to track the use of USB sticks and there was clarity as to who had access to the use of USB sticks and who did not.

A piece of work had begun which was looking at Finance and Corporate Services (F&CS) Forcewide. This would be addressing processes and transactional activity and looking for any efficiency gains. It was agreed that a report would be brought to a future meeting on this.

The Committee asked what the implications were of not completing the IFRS by the end of the year. The NAO said that this could not be completed until an opinion was given and the Accounts were signed off. They advised that a letter would be received but it would not be an issue unless it had not been completed when it came to the 2009/10 Accounts.

### **Agreed**

- The NAO to agree a date with the Chief Constable and the Authority for Accounts sign off in early January.
- The Force to report back to the Committee on the action plan for IMPACT, and specifically on the significant IT audit actions which had been noted by PwC.
- The Force to bring a further report on the banking changes to the Committee once the changeover had been completed.
- The Force to bring a report on the F&CS review to the Committee once the work was completed.

### **41/2009 Strategic Risk Management**

#### Agenda Item 4

The risk around PSA holders had changed from an emphasis on whether they would survive in the recession to a concern around cancellation of enhanced PSAs due to affordability issues. The risk around police pay

awards not being covered by the annual PSA uplift picked up the potential changes coming out of the Government White paper.

The Frontlinefirst 2 (FLF2) programme risks around the budget would be reported to the Committee. A FLF2 risk register was circulated to the Committee (copy in the minute book) and comments from Members invited. The Committee noted that risks 3 and 4 were of most concern. The Force was not funded like others and the visibility of that had to be raised.

There had been a delay in the Custody Project for London North following issues around electricity supply. These had now been addressed and the facility was on course to open in June 2010. Ebury Bridge remained closed following some refurbishment works to the cell area, as the building was being refitted as part of the CCTV project. Hammersmith had been designated and was being used as an alternative facility. The independent custody visitor arrangements had been increased to weekly to reflect the increased usage. Once all the work was complete the Force would have 42 cells in London and it was looking at what the best pan London custody management strategy was.

The pension situation was still a major problem area. Mr Coen said that this had again been raised with the Secretary of State who had indicated that he wanted to fix this. Mr McBrayne confirmed that the Secretary of State was concerned by the situation and had asked for further advice on this matter. However, he could not make any promises. The Chief Constable said that the desire was to have officers moving in and out of the Force without noticing a difference to their pension arrangements.

The Committee noted that the register included a lot of red ratings. The Force responded that it could be seen from the cover sheet and the movement that a lot of progress had been made. Also, it was noted by the Force that the register was in need of review following the budget decision which answered some of the risks.

The Force updated that the Olympics work continued to progress well. The budget and planning had been peer reviewed and quality assured. The remaining issue related to the cultural events that would be happening in 2012, as these were largely an unknown quantity and would have to be funded from core budgets. However, it was not considered to be a huge risk to the Force.

Some of the risks in the register were for the Authority and it was agreed that there should be a meeting to discuss the best way forward of reviewing who owned risks and how the Authority and Force registers could be presented.

**Agreed**

- Members to send any additional comments on the FLF2 risk register to Chief Superintendent Zieminski.
- A meeting to be held between the Authority and the Force to review who owns certain risks and discuss setting up quarterly meetings to review risks.
- The Authority to review its own risk management and arrange four-weekly internal reviews going forward.
- The pensions valuation to be added as a risk to the Authority risk register.

**42/2009 Tribal Progress Report**

## Agenda Item 5

Tribal updated that substantial progress had been made and there had been no major slippage in the programme despite some important ad hoc requests.

**PSA Charges Recalculation**

Most of the issues identified within this review were now historic. The NAO asked for more information on the risk relating to the documentation of knowledge held by the Project Team. The Authority assured the NAO that this risk had been addressed with descriptions of the New Model and verification work identified. It was just the procedures that were to be formally signed off and these were on the agenda later. The Authority was also still working closely with the consultants who had designed the New Model and this dependency would not be lost until 2013 as the New Model had to remain until then following the judgment.

**Tadworth Arrangements**

This had been a compliance rather than assurance review as Tadworth was closing.

The Committee was concerned that the financial controls did not appear thorough and asked for assurance from the Force that proper exit strategies were being applied.

The Force assured the Committee that there was an exit framework in place. An update on this would be brought to the March Committee meeting. The issue of debt collection was also being addressed and was not a major problem. It appeared that there had been an informal local approach initially but this was now centralised and being approached formally. The particular organisation involved had advised that the outstanding payment would be received shortly.

The NAO was concerned that seven important recommendations had been made yet the overall assurance was given at a reasonable level. Tribal explained that the audit had been borderline but the control issues

were largely local and not major central issues. Also, the recommendations were given the important rating due to the timescales involved as Tadworth was closing.

