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BRITISH TRANSPORT POLICE**

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**REPORT TO:           Audit Committee**  
**DATE:                 21 September 2010**  
**SUBJECT:            Finance Position – Summary Report**  
**SPONSOR:           Acting Director of Finance and Corporate Services**  
**AUTHOR:             Head of Finance**

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**1.     PURPOSE OF PAPER**

1.1    This report informs the Committee of significant developments within the Finance Department during the last few months.

**2.     BACKGROUND**

2.1    The Committee receives regular updates on the activities within the Finance Department and this report looks at the following matters:

- Budget 2010/11 monitoring arrangements
- Budget Planning for Future Years
- Balance Sheet Review
- EPS payments
- Payroll Review Programme
- Review of 2009/10 Accounts Closure and Planning for 2010/11 Year End
- Review of Finance and Corporate Services
- Follow up internal audit reports.

**3.     BUDGET 2010/11 MONITORING ARRANGEMENTS**

3.1    British Transport Police (BTP) financial position is subject to detailed scrutiny and reporting with the revenue position monitored on a monthly basis and capital quarterly. Monthly Finance Review meetings with Departments and Areas are now attended by the Deputy Chief Constable and representatives of the Director of HR and the results of the monthly monitoring exercise are reported to the Strategic Command Team (SCT) and Programme Board. The position for Period 6 will be reported to the Authority's Finance Group in October.

3.2    One focus for the monthly monitoring exercise has been to ensure that BTP has accurate data on the establishment for police officers and police staff and that the level of financial variances correlates to vacancy levels,

3.3    Another major focus for in-year monitoring is to ensure that any budget impacts arising from meeting the Department for Transport (DfT's) requirements to find in-year savings have been properly treated.



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**4. BUDGET PLANNING FOR FUTURE YEARS**

- 4.1 Since the last report to the Committee there has been a significant amount of work on budget planning for future years. The main focus of this work has been on scenario planning at various levels of possible funding. The result of this exercise will be presented to the Authority's Strategy Group and Main Authority in September.

**5. BALANCE SHEET REVIEW**

- 5.1 The Acting Director of Finance and Corporate Services has instigated a fundamental review of the Balance Sheet with a focus on the adequacy of reserves, provisions and working capital balances. The outcome of this review will be used to inform the Authority's financial strategy.

**6. EPS PAYMENTS**

- 6.1 Following implementation of EPS pay grading revised staff payments were made in August. In total 1,475 staff payments were revised and paid correctly.

**7. PAYROLL REVIEW PROGRAMME**

- 7.1 As reported elsewhere on this meeting's agenda a significant amount of work has been undertaken to review and strengthen BTP's payroll arrangements.

**8. REVIEW OF 2009/10 ACCOUNTS CLOSURE AND PLANNING FOR 2010/11 YEAR END**

- 8.1 In addition to the balance sheet review mentioned above the Finance Team and the Treasurer have also started planning for the 2010/11 year end. This has involved a review of the process for closure of the 2009/10 accounts and also preparation for a more formal period 9 interim closure and review. The timetable for the closure of the 2010/11 is more challenging than in previous years because of additional requirements from the DfT.

**9. REVIEW OF FINANCE AND CORPORATE SERVICES**

- 9.1 Approval has been given from SCT for a fundamental review of Finance and Corporate Services functions carried out at both Headquarters and on Areas. Informal consultation with staff, staff and associations and other stakeholders has taken place and the more detailed structures will be put in place once the Department Heads have been appointed.

**10. FOLLOW UP INTERNAL AUDIT REPORTS:**

- 10.1 All audit recommendations are given a priority grading of urgent, important or routine. It was agreed that the update would cover all findings except those categorised as routine. This update covers eight reports submitted at the last Audit Committee on 18 March 2010 plus any outstanding items from previous reports. The Appendix to this report gives members an update on the outstanding action points. It gives details on the status of the recommendation, the deadline for completion and the ongoing work to ensure that the recommendation is implemented by the stated deadline.



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10.2 Those recommendations relating to the Payroll audit are dealt with in a separate report on payroll matters elsewhere on this meeting's agenda.

