BRITISH TRANSPORT POLICE

Agenda Item 7

REPORT TO:	**Audit Committee**
DATE:	**20 September 2011**
SUBJECT:	**DfT Management Assurance Return**
SPONSOR:	**Chief Constable**
AUTHOR:	**Head of Risk Management and Insurance**

1. PURPOSE OF PAPER

1.1. This paper presents the draft Management Assurance Return (MAR) for the period 1 April to 30 September 2011 ahead of finalisation and submission to Department for Transport (DfT) in October 2011. The MAR is attached at Appendix A and has been reviewed by BTPA's Senior Management Team and BTP's Force Management Team (FMT).

2. BACKGROUND

2.1. The MAR was developed by DfT in 2009-10 as a tool for gaining assurance from all of its agencies and departments, including Non-Departmental Public Bodies (NDPBs), on specific issues of internal governance and internal control. The first return for 2011-12 is due in October 2011.

2.2. Audit Committee in March 2011 noted that a number of the questions were not relevant to a police force or police authority and that respondents should not be afraid to note where a question did not apply to their business area. This approach has been adopted, where relevant, in the draft MAR.

2.3. BTP's Corporate Risk Team have agreed an approach with BTPA's Finance Director for the 2011-12 MAR to focus on what assurance BTPA can provide to DfT for each business area, what arrangements BTPA have in place for oversight of BTP activity, and, where relevant, what BTP's arrangements are. This approach allows both BTP and BTPA to provide appropriate management responses to DfT, highlighting instances where the special requirements of BTPA as a police authority and BTP as a police force apply. It also allows BTP's FMT, in its role as Risk Committee, to have oversight of those business areas for which returns would not be made as part of the final MAR submission.

2.4. As Accounting Officer, the Chief Executive needs to be aware of areas of weakness, and management action planned or taken to rectify them. Consideration of the content of the MAR gives an opportunity for these and other areas that should be reported in BTP's annual Statement on Internal Control (SIC) to be identified, and remedial action taken.

2.5. BTPA's Finance Director, Chair of Audit Committee, and BTP's Head of Risk Management and Insurance met the Head of Internal Audit for DfT to provide feedback on the MAR. DfT explained they had met with their Agencies and NDPBs about the content of the MAR including the relevance of the questions asked. Following this meeting it is anticipated that the content of the MAR may change.

2.6. There is no requirement for BTP/BTPA to provide 'Full' or 'Substantial' Assurance across all areas of the return. Indeed to do so could indicate that BTP/BTPA has a lack of understanding of its own business. It is however important to provide an accurate response that is capable of scrutiny and supported by evidence. Where 'Full' or 'Substantial' assurance cannot be given, details of action plans are required. Review of the adequacy of these responses is the responsibility of Risk Committee as part of FMT and forms the basis of the rest of this paper.

2.7. The levels of assurance are defined by DfT as:

None	Control arrangements are poorly developed or non-existent, or major levels of non-compliance or non-conformance have been identified. Control arrangements are not adequately documented, or evidence does not exist to demonstrate effective operation of the majority of the year.
Partial	Control arrangements are operating effectively, except for some areas where material weaknesses or significant deficiencies have been identified, aspects of the control arrangements need documenting, or evidence does not exist to demonstrate effective operation for parts of the year.
Reasonable	Control arrangements are generally established and effective, with some minor weaknesses or gaps (which have action plans to resolve), or minor exceptions exist in the evidence available to demonstrate effective operation of the controls for the year.
Substantial	Control arrangements are well established and working effectively. Very minor control weaknesses have been identified in a maximum of one or two discrete areas, and were promptly addressed (i.e. lasted no longer than a month). Control arrangements are supported with clear and sufficient evidence, with any gaps rectified promptly.
Full	Control arrangements are fully established, documented and working effectively, have operated throughout the whole year and in all areas, and are supported with clear and comprehensive evidence of operation.

3. CURENT POSITION

3.1. The Corporate Risk Team have contacted all BTP business units responsible for providing returns and obtained indicative statements as to what assurance level is likely to be provided both in September and at year end. In addition, the Head of Risk Management & Insurance has met with BTPA's Finance Director to agree the joint approach and review what assurance level should be reported to DfT reflecting the contributions of BTP and BTPA.

3.2 There are no business areas providing 'none' or 'partial' management assurance to DfT.

3.3 **Reasonable Assurance**

The following business areas are considered as providing Reasonable Assurance:

- Fraud and Ethical Policies – This was considered Reasonable in the absence of any evidence of fraud risk assessments being carried out for business processes within BTP or BTPA. Following recent publication of the Fraud policy, the Corporate Risk Team and Professional Standards Department will support Areas and Departments in the completion of a fraud risk assessment that will allow Substantial Assurance to be achieved by 31 March 2012. BTPA will use the same fraud risk assessment.

- Equality Duties – This was considered Reasonable and is expected to remain at Reasonable throughout 2011-12. There is no specific plan to improve the assurance level in relation to Equality Duties due to uncertainties about what direction the government will give to public bodies regarding equality and related issues.

- Business Continuity – This was considered Reasonable and is expected to stay at Reasonable throughout 2011-12 given the number and complexity of BTP's Business Continuity Plans. Actions to improve the assurance plan are detailed within the Business Continuity Programme.

3.2. **Substantial Assurance**

The following business areas are considered as providing Substantial Assurance:

- Delegated Authority
- Regularity and Propriety

- Annual Budget
- Risk Identification
- IT Policy and Strategy
- Records Management (BTPA only)
- Information Assurance (BTPA only)
- Succession Planning
- Procurement and Contract Management
- Human Resources
- Programme and Project Management
- Financial Controls
- Use of IT
- Health and Safety
- Communication
- Implementation of Audit

3.3. **Full Assurance**

The following business areas are considered as providing Full Assurance:

- Long Term Planning
- Risk Management Policies
- Risk Management
- Risk Action Plan
- Investment Appraisal
- Fraud Monitoring
- Achievement of Business Objectives
- Financial Performance Monitoring

4. RISK IMPLICATIONS

4.1. By providing an accurate return that includes robust answers and evidence, the risk of damage to the reputation of BTP/BTPA and any adverse comments from DfT and/or auditors will be reduced. The Corporate Risk Team has ensured as far as possible that this submission is robust and accurate through challenge and feedback.

4.2. There are risk implications implicit within the content of the MAR where reasonable assurance has been reported. However, where this is the case, actions to ensure progress have been identified and will be monitored by Risk Committee. Progress will also be reported to Audit Committee.

5. RECOMMENDATIONS

5.1. It is recommended that members:

- Note the content of the draft MAR and agree the assurance levels that are reported.
- Approve submission of the MAR to DfT in October 2011.