



Report to: **Audit Committee**
Agenda item: **3**
Date: **31 May 2012**
Subject: **BTP Quarterly Update**
Sponsor: **Interim 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 last meeting on 20 March 2012.

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. 2011/12 Revenue and Capital Outturn and 2012/13 Budget Monitoring
2. 2011/12 Annual Accounts
3. Recruitment Update
4. Provision of Payroll Information to RPMI
5. Follow Up Internal Audit Reports

3. 2011/12 REVENUE AND CAPITAL OUTTURN AND 2012/13 BUDGET MONITORING

3.1 The 2011/12 Management Accounts outturn is an under spend (surplus) of £1,154k or 0.5% under the approved budget for net expenditure. This surplus compares very closely to the position reported to the last BTPA Finance Group at Period 9 (Quarter 3) and Programme Board at Period 12 which was for a forecast under spend of £1,018k. This is a good outturn position for BTP as a whole and for individual Departments and Areas whose outturns are within plus or minus 1% of their forecasts, as they were required to be.



3.2 This favourable outturn position has been achieved despite 2011/12 being a challenging year with a number of unplanned financial pressures including the additional costs arising from the public disorder in the summer, the need to meet the costs arising from slippage in the Wide Area Network Project and the Unauthorised Pension Payment issue. Managing these unplanned pressures has required very firm management of the budget which has been achieved through regular Finance Review meetings with budget holders and effective reporting to BTP's Strategic Command Team and the Authority's Finance Group allowing strategic management of the financial position.

3.3 The surplus of £1,154k (including L Area) and £1,211k (excluding L Area) will be appropriated as follows (the amounts in brackets show the value of the reserve following the increase):

PSA Smoothing Reserve (previously identified savings)	£850k (£3,850k)
Contingency Reserve	£361k (£3,285k)

3.4 The 2011/12 capital outturn is £10.6m which is £0.6m below the budget of £11.2m and £0.4m (3.5%) below the Period 12 forecast.

3.5 The Chief Constable's 2012/13 Budget Delegation and Responsibilities Letter has been issued to all budget holders and revenue and capital budgets for 2012/13 have been loaded onto BTP's financial system. For 2012/13 a significant development in financial monitoring within BTP is planned. All reporting has now been put into an electronic format by importing data from BTP's financial system into a leading budget reporting front end tool. This will allow those managing budgets and those scrutinising budget performance to very quickly understand their overall financial position as well as drill down on each budget line to individual transactions. This development will greatly improve the efficiency and quality of budget monitoring as the need for paper records will be eliminated, it will allow for even more value added and focused understanding and scrutiny of the financial position.



4. 2011/12 ANNUAL ACCOUNTS

4.1 The audit of the 2011/12 Accounts has been completed and the accounts are presented elsewhere on this agenda. There have been no significant matters arising from the audit and the accounts are recommended for approval by the Authority on 12 June. The accounts will then need to be signed by the Chief Executive as Accounting Officer and sent to the NAO for signing. It is anticipated that BTP will meet the deadline of 15 June for publishing the accounts

4.2 This is considerably earlier than in previous years when the deadline to publish the accounts has been before the parliamentary summer recess (around 22 July). This has been achieved due to adherence to a strict timetable and close working between the Finance Team and NAO staff to ensure all working papers and audit evidence was requested and supplied in good time and any issues were raised and resolved quickly.

4.3 BTP has also been working with Finance colleagues in the DfT to produce the new consolidated accounts for the Department. In previous years as, a Non Departmental Public Body, BTPA has not been consolidated in to 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.

4.4 The DfT has produced a template to which BTP has mapped our own financial coding structure. This has been tested during the year and the final figures have been loaded and sent to the DfT. It is currently being audited. Again issues are being resolved as they are raised and it is not anticipated that BTP will fail to meet the consolidation deadlines.

5. RECRUITMENT UPDATE

5.1 The Finance and Procurement Team structure is shown at Appendix A, the team is now fully staffed with permanent employees in all posts with the exception of the Budget Controller post. This post is being filled by an interim employee but the permanent recruitment campaign will commence shortly and it is hoped the post will be filled on a permanent basis within the next 4 months.



6. PROVISION OF PAYROLL INFORMATION TO RPMI

- 6.1 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.
- 6.2 BTP has now produced the interface and has sent RPMI a live interface with April and May payroll data. This will then continue on a periodic basis.
- 6.3 This has been a complex piece of work requiring specialist input involving programming and payroll systems knowledge. The final significant problem, which has now been overcome, was the requirement to map each member to their specific pension scheme. This required the development and implementation of a sophisticated electronic mapping tool and this was achieved through good joint working between Finance, Human Resources and BTP's payroll supplier.
- 6.4 A separate reconciliation of payroll pensions deductions to RPMI charges has been carried out at an individual member basis. It has shown that a small proportion of members had either over or underpaid pension contributions. All over payments by members have been refunded by payroll. A plan to recover underpayments, including a write off of the first £200 has been agreed and members concerned are being contacted to discuss repayments on an individual basis. A schedule of all repayments, including write offs will be submitted to the Chief Executive of the Authority for approval before any write offs are actioned.



