

Minutes Audit Committee

Tuesday 06 December 2011, 11.30am

at The Forum, 74-80 Camden Street, London NW1 0EG

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Present:

Colin Foxall (Chair)
Michael Holden
Jeroen Weimar

In attendance:

Paul Crowther, Deputy Chief Constable
Francesca Okosi, Director of Corporate Resources
Simon Hart, Head of Finance

Andrew Nicholas, DfT

Nick Bateson, NAO

Andrew Townsend, Tribal Business Assurance

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

40/2011 Welcome and Apologies

Non-Agenda

1. Mr Foxall welcomed Ms Okosi, Director of Corporate Resources, to her first Audit Committee meeting.

41/2011 Minutes of Meeting 20 September 2011

Agenda Item 1

2. The minutes were approved as an accurate record.

42/2011 Matters Arising

Agenda Item 2

3. All actions were to be discussed later in the agenda or had been discharged.

43/2011 Finance Position - Quarterly Update

Agenda Item 3

4. The preparation of the 2011/12 Skeleton Accounts was progressing well with some comments already received from the National Audit Office (NAO).
5. There was an overspend largely as a result of Operation Bench. However, Mr Nicholas of the DfT advised that the £1.588m Operation Bench funding had been agreed and both the Delegated Expenditure Limit (DEL) cover and the cash would be forthcoming.
6. There were some recruitment issues in the budget control team within the Finance Department. The main problem being the post of Budget Controller. Candidates for posts in the team had either failed vetting or had been offered and accepted alternative employment. To help address this issue the recruitment consultants had been asked to advise candidates more fully at the beginning on the scope of vetting and that if there was any chance that they could fail they should not apply. In the meantime interim cover was being arranged and the job description re-evaluated to see whether the salary may be causing an issue. The Committee asked that they be kept updated on the situation.
7. The transfer of payroll processes to Birmingham had been completed successfully and the pension interface with RPMI was still being finalised. There were four main interfaces. The Committee was advised that the annual officers' report had gone the day of the meeting, the periodic interface had been sent two weeks earlier and the staff interface was not yet due. BTP was waiting for feedback from RPMI as to whether these had been sufficient and had given themselves a self imposed deadline of obtaining agreement to all the interfaces from RPMI before Christmas, but it was noted this was reliant on receiving a response from RPMI. The Committee asked that they be notified if agreement on the interfaces with RPMI was not achieved by the end of 2011.
8. The pension interface work had revealed some issues with the levels of deductions, with 108 employees owing money to BTP and 140 being owed by BTP. The overall figure was £38k and included employees and employers. The automated interface would help to ensure that this did not happen again. The Committee was reassured that this would not affect the fund as the error came from contribution errors rather than the actuarial salary valuation. Tribal

9. There had been a revised Standard Operating Procedure for Government Procurement cards circulated and these were no longer to be used for expenses.
10. **Agreed**
 - 10.1. The Committee to be kept updated on the recruitment issues within the Budget Control Team.
 - 10.2. Tribal to report to the next meeting on the pension contribution errors.
 - 10.3. The Committee to be notified if agreement on the interfaces with RPMI is not achieved by the end of 2011.

44/2011 BTPA Finance Issues - Quarterly Update

Agenda Item 4

11. The Management Assurance Return (MAR) had been submitted to the DfT. The NAO were currently reviewing the returns to see how robust they were as a measure.
12. There had been a hard close at the end of Period 9 as part of the 'Clear Line of Sight' work and the accelerated timetable, from which the figures were to be submitted by 27 January 2012. There had been a test for this at Period 6 which had gone well. Approval for the Chief Executive to sign off the pack to be submitted in January was sought as there would be no Committee meeting in the intervening period. The Committee agreed to this on the proviso that they received a copy of the pack for information.
13. The 2011/12 DEL letter had arrived at the Authority in November, clarification was sought on the specific authorisations on consultancy costs and recruitment.
14. It was noted that the forecast presented in table 3.2 did not cover the costs of policing the public unrest as these were not known at the time of setting budgets.
15. The Gifts and Hospitality registers for both BTPA and BTP were attached as appendices. The Chief Executive had reviewed the BTP register with the Deputy Chief Constable and found it be in line with policy.