**11. RECOMMENDATION:**

11.1 It is recommended that the progress on the matters outlined in this report is noted.

**APPENDIX A**

**Follow up to 2009-10 Audit Recommendations**

<b>Reference</b>	<b>Recommendation</b>	<b>Management Comments</b>	<b>Updated Response</b>	<b>Current Status</b>	<b>Deadline for Completion</b>
Review of Responsive Maintenance Arrangements	A formal post inspection process be developed.	The post inspection process is woven into the remit of new staff members and will be fully implemented on completion of the departmental restructure.	Limited technical inspections completed, but additional resources will improve monitoring.	<b>Completed</b>	March 2010
Area Compliance Checks London South Asset Register	Area offices be supplied with a template disposal asset form, which can be retrieved from the BTPA intranet to inform Finance for the disposal of asset.	A timescale is in place; visits have commenced and will be completed in March 2011.	A disposal / relocation / acquisition has been circulated and is in use.	The audit of asset registers is a rolling programme with the current round of visits scheduled to complete in March 2011. This is on target.	March 2011
Compliance Checks Wales & Western Asset Register	Reconciliations of the Area Asset Registers and listings of IT equipment be undertaken.	An asset register containing IT equipment has been requested from FHQ. This will then be combined into the Area asset register and form part of the above timetable.	Tribal has recently completed an audit of asset registers / inventories and recommendations from this report will provide a corporate response to the maintenance of these records.	<b>This will form part of the asset review resulting from the recent asset register audit.</b>	December 2010
Creditor Payments	Management to ensure that delays are minimised in completing the authorisation stages for invoice payment.	Currently investigating the use of workflow for non POP invoices with IT and Finance Applications Manager. The objective is to send invoices electronically	Workflow is currently being tested. Issues have arisen concerning ability to send & receive electronic invoices and these are currently being	There have been delays in sourcing the specialist IT staff required for the project. These are currently being	Revised deadline December 2010

<b>Reference</b>	<b>Recommendation</b>	<b>Management Comments</b>	<b>Updated Response</b>	<b>Current Status</b>	<b>Deadline for Completion</b>
		to the authoriser resulting in the invoice being paid in a more timely manner.	investigated.	resolved and the work will be commencing in early October.	
ICT Procurement Arrangements	Consideration be given to formally preparing and distributing a comprehensive listing of delegated financial authorities.	As part of the two key approach budget approval levels were set at £5k, £25k and £50k. These form the budget approval matrix within eProcurement and form BTP's delegated financial authorities.  A listing will be produced of the financial authorities which will be posted on the Finance page of the intranet with explanatory notes.	The matrix within eProc has been checked and a database of signatories has been established.	<b>Completed.</b>	July 2010
Review of Major Projects - Risk Management	The financial spreadsheets be subject to a six-monthly check to confirm the assumptions and calculations are working correctly.	These spreadsheets will be reviewed on a six monthly basis and the first will be completed by July 2010.	Each Project board receives an update on the financial situation as a standing item on the agenda. Any significant variances are reported to the Finance Review and Programme Board	<b>Completed</b>	July 2010
Review of Major Projects - Risk Management	The Force should establish written specific criteria to be used when determining whether a project should be abandoned.	Written criteria will be prepared and as part of Programme Board's ongoing scrutiny of projects, the continuing validity of projects will be considered.	Any decision regarding the termination of a project will be taken by Programme Board and reported to SCT.	<b>Completed</b>	July 2010

<b>Reference</b>	<b>Recommendation</b>	<b>Management Comments</b>	<b>Updated Response</b>	<b>Current Status</b>	<b>Deadline for Completion</b>
Compliance Review of PSA Debtors	The scheme of delegation be provided to the relevant staff in the Force's Finance Department together with an instruction as to how the required certification is to be achieved.	All the schemes of delegation are being reviewed as a result of the changed Accounting Officer arrangements. The matters raised here will be included and all relevant staff informed.	A scheme of delegation has been agreed and the relevant signatories obtained.	<b>Completed</b>	July 2010
Review of the Management of Risks and Maintenance of a Sound System of Internal Control	The Authority needs to obtain positive assurance from LU Ltd with regards to the budget, expenditure and purchasing arrangements.	DF&CS has requested the completion of a document provided by Tribal detailing the assurance required.	A Tribal audit is being undertaken in September 2010 and this will support the completion of this task.	<b>Audit taking place September 2010.</b>	September 2010
Review of the Management of Risks and Maintenance of a Sound System of Internal Control	The Authority members and officers with specific responsibility for business risk management should receive risk management awareness training.	BTPA Members are selected for their experience and knowledge of specific sectors of the rail industry. This necessarily includes risks to those sectors. BTPA employees as at 31/3/10 had received risk management training to enable them to comply with the risk management standard operating procedure. Further training will be given where necessary	Further training has been provided to employees of BTPA including the Chief Executive, and discussions begun regarding training of Authority Members.	<b>Ongoing</b>	March 2011
Review of the Management of Risks and Maintenance of a Sound System of Internal Control	The Delegated Authorities in relation to whom the Authority has delegated responsibility for determining the appropriate fees and charges for services provided to Police Services Users be linked to the Accounting	Work is ongoing to review all the relevant Governance documents following the change in Accounting Officer arrangements.	The Governance documents have been updated to reflect the changes	<b>Complete</b>	July 2010