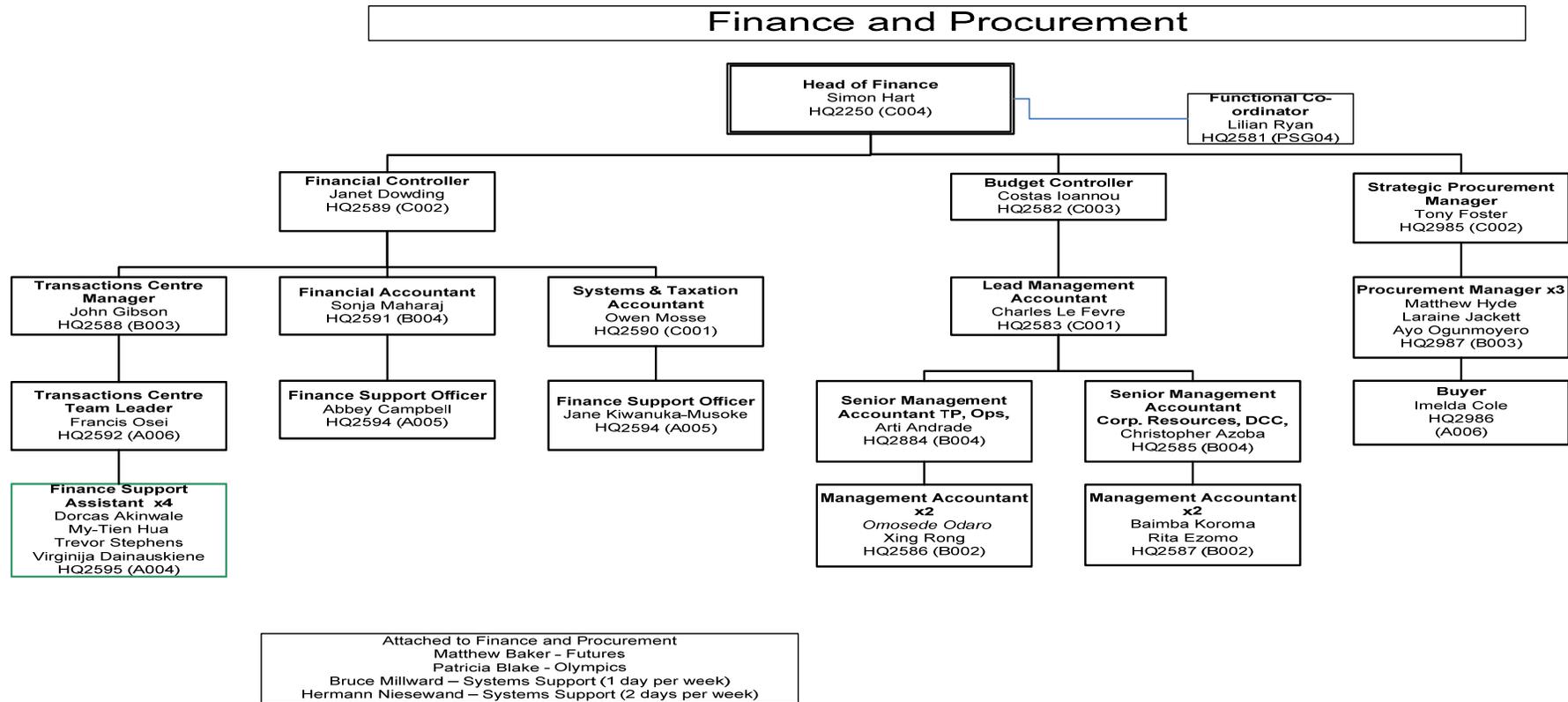
7. FOLLOW UP INTERNAL AUDIT REPORTS

- 7.1 An update on outstanding Finance audit recommendations is provided at Appendix B. There is one outstanding recommendation following the Compliance Review of the Strategic Financial Control Arrangements.

8. RECOMMENDATION

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

Appendix A



Appendix B

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.	Head of Finance nominated as Lead Finance Professional from 19 March 2012.	Complete	
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.	As part of BTPs Compliance Action Plan a quarterly meeting of a newly established Audit Board chaired by the Deputy Chief Constable will be held. This meeting will provide the assurance necessary for the Deputy Chief Constable and Director of Corporate Resources to sign off this quarterly statement. The first statement including retrospective statements will be signed and returned after the first meeting of the Board which is currently being scheduled and will be in advance of the next Audit Committee..	On-going	