16. The BTPA Anti-Fraud and Corruption policy had been approved by the lawyers as proportionate and in line with legislation. The only step left was to ensure that there was read across with the BTP policy. The Committee asked that the BTPA policy include a list of who must be notified in the case of a fraud being reported. It was also noted that the public facing document must be readily available and easily accessible to all and consistent with the main policy. The NAO advised that they could be added as a contact for the reporting of fraud.
17. The timetable for the Committee's thematic reviews was outlined in the paper. The Chair advised that he saw these as being a note with suggestions to be reviewed. Following review a plan would be put in place should any work be required. He noted that division of responsibility for decisions between the BTPA and BTP was not identified as a separate theme, adding that he hoped this would be covered during the course of the year across the groups and committees of the Authority as a whole. The insurance theme was timetabled for November but the Committee would like to review this sooner. It was considered that this could be done by a note on self insurance, including information on the parameters within which the Force could manoeuvre when making decisions be submitted to the next meeting instead.
18. Tribal asked whether the Olympics should be a theme for the Committee. The Committee considered this and concluded that this was business as usual and as such was being dealt with via the Full Authority, Finance and Strategy Groups. The Committee did not feel that it had anything to add at this stage.
19. Clarification as to whether paragraphs 21(a) & (b) of Annex D to the DEL letter, concerning guidelines for managing allocations and resources, were applicable to BTP as the agreed budget was funded by the PSA Holders. The NAO view was that these were the coalition controls and did apply to the BTP. It was noted that there must be clarity on the applicability of these paragraphs and it was agreed that the Chief Executive would write to the DfT formally to confirm the position.
20. **Agreed**
 - 20.1. The Committee to receive a copy of the Period 9 hard close pack to be submitted to the DfT by 27/01/12.
 - 20.2. The BTPA Anti-Fraud and Corruption policy to include a list of people to be notified in the case of a fraud being reported.

- 20.3. The Chief Executive to write to the DfT formally for clarification of how paragraphs 21 (a) & (b) applied to BTP and its funding from the PSA holders.

45/2011 BTPA Quarterly Strategic Risk Report

Agenda Item 5

21. BTPA was no longer presenting its operational risk register to the Committee as this was monitored by the Senior Management Team. However, it was available for inspection should any member of the Committee request to see it out of Committee.
22. The two new potential risks that had been raised at the last meeting were not to be added to the Register. The treatment of public disorder costs was being considered but it was agreed that this risk related to the level of contingency rather than as a risk in its own right. On the Corporate Manslaughter Act changes to cover all custody providers, a paper had been requested to go to the Professional Standards Committee to reassure the Committee on the standards the BTP custody reached and how these were mitigated at older sites. A paper on the Independent Visiting Scheme would also be presented. A risk would only be added to the risk register if the level of assurance resulting from this was not felt to be sufficient.
23. The Committee noted the report.

46/2011 BTP Strategic Risk Report

Agenda Item 6

24. There were two new risks that had been added to the register:
 - 24.1. The planned move toward a single police force for Scotland.
 - 24.2. Implementation of the WAN programme leading to delays in benefit realisation and increased costs owing to dual running.
25. Three risks had been closed including:
 - 25.1. the early termination of EPSAs as this was now on local registers where there was significant exposure;
 - 25.2. the loss of a key BTP control centre as all actions to mitigate this had been completed;
 - 25.3. and the failure to demonstrate compliance with the Bribery Act leading to a loss of confidence, as the policy had been finalised and the procurement documentation updated.

