

Report to: Audit Committee
Agenda item: 3
Date: 20 March 2012
Subject: BTP Finance Position – Quarterly Update
Sponsor: Director of Corporate Resources
Author: Head of Finance
For: Information / Decision

1. PURPOSE OF PAPER

- 1.1 This report informs the Audit Committee of significant developments within the Finance and Procurement Team since the meeting of the Audit Committee on 6 December 2011.

2. BACKGROUND

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

1. Preparation and Planning for 2011/12 Annual Accounts
2. Budget Monitoring 2011/12
3. Chief Constable's Budget Delegation Letter 2012/13
4. Fit for Future Action Plan - Finance and Corporate Services
5. Provision of payroll information to RPMI
6. Follow up internal audit reports

3. PREPARATION AND PLANNING FOR 2011/12 ANNUAL ACCOUNTS

- 3.1 Preparation for the production of an unqualified set of 2011/12 set of accounts is on going. The NAO are nearing the completion of their interim audit which has progressed well with no major issues of concern identified. BTP remains on target to meet the deadlines set to meet the new HM Treasury requirement for accounts to be laid before 19 June instead of pre summer recess as in previous years. This has resulted in new fore-shortened deadlines, including an earlier meeting for this Committee in May 2012.

- 3.2 There are two changes to the accounts format in 2011-12, a Sustainability Report and a Governance Statement which replaces the Statement on Internal Control. Work is ongoing to ensure these statements are produced to meet government accounting standards.
- 3.3 BTP is also working with DfT to produce the new consolidated accounts for the department. In previous years as a Non Departmental Public Body, BTPA has not been consolidated into the main departmental accounts. However under the new alignment of government finances, known as Clear Line of Sight, BTPA does come within the departmental boundary for accounting purposes. The consolidation process is well under way, and DfT has produced a template into which BTP has mapped our own financial coding structure. As test runs BTP used information from Period 6 and Period 10 to complete the template and sent this to DfT who have successfully consolidated these into the departmental accounts, the final accounts information is due to be supplied to DfT by 8 May. This consolidation process has been audited at the interim stage and will also be subject to audit at the final stage. Currently BTP is on target to meet all these deadlines.

4. BUDGET MONITORING 2011/12

- 4.1 BTP continues to build on the effective financial monitoring of 2010/11 by further reinforcing the role of the Finance Reviews as a means of scrutinising each Area's and each Department's financial and establishment position and forecast. Under BTP's Strategic Plan the Director of Corporate Resources has an objective to '*exercise financial control through rigorous four weekly Departmental and Area finance reviews*'.
- 4.2 Budget monitoring for Period 11 indicates an outturn forecast surplus of £901k against budget, this is in line with the required surplus of £850k which is needed to supplement the PSA Smoothing Reserve in order to support the 2012/13 PSA at standstill.



5. CHIEF CONSTABLE'S BUDGET DELEGATION LETTER 2012/13

5.1 The Chief Constable's Budget Delegation and Responsibilities Letter was issued on the 20 February, the letter sets out:

- Provisional Budget Control Totals for Revenue and Capital
- Rules for setting budgets
- Rules for in year management of budgets

5.2 Departments and Areas have until the 16 March to load budgets on to E-Fins the corporate financial system. Following this a Budget Book will be produced showing the budget, establishment and local and national policing objectives for each area and department.

6. FIT FOR FUTURE ACTION PLAN - FINANCE AND CORPORATE SERVICES

6.1 Work on implementing the Finance and Procurement Action Plan is progressing well. This Action Plan forms the basis for the departmental business plan and individuals' PDR objective. The Action Plan is focused on four key themes:

- strengthening the culture of good resource management in BTP
- building capability in the Finance & procurement function
- ensuring that polices are fit for purpose, and
- ensuring process improvement, standardisation and compliance.

6.2 In line with the Action Plan a Finance and Procurement Manual has been produced, this sets out in one document all of BTP's finance and procurement rules and provides user friendly guides on how to carry out finance and procurement processes.

6.3 Following a significant amount of recruitment activity the Finance and Procurement team is now up to full establishment with 24 of the 25 posts being filled with permanent members of staff and with one interim member of staff due to start in the Budget Controller post shortly.

7. PROVISION OF PAYROLL INFORMATION TO RPMI

- 7.1 A major area of work over the last few months has been over the provision of payroll information to RPMI. BTP is obliged to provide our pensions provider, RPMI, with information regarding their members pay to ensure RPMI has the correct information to calculate contributions and forecast pension payments. In the past BTP has provided this information on manual spreadsheets, where as RPMI now specify that the information is to be provided in an interface format, which can be automatically interfaced with their records. This method has the advantages of reducing errors and improving resilience of data transfer. RPMI are currently testing the latest interface which was provided on the 21 February, a verbal update will be provided to the Audit Committee on the progress of this interface through testing.

8. FOLLOW UP INTERNAL AUDIT REPORTS

- 8.1 An update on outstanding audit recommendations is provided at Appendix A. There are two outstanding recommendations following the Compliance Review of the Strategic Financial Control Arrangements which are being considered by the Director of Corporate Resources and required actions will be reported to the Committee at its next meeting.

9. RECOMMENDATION

- 9.1 Members are invited to note the progress achieved to date on the matters outlined in this report.

Appendix A

Follow up Audit Recommendations

Reference	Recommendation	Management Comments	Updated Response	Current Status	Deadline for Completion
Compliance Review of the Strategic Financial Control Arrangements Force requirements in the Financial Management Code of Governance.	The Authority should approve which post within the Force is the lead finance person once the post of Director Finance and Corporate Services is deleted.	Agreed. This will be discussed with the Director of Resources when the position is fully operational. In the meantime the governance applies.	The Director of Corporate Resources is reviewing the position.	On-going	
Compliance Review of the Strategic Financial Control Arrangements Force requirements in the Financial Management Code of Governance.	The quarterly statements should be completed for April to June 2011 and subsequent quarters so that 2011/12 is fully covered by certified statements on the Force compliance with Financial Regulations and the Scheme of Delegations.	Agreed. The assurance process which enables the Deputy Chief Constable and Director of Corporate Resources to sign-off this statement is being reviewed and formalised. The statement will be completed on a quarterly basis.	The Director of Corporate Resources is reviewing internal governance arrangements and the assurance process to enable the sign-off of this assurance statement	On-going	