

Minutes

Audit Committee

Tuesday 20 March 2012, 12.00pm
at The Forum, 74-80 Camden Street, London

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Present:

Colin Foxall, Chair
Michael Holden
Jeroen Weimar

In attendance:

Francesca Okosi, Director of Corporate Resources
Simon Hart, Head of Finance
Paul Brogden, Chief Superintendent

Andrew Townsend, Tribal Business Assurance
Nick Bateson, National Audit Office
Andy Nicholas, DfT

Andrew Figgures, Chief Executive
Liz Pike, Authority Finance Director
Lucy Barrick, Authority Business Manager & Minutes

09/2012 Minutes of Meeting 21 February 2012**Agenda Item 1**

1. The minutes were approved as an accurate record.

10/2012 Matters Arising**Agenda Item 2**

2. BTP had delivered the pension interface and the database that supported this. However, there remained outstanding issues, in particular with respect to the base data, as RPMI had advised that they would not release this to BTP owing to data protection issues. BTP needed the base data as the interface dealt with changes, therefore, to resolve the issue BTP was providing new base data from 1 April. The matter of the administration fee remained outstanding. The Committee considered that BTP had delivered what was requested in good faith, albeit that glitches remained, therefore in recognition of this RPMI could waive the fee. It was agreed that a conclusion was required quickly.

3. The Committee were advised that the Vigilance Pro software now covered the whole of the BTP estate.
4. Mr Nicholas advised that the BTPA letter requesting clarifications on expenditure approvals was receiving attention at the DfT. With the exception of a few potential issues on recruitment, none of which were insurmountable, no problems were anticipated. Mr Nicholas also confirmed that the DfT was looking at the request for a capital DEL of £11.6m for 2012/13.
5. BTP confirmed that new projects would have their own cost centres, with budgeting being the responsibility of the project managers.

11/2012 BTP Finance Position - Quarterly Update

Agenda Item 3

6. The key points from the update were that:
 - 6.1. BTP was on course to deliver a surplus for 2011/12.
 - 6.2. The work towards the Annual Statement of Accounts was progressing well.
 - 6.3. A Finance and Procurement Manual had been produced as part of the 'Fit for the Future' Acton Plan.
7. The report was noted.

12/2012 BTPA Finance Issues - Quarterly Update

Agenda Item 4

8. The DfT was carrying out a number of reviews, including a governance review of BTPA/BTP. The governance report had not yet been received but feedback had been positive with governance seen as sufficient and the recent failures as one off issues rather than a symptom of systemic problems. The NAO had also reviewed the Management Assurance Return (MAR) on behalf of DfT reporting that this was developing well. Finally, the DfT were reviewing internal audit arrangements and whilst BTP would be looked at the report would not impact on BTP.
9. The information return to the DfT on salary arrangements outside of the payroll system had been sent on 24 February. This had identified seven individuals who fitted the criteria. BTP advised that they were examining the arrangements in place for the seven to ensure that they represented value for money and the most appropriate method for fulfilling the functions covered. The outcome of this review would be reported to the Director of Corporate Resources in the next month.

10. The PSA charges for 2012/13 had been presented to the Finance Group on 16 March and would be going to the Full Authority on 29 March for approval.

11. A thorough review of diaries had been conducted to ensure that all relevant items had been recorded on the BTP Gifts and Hospitality Register for transparency. As a result the BTP register presented to the Committee included some items that were not from the current period. It was requested that in future the register entries were grouped by recipient.

12. There were several entries in the BTP register where the value was set at zero with the explanation that *"no value had been specified"*. The Committee requested that approximate values be recorded for all entries, including the value of first class travel passes. The Committee further asked for assurance that first class passes were used for duty purposes only.

13. **Agreed**

- 13.1. Entries on the Gifts and Hospitality Registers to be grouped by recipient in future and analysed with respect to donor.
- 13.2. The value of all entries to be approximated if unknown.
- 13.3. Where first class travel passes were entered on the register a comment confirming that these were for duty use only to be included with the approximate value.

13/2012 BTPA Quarterly Strategic Risk Report

Agenda Item 5

14. The risk with respect to the valuation of the police staff scheme had been closed as the outcome had been accepted by the Trustee with no additional cost. BTPA was in discussions with RPMI on the investment strategy for the police officer pension scheme.

15. The Full Authority meeting on 29 March would receive reports on the new TfL and 2013/14 PSAs.

16. The risk at AR59 of a potential challenge to the 2012/13 charges was anticipated to be low as only one operator faced a significant increase and this followed the expansion of their services.

17. Two potential new risks resulting from the police reform agenda were discussed and BTPA staff would conduct an assessment to review whether they should be added to the register. The Committee were cautious about the addition of the risks to the register, stating that there should be a strong argument that a risk was strategic and could lead to ruin before its addition.

18. The Committee requested that in future the Chief Executive select those risks with the most significant probability/impact to ensure appropriate focus rather than presenting the full register.

19. The report was noted.

20. **Agreed**

20.1. The Chief Executive to select the most significant risks for presentation to the Committee in future.

14/2012 BTP Quarterly Strategic Risk Report

Agenda Item 6

21. The key risk strategic risk for BTP was the Wide Area Network (WAN) project and this would be discussed at agenda item 7.

