

Minutes

Audit & Corporate Governance Committee

Tuesday 08 September 2009, 2.00pm

G3, FHQ, 25 Camden Road

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Present:

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

In attendance:

Mr I Dobbs
Mr A Trotter, Chief Constable
Mr P Crowther, Acting Deputy 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

Mr M Ainsworth, DfT

Ms J Angus, NAO
Ms A Manning, NAO

Mr A Townsend, Tribal Business Assurance

Mr R Hemmings, Chief Executive
Miss R Pazos, Administration Assistant & Minutes

29/2009 MINUTES OF MEETING 30th JUNE 2009

Agenda Item 1

Ms Angus asked if it would be possible to rephrase the words on the minutes of meeting on 30th June 2009. Ms Angus asked that the word "*terminate*" be replaced with the word "*synthesizing*", in regards to the London Underground PSA.

The Bank of England was moving away from business banking and the Force would be looking for a new banking service as a result. Mrs Burd informed the Committee that the Force had gone out to tender and would be interviewing on the 10th of September 2009.

Mr Weimar said that he had not received any update on the financial control issues between BTP(A) and TfL. Mr Hemmings said that the Authority was still in discussion with Transport for London in regards to their PSA. This was currently with the Authority lawyers and was expected back in approximately three to four weeks. Mr Weimar was keen that this be completed as soon as possible.

Mr Clarke confirmed that BTP and the Authority were working through the numbers for TfL and expected to complete the work within the next 6 to 8 weeks. Ms Angus reminded the Committee there was an issue in relation to who would be accountable for the cost and this had implications for the PSA which would include the basis for the charging.

The Chair asked Mr Clarke if he could provide a report for the next meeting giving an update on the governance principles of the Hybrid Model. Mr Foxall asked to have a description of where this work was, where it was going and some options of how to get from here to there. The Chief Constable would need to negotiate with TfL. There would also need to be a negotiation between the Authority and TfL in terms of who controls what. These principles would have to be dealt with first before the detail of the figures and accounting responsibilities were discussed.

The Chair asked if a meeting could be arranged between Mrs Pike, Mrs Burd, the Chief Constable and Mr Hemmings to discuss the governance principles of the Hybrid model and bring back an update back in December.

Agreed:

- The Chair asked for a meeting to be arranged between Mrs Pike, Mrs Burd, the Chief Constable and Mr Hemmings to discuss the Governance Principles Hybrid Model.
- Mr Clarke to provide a report on the governance principles Hybrid Model for next meeting to include where we are, where we would like to be and options of how we get there.

30/2009 MATTERS ARISING

Agenda Item 2

Actions from the meeting had been discharged.

31/2009 UPDATE FROM DIRECTOR OF FINANCE AND CORPORATE SERVICES

Agenda Item 3

Budget monitoring and reporting on the year to date would be reported to Strategy Budget & Performance Monitoring (SB&PM) Committee on the 9th September 2009. The forecast was very close to what the Force expected it to be with a slight underspend for the time of year; however vacancies had been counted for that.

The Force was asking budget holders to comment on their workforce targets and make sure that they were affordable. The Chief Constable said that the Force was looking at numbers of employees as it considered appropriate in light of budget discussions thus far and was clear that it would ensure it was in a position to deal with the challenges that the start of the new financial year would bring. The Force would keep the Authority updated.

The capital programme was in line with budgeted spend. The Force was aiming to spend as much of this as possible before the end of December to take advantage of the 15% VAT rate.

The Medium Term Financial Plan was being updated and would go to the October SB&PM.

Closure of Accounts 2008/09

There were some update disclosure notes to be completed. Also there were some updates of numbers because of the Judicial Review and the Force would take the opportunity to pick up a few other issues. The Force's aim would be to have everything completed by the end of the calendar year.

The Chair confirmed that the special meeting on the 18th September would be cancelled due to delays in finalising the accounts, which was a result of the ongoing work on the figures following the outcome of the Judicial Review.

Pension Salary Sacrifice

The Force was looking at the general saving programs, one was pension salary sacrifice. The scheme was for staff to accept a reduced salary (equivalent to their current salary, less their existing pension contribution) with the employer paying both what was the employee's pension contribution and their own. The reduced salary meant that both the employer and employee paid less national insurance. This would result in a small saving for the employee and a significant saving in a full year for the Force, estimated to be between £700-800k should all employee's join the scheme. The Force would go through the detailed work by consulting staff in the next few weeks. The Chief Constable informed the Committee that this was a voluntary scheme.

The Committee asked if this was an issue from a legislative point of view. The Force responded that it had been checked that this was allowed under the Railways Pension Scheme. The Committee was concerned that should the Force enter into this there may not be policy support and this could result in the work being done to implement this having to be reversed.

Judicial Review

In June the Authority set up a team to take a strategic approach to implementing the findings from the Judicial Review and look at how to move forward in dealing with the PSA holders. This involved taking legal advice and implementing a fixed proportion regime on the old style PSA holders. The team had produced a reconciliation matrix for the last 10 years to ensure that charges that had been sent to PSA holders were correct. The reality of that work was that a number of issues have been uncovered and these would be reported back to the JR Sub Group.

It had been useful for Tribal and NAO to work with the team. The team had been able to take them through every stage and it had given the team a degree of confidence that the Authority was heading in the right direction. The audit on the process showed it to be robust and Mrs Pike and Mrs Burd had taken accountability for the numbers.

Mr Townsend said that the issue now for the A&CG Committee was the wording for the statement of internal control with the tight timescales. He suggested that it would be useful to look at the words and put some context for where they come from in preparation for agreeing the finalised wording. The NAO saw some policy issues around the way forward. It was confirmed that these matters were being considered by the JR Sub-Group.