### **Responsive Maintenance Arrangements**

The audit had resulted in reasonable assurance being given. There had been seven important risks identified and three routine. The management response showed that these were being addressed.

The Technology Helpdesk had been identified as a risk and a new helpdesk computer system had been put in place. It was noted that the number of jobs outstanding had not always been an accurate reflection as some had been completed but not closed on the system.

The Force said that Area Commanders had been given key performance indicators as part of the Policing Plan around this work. The aim was to move away from being so reactive and to have a planned system of maintenance.

The NAO asked what data standard the Force was working to. The Force responded that it was working to the National Police Improvement Agency (NPIA) standard currently but it was aspiring to the Government standard. A gap analysis had been completed and an action plan was in place to reach the Government standard, but it was not yet clear whether it was intended for police forces.

### **Agreed**

- An update on the exit strategy to come to the March Committee meeting.

### **43/2009 Overview of British Transport Police's Relationship with TfL**

#### Agenda Item 6

The Committee felt that the paper gave a clear description of the complex relationships currently in place. There was agreement that a clearer structure needed to be identified. Mr Weimar also commented that he would like to see an arrangement in place where the Chief Constable had more ability to review where people were needed. He also noted that clearer governance arrangements were required.

It was suggested that as this piece of work required policy decisions it should be remitted to the SB&PM Committee. The Committee would need to be clear what the financial implications of any change were and some elements of the work would require negotiation with commercial partners. It was further suggested that an initial scoping session on the work would be useful with terms of reference being developed for the working group.

**Agreed**

- A Working Group to be established to address the issues. The Deputy Chief Constable and Chief Executive to lead this.
- The Working Group to report back to the SB&PM Committee on progress.
- A scoping session to be arranged and terms of reference given to the Working Group.

**44/2009 Governance Framework for Charging Model Inputs/Outputs**

## Agenda Item 7

The charging arrangements were now materially error free and the framework proposed was to safeguard this position. This process would be an interim position until the Accounting Officer role arrangements had been determined and the Strategic Review of the Authority completed. However, the processes described would remain valid with just the roles and responsibilities needing review.

The framework had been developed based on the work that was taking place within the Project Team and was set out on a step by step basis. The framework meant that the funding gap would be able to be formally agreed and a statement presented to the Authority on charges to be levied. This would mean that the Authority would be aware of any significant swings in individual PSA charges. It was agreed that this list should be presented without identifying PSA holders.

Tribal said that they had reviewed the framework and were comfortable with the interim arrangements. However, there was some inconsistency with the Governance Statement that would need to be addressed.

The NAO questioned why invoicing was being done through the Force. The Authority responded that this was the arrangement as the resource for this was at the Force. It was agreed that this would be discussed with the Chief Constable.

The DfT confirmed that where there were any franchise changes a process had now been put in place to ensure that information exchange with the Authority occurred.

It was noted that table 1b needed an amendment as it started with the activity of calculating when the first step should be shown as negotiating.

**Agreed**

- The list of PSA charges to be presented to the Authority in an anonymised format.
- A discussion to be had with the Chief Constable about the invoicing arrangements and where these should sit.
- Table 1b to start with negotiation rather than calculation.

**45/2009 Business Continuity Update Paper**

## Agenda Item 8

The Committee noted that there was a considerable amount of work involved in the approach to business continuity planning and asked if the Force felt it was achievable. The Force confirmed that it did regard it as achievable.

The HMIC review of civil contingency planning had given 13 recommendations to BTP which had been put into an action plan. The Force was progressing the implementation of these actions.

The Force now had 205 business continuity plans in place which had risen from 169. The increase was attributed to improved business impact assessments. The Force did not anticipate the number of plans increasing much beyond 205. The Force was currently working on IT and partners and suppliers plans which were expected to be in place by March 2010.

The Force had moved away from the Paragon software system to e-SECURUS BC software which would also deliver a £36k efficiency saving over the next three years. The plans were currently being migrated from the old to the new system.

The Force had been in the majority of forces for those having plans and the awareness of plans. However, it had come in the minority for the testing of the plans. This was because when the inspection was carried out the Force had only just begun to test its plans but this was not the case any longer and all testing would be complete by 2010.

The Force was continuing to aspire to reach the highest standards. The Inspectors and Sergeants were also being encouraged to own and drive the plans.

**Agreed**

- Assistant Chief Constable Thomas to provide a verbal update on progress to the next Committee meeting.

**46/2009 AOB**

## Agenda Item 9

There was no AOB.

**DATE OF NEXT MEETING:**

Tuesday 15<sup>th</sup> December 10.00 – 12.30

Signed.....

Chairman