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Report to: Audit Committee
Agenda item: 4
Date: 6 December 2011
Subject: Authority Finance Issues – Quarterly Update
Sponsor: Authority Finance Director
For: Information

1. Purpose of Paper

1.1 The purpose of this report is to inform the Audit Committee of significant developments within the Executive since the last Audit Committee in September 2011.

2. Annual Accounts

2.1 A number of meetings have taken place with the Auditors and a separate paper is presented on the Audit Risks. The interim audit has commenced and the auditors have looked at the mechanism of charging our PSA holders as part of that process.

2.2 The Management Assurance return for the half year to September 2011 was submitted to the DfT in line with the timetable. The NAO have requested to audit our submission, all information requested has been submitted to them and their comments and feedback are awaited,

2.3 At period 9 (ending 2 December 2011), a hard close will be completed to allow us to submit the Clear line of Sight financial pack to the DfT central Finance team. A test run took place at period 6 to iron out any issues for the new procedures. The test was successful. At period 9, we need to submit the packs to the DfT by 27 January. As we have no Audit meeting in January it is recommended that the Chief Executive as Accounting Officer agrees the pack to be submitted and the members of the Audit

Committee are invited to see a copy of the pack before submission, if they so wish.

2.4 The Chief Executive briefed the NAO Director on the unauthorised pension payments. Work required is outlined in the NAO report.

3. Budget 2011/12

3.1 The official delegation letter for 2011/12 was finally received on 11 November 2011 and is attached at Appendix A

3.2 The financial delegation limits are as follows:

	Current Forecast	**DfT Budget**	**Variance**
	£'000	**£'000**	**£'000**
Revenue DEL	1,067	715	(352)
Depreciation	9,627	10,000	373
Total Resource DEL	**10,694**	**10,715**	**21**
Capital DEL	11,205	11,292	87
Total DEL requirement	**21,899**	**22,007**	**108**

3.3 The DfT budgets set for 2012/13 is also being discussed and we currently have an issue around capital DEL, which is £1.6m less than currently required. No input had been sought from BTPA prior to agreeing this level and the DfT agreed to investigate any flexibility that they may have as the year emerges. We have yet to have any feedback from them but they have been chased in order to help us finalise the Capital budget for 2012/13.

3.4 It was stressed that the financial impact of the recent public disorder had not been included in these delegated numbers and the DfT Group Finance Directors agreed to include these costs

as a risk to them. The Chief Executive and Chairman will pursue settlement with the DfT Accounting Officer.

4. PSA Accounts Manager

4.1 A further round of interviews has taken place and an internal appointment has been made to the role of PSA Accounts Manager. It is being fulfilled by an initial 12 month secondment from a member of staff of the Force. She is expected to start with the Authority on 1 January 2012.

5. Gifts and Hospitality Register

5.1 In line with good governance in public bodies, a copy of the Gifts and Hospitality which have been received, accepted or declined by BTPA Members and BTPA Executive Senior Staff for oversight is prepared. Appendix B lists the full details for the BTPA.

5.2 All offers, acceptances and declines over the value of £25 must be advised in writing to the Chief Executive, within 28 days of receipt.

5.3 The Chief Executive reviewed the BTP Gifts and Hospitality Register with the Deputy Chief Constable on Wednesday 31 August 2011, and found that all entries were in accord with the extant policy. A copy of the register is attached at Appendix 1B.

5.4 Members are asked to note the gifts and hospitality registers.

6. Fraud Policy

6.1 Members will recall that both the Authority and Force have been working on their respective Anti-Fraud policies over the last year; for BTPA this was a refresh of an existing policy to reflect the implications of the Bribery Act 2010 while for BTP this was an entirely new policy. At the June meeting of the Committee it was agreed that further work should be done on both policies and that they should be presented to the Committee for final approval at a later date. BTPA sought legal advice on the requirements of such a policy and was advised that it should be informed by, and proportionate to, an assessment of risk for the business; this advice was also shared with BTP. Our initial intention was that we would use the BTP fraud risk assessment framework but as this document is still in development external good practice was researched and an interim risk assessment framework developed for BTPA. BTPA's SMT have completed and reviewed the risk assessment and made minor amendments to the policy as a result.

6.2 This policy has been shared with our lawyers and their recommendations for minor amendments have been actioned. BTPA's completed Anti-Fraud and Corruption policy is therefore presented, at Appendix C for final approval.

6.3 BTP's Anti-Fraud Policy has been finalised and published whilst completion work at BTPA has been underway – the Force may therefore wish to consider whether its policy needs to be amended in any way to ensure read-across between the two and whether the measures set out within are supported by evidence from an appropriate fraud risk assessment.

7. Thematic Reviews

7.1 After internal discussion, it is recommended that the following themes are looked at in the following order. It is recommended that one theme is reviewed each quarter.

- **March 2012 - Financial Delegation** – from DfT, BTPA to BTP and a review of the relative levels and the mechanisms used to monitor the appropriateness of the respective levels. An internal Review has been initiated by the new Director of Resources and this work can be incorporated in the review for the Audit Committee.
- **June 2012 - Capital Management** – to review the detailed controls around the annual capital plan, from initial planning, authorisation through to the final post implementation review.
- **September 2012 - Balance Sheet Control** – to explore the controls in place for the key balance sheet control accounts.
- **December 2012 - Provisions** – to better understand the provisions and accruals held within BTP/ BTPA and risks around insufficient financial provision.
- **March 2013 - London**- to review the relationship with TfL, in terms of contracts, controls and overhead contributions.
- **June 2013 - Insurance** – the balance between self insurance and external insurance cover and the relative risks that the Authority is exposed to.

7.2 Members are invited to agree the order and any other areas of discussion can be developed over the next few Audit Committees which could be discussed.

8. Recommendations

8.1 Members are asked to note this report and agree that the period 9 close accounts pack for the DfT can be reviewed by the Chief Executive before submission to the DfT.