The A&CG Committee requested that the JR Sub-Group go back to the QC to confirm on the assumptions regarding the figures to be used.

Agreed:

- The Audit & Corporate Governance meeting on the 18th September 2009 was cancelled.
- The Committee to receive the suggested text for the accounts and the context behind this.
- The JR Sub-Group to go to the QC for further advice on the assumptions made.

32/2009 STRATEGIC RISK MANAGEMENT

Agenda Item 4

There were two items where the risk had reduced. One of these was SR26, which was about failure of key supplier impacts upon BTP's ability

to deliver policing, and the other one was SR40 which related to finding some premises for training.

The other area where work had developed significantly was SR14, in regards to custody. Mr Crowther confirmed that the London South Custody Suite was closing temporarily because of findings from the joint HMIC and HMI Prison review of custody facilities around the country. This meant that London South's main custody facility currently was Hammersmith and the Chief Constable had used his power to designate that as a 24/7 facility. The Force was looking to fix the issues at Ebury Bridge in the meantime. The Force had begun negotiating with the City of London Police for further custody facilities whilst the works were taking place. The Force was also looking at facilities at Snow Hill Police Station and Bishopsgate or the possibly of building a new custody facility similar to that in London North which was due to open next year.

The Chair spoke about business continuity. There was a paper which he would be circulating out to the Committee in the next couple of days. This report was restricted but mentioned that BTP were good at exercising robust strategic assessments of risk and debriefing. The Force achieved three ticks for mobilisation. On capability and capacity in terms of looking at CBRN and the Olympics issue and preparedness for all those areas some questions were raised and likewise on Business Continuity when it came to the extent that plans were tested. The Force would be looking at this very carefully.

The A/Deputy Chief Constable confirmed that the Force received the report with the details and as a result of each of those inspections there was an improvement plan for each. It was agreed that at the December meeting Assistant Chief Constable Thomas would give an update on the progress of the above.

Agreed:

- The Chair would circulate to the Committee the above mentioned report.
- Assistant Chief Constable Thomas to update the Committee in December.

33/2009 FOLLOW UP TO PREVIOUS AUDIT REPORTS

Agenda Item 5

Mr Clarke confirmed there were no changes to the audit report. There were two subjects that Mr Clarke wanted to speak to the Committee these were Data Security and the Payroll review.

Data Security

This was currently moving on. There had been difficulties but the base rollout for the control design portable storage should be completed by

31st December. Regulatory compliance was expected by the end of September 2010.

In regards to the operating effectiveness and electronic data transmission, Mr Clarke confirmed that the planning was now in place and that one of them would be discharged if the Committee approved.

Payroll review

In regards to payroll procedures, the Force made sure that all were written and this was expected to be completed by the end of this month.

34/2009 TRIBAL PROGRESS REPORT

Agenda Item 6

Mr Townsend said that the timetable for the audits was now confirmed. This had been designed to ensure that the audits were done when it was convenient for the Force and the Authority staff. Mr Townsend assured the Committee that Tribal were content with the programme.

Mr Townsend had a meeting with DfT. He informed the Committee that DfT may ask the Force to have some work to be done on data integrity as this was something that was to be asked of all the NDPBs.

35/2009 GOVERNANCE FRAMEWORK FOR CHARGING MODEL INPUTS/OUTPUTS

Agenda Item 7

Mr Hemmings confirmed that there were some concerns in regards to the controls and some of the underlying governance arrangements which were not as strong as they could be. The report was created as a statement, as to how in future the charges would be signed off, both in terms of the statutory policing, enhanced PSAs and how the billing arrangements would work. This should give the Committee and the Authority some degree of assurance that these controls would be in place.

Mr Foxall said he was unclear why these controls had not already been in place. He asked the Committee whether it would be useful to look at the numbers in terms of amounts that are signed off. It may be that where there is a variance over an agreed amount that the Authority would want to sign this off itself. Other Members agreed with this suggestion given the situation.

Mr Hemmings said that this was not an issue but would mean that the budgeting process would need to be amended. This would mean that the budget decision would need to be brought forward to allow time for the numbers to be confirmed for the statutory PSA holders, as the budget figure needed to be agreed and announced before the end of March. He added that the governance framework was written with the

understanding that once the figures had gone through the proposed framework they would come to the Authority as a final check. The Committee felt that the Authority should have final sign off of the figures where thresholds had been agreed where there were large fluctuations so that Members were aware of any consequences decisions made.

The Members agreed that potentially being able to see what variant effects were on PSA holders was important in the process and to see what effects it had on their income. Mr Foxall said that the calculations of the figures should be sent to the Chairman or Deputy Chairman for approval before they were reported to the full Authority.

The Chair asked what the process of charge implication of signing off the numbers. The Chair mentioned that at the bottom of each page in regards to the report on Governance Statement, the Director of finance and the Chief Constable were on the verification side. The Chair asked why the Director of Finance, Treasurer and the Chief Constable were not together on the verifying list.

In regards to the Charging Model Mr Hemmings explained to the Committee that the Authority received data from the Force and external sources. This data was then fed into the model and used to make the calculations to defray the budget.

The Chair requested that an amended version of the governance framework be brought to the December meeting following discussion and approval from the internal auditors. Mr Hemmings assured the Committee that the proposed framework would be used in the meantime.

Agreed:

- Mr Hemmings to update the governance framework to bring to the December Authority meeting working with the Force and Internal Auditors.

36/2009 AOB

Agenda Item 8

There was no AOB.

DATE OF NEXT MEETING:

Tuesday 15th December 10.00 – 12.30

Signed.....

Chairman