26. Work had commenced on the Disaster Recovery Centre and completion was on schedule for completion by May 2012.
27. The firearms project was progressing with the support of ACPO and the Home Office. The Home Secretary had given a section 5 order which meant that any request for a firearms licence for an individual officer pursuant of this could not be refused by the chief constable in their home area. Legal Advice had been received that the 'firearms dealer' option was not suitable for BTP.
28. The risk management process had been updated.
29. There was a concern from the Committee that as the early termination of EPSAs risk had been closed the Authority had no medium through which to have an awareness of the exposure resulting. It was agreed that the EPSA spend would be made clear in the budget.
30. The Committee noted that the Vigilance Pro software was not operational in all areas of the Force and expressed their concern that a gap in the system undermined its purpose.
31. **Agreed**
 - 31.1. The EPSA spend to be made clear in the budget to ensure that Members have an understanding of the exposure.

47/2011 HMIC Inspection Programme

Agenda Item 7

32. It was noted that the relationship with HMIC to date has been on a relatively informal footing, which whilst effective has led to increasing uncertainty regarding both the charging and reporting arrangements for HMIC activity. There have also been issues with inspections having to be adapted to take account of BTP's unique circumstances. To help overcome the issues outlined, a protocol was being developed between HMIC, BTPA and other non-geographic forces which would set out minimum expectations from both sides around:
 - 32.1. Total maximum annual spend on inspections
 - 32.2. How many inspections/consultancy activities will be provided for the set fee
 - 32.3. Standard response times to provide inputs to inspections/comment on draft reports

32.4. Delivery periods for HMIC to produce draft and final reports

33. The protocol was seen as a positive step in receiving value for money from HMIC. The next step was to agree on the investigations for the next financial year.
34. There was some debate over which areas would provide the most valuable feedback. The Force was keen to have inspections on fatality management and its approach to reducing and detecting metal theft as these were both key BTP activities of which an external view would be useful. However, there was a question as to how much value would be obtained from these as BTP were already specialists in these areas.
35. The Committee decided that the Inspection proposals should be given further consideration outside of the meeting and recommendations taken to the full Authority.
36. **Agreed**
 - 36.1. Further consideration to be given to the inspection proposals outside of the meeting and recommendations taken to the full Authority

[Mr Holden left the meeting]

48/2011 National Audit Office Report

Agenda Item 8

37. The NAO presented their audit planning report. The NAO identified two significant risks which would require an audit response.
38. The discussion on the pensions issue has been minuted in its entirety at section 44/2011 of the minutes for ease of reference.
39. There were also some lower level issues from previous audits that would be tracked.
40. The audit timetable had been brought forward to accommodate the requirement for BTPA to provide the Accounts to the DfT for consolidation in May.
41. The report was noted.

49/2011 Tribal Reports

Agenda Item 9

The Committee received the following reports:

- Summary Internal Audit Progress Report
- Government Procurement Cards
- Area Compliance Review of the North East
- Area Compliance Review of Scotland
- Area Compliance Reviews Summary
- Compliance Checks - Major Incident Team
- Compliance Checks - ICT
- L Area Overheads
- Capital Works - Financial Management
- Privilege Travel

Tribal advised that those areas that had been reassessed following receipt of a limited assurance rating in 2010/11, including LU Monitoring, Privilege Travel and Capital Works, had improved significantly. However, it was noted that some of the issues identified remained outstanding from the previous audit, although it was accepted that some of these were ongoing corporate issues that took time to fully resolve. Exceptional progress had been made on the Government Procurement Cards controls with a new Standard Operating Procedure for these.

Tribal proposed to adopt the DfT assurance assessments and recommendation gradings to assist with the clear line of sight agenda with the Committee's approval. The Committee was content to proceed on these terms.

On the ICT compliance checks it was noted that were broader issues in the ICT area and additional support was being sought.

The cover paper and summary report had been helpful in distilling the information for the Committee.

Signed.....

Chairman