22. The report was noted.

15/2012 Revised Tribal Reports

Agenda Item 7

23. Tribal submitted revised reports on the below audits:

23.1. Pensions reconciliation

23.2. Wide Area Network Project

23.3. Re-engagement of retired former employees and break compliance

24. The Chairman noted that the issues raised by Tribal's reports arose largely from failures to follow governance procedures rather than indicating a need to strengthen governance itself.

25. The NAO agreed that on the evidence before the Committee the need was to strengthen compliance rather than governance

26. **Agreed**

26.1. A record sheet be created to be signed at the time of a recruitment exercise confirming the process steps.

26.2. The records at BTP be examined to ensure that all those recruitment records over 12 months old were stripped of any personal data.

26.3. BTPA recommended that BTP recruit a couple of staff members that were suitably qualified and members of the appropriate organisations to ensure that they remained up to date with any changes in the pensions arena.

16/2012 Management Assurance Report

Agenda Item 8

27. The MAR had been reviewed by the NAO and Tribal with positive feedback. The text in the document was still under development with BTPA's comments yet to be added, but the assurance ratings were not expected to change. At the time of the meeting the ratings were as below:

- 27.1. 2 Reasonable Assurance
- 27.2. 15 Substantial Assurance
- 27.3. 9 Full Assurance

28. The two areas where only reasonable assurance could be offered were:

- 28.1. Business continuity – This was owing to the number and complexity of BTP's Business Continuity Plans.
- 28.2. Equality duties – Work was underway to refine and enhance existing processes while meeting the requirements of the new Public Sector Equality Duties

29. The Committee was concerned that there were some known issues which did not appear in the MAR, for example project management received a rating of 'substantial' when there were significant issues with the WAN project. The Committee wanted to ensure that the document was as accurate as possible as it was to be signed by the Accounting Officer and was the primary source of assurance to the DfT. The text as opposed to the ratings was the main concern and the Committee welcomed the further work that was taking place on this.

30. The process for completing the MAR was key to it providing accurate assurance. Therefore, it was important that the process was comprehensive. It was agreed that the process should follow the below steps:

- 30.1. BTP to complete an initial draft with their ratings and assurance commentary to be signed off by BTP Strategic Command Team.
- 30.2. BTPA Executive to review the BTP comments and provide its own assurance comments.
- 30.3. The draft to be reviewed by the Audit Committee.
- 30.4. The Accounting Officer to take into account the comments from the Committee and any further assurance and comment to be sought from BTP
- 30.5. The final version to be circulated to the Audit Committee for sign off.

31. Agreed

- 31.1. The process as outlined at paragraph 45 was agreed.
- 31.2. The text in the draft MAR to be reviewed to ensure it is as accurate a reflection as possible.

17/2012 Self Insurance

Agenda Item 9

32. BTP had joined the South East and Eastern Region Police Insurance Consortium (SEERPIC) to share best practice and gain the financial benefits of consortium purchasing. BTP had selected two insurance providers.

33. The paper detailed a number of uninsured risks that were either uninsurable or uninsured because a decision had been made not to insure for financial, coverage or risk reasons.

34. The Committee noted the uninsured items, stating that gaps were acceptable as long as there was proper provision should the risk materialise. BTP confirmed that it provided for its known exposures and agreed that there should be an annual review of uninsured risks and the resulting financial exposure to ensure that sufficient provisions were in place.

35. Agreed

- 35.1. BTP to undertake an annual review of the uninsured risks and the resulting financial exposure to ensure that sufficient provisions were in place.

18/2012 National Audit Office - Interim Audit Results

Agenda Item 10

36. Mr Bateson reported that reasonable progress had been made with the audit. The only matters to draw to the attention of the Committee were that there remained issues for payroll with respect to evidence for changes and insufficient mechanisms in place for death in service and sick notes. There were also some basic errors that would not normally be expected, such as amounts being added for annual leave rather than deducted when people left the organisation.

37. BTP confirmed that work was underway to address the basic process issues mentioned.

19/2012 Tribal Reports

Agendas Item 11

Summary Internal Audit Progress Report

38. All audits had found there to be significant and sustained improvements. The overall Audit Plan was on course to be completed by the end of the year.

Creditor Payments

39. The report was noted.

EPSA

40. The TfL PSA would be ready for signing in June.

41. The Audit had confirmed that BTP was charging according to actual service rather than contract estimate.

Expenses

42. There remained some local practice but moving to the online system should rectify this.

MAR Compliance

43. The report was noted.

Compliance Review of the Strategy Budgetary Control Arrangements

44. The report was noted.

Draft Annual Audit Plan 2012/13

45. The Plan was in line with the Strategy. The next step was to consult the Chief Constable on the Plan and review it following comments at the Committee meeting.

20/2012 Crime Recording

Agendas Item 12

46. The standards of crime recording were high at BTP but there were some issues with respect to incident recording. Mr Holden as the BTPA lead on this would be discussing the issues further with Mr Godfrey the BTP Crime Registrar. However, it was noted that incidents did provide challenges for recording as these often came through other forces meaning that all the relevant information was not always provided for recording purposes.