<b>Reference</b>	<b>Recommendation</b>	<b>Management Comments</b>	<b>Updated Response</b>	<b>Current Status</b>	<b>Deadline for Completion</b>
	Officer review and the current duplication of responsibility be resolved				
Review of the Management of Risks and Maintenance of a Sound System of Internal Control	Senior Officers to complete a quarterly statement on issues within their Area that occurred during the previous three months.	This recommendation ties in with existing work within BTP which specifically aims to increase ownership of identified risks by senior officers. The first report will be prepared in September to cover the first two quarters.	Final draft of internal control management assurance return being reviewed. Completion by Area Commanders and Heads of Department scheduled for September to include Q1.	<b>Completed</b>	Sept 2010
Review of the Management of Risks and Maintenance of a Sound System of Internal Control	Any areas of concern identified in the quarterly statements are cross-referenced to the appropriate risk register.	This recommendation ties in with existing work within BTP which specifically aims to increase ownership of identified risks by senior officers. The first report will be prepared in September to cover the first two quarters.	Responses will be reviewed and appropriate action taken.	<b>Completed</b>	Sept 2010
Review of the Management of Risks and Maintenance of a Sound System of Internal Control	The revised whistleblowing policy be issued to all staff and made available on the Intranet.	Publication of this policy is planned by PSD following the completion of the policy consultation process.	The Confidentiality Reporting SOP was published in April 2010.	<b>Completed</b>	Sept 2010
Review of the Management of Risks and Maintenance of a Sound System of Internal Control	The gifts and hospitality registers and the register of interests be held centrally and monitored by PSD.	There is already a gifts and hospitality register for members of BTP's Strategic Command Team held by the EA to the Chief Constable. In addition, a policy and	Draft updated procedure currently out for consultation.	<b>Updated procedure due for publication in September 2010.</b>	Sept 2010

Reference	Recommendation	Management Comments	Updated Response	Current Status	Deadline for Completion
		<p>standard operating procedure is almost complete and will be made available in the Intranet when it is agreed.</p> <p>A revised procedure will be put in place to maintain a central register. Registers are kept on Areas and in Departments and this information will be collated to form the central register.</p>			
Review of the Management of Risks and Maintenance of a Sound System of Internal Control	The Chair of the Audit Committee to review the Authority's gifts and hospitality register and the register of interests on an annual basis.	Research is being undertaken into recommended good practice with the APA before implementation in September.	This will be compiled by the Executive and a summary will be presented to the Audit Committee as a standard agenda item from December.	Members to be reminded by e-mail to notify Executive of any gifts and hospitality and any conflicts of interest	Sept 2010
Review of the Enhanced Policing Services Agreements Arrangements	The EPSA policy should state that individual agreements must cover all costs, including a contribution to the corporate overheads.	Cost neutral suggestion to be incorporated. The process assures financial viability but no formal annual review at this stage. This will be considered as part of the budget process.	Reporting on EPSA happens with the quarterly monitoring reports to the Finance Group.	<b>Completed.</b>	Dec 2010
Review of the Enhanced Policing Services Agreements Arrangements	Consideration be given to adopting a scheme of delegation for the authorisation of these agreements.	All the schemes of delegation are being reviewed and this will be included in that piece of work.	In progress at the moment – detailed delegation through the Force will be complete once the Authority scheme of delegations are complete	<b>Scheme of delegation at high level on this meetings agenda</b>	September 2010
Review of the	BTPA and the Mayor of London to	The Chief Executive of	Pan London Agreement	Once back from	July 2010 – now



<b>Reference</b>	<b>Recommendation</b>	<b>Management Comments</b>	<b>Updated Response</b>	<b>Current Status</b>	<b>Deadline for Completion</b>
Enhanced Policing Services Agreements Arrangements	sign a formal agreement for the enhanced service.	BTPA is in discussions with the Mayor's office regarding all PSA / EPSAs	with the Lawyers after discussion with TfL – this is being headed by the Chief Executive of the Authority.	lawyers will complete process with TfL / Mayors office	expected to be completed by December 2010