Agenda Item 4
Appendix C

Audit

National Audit Office

Helping the nation spend wisely

GTN 3935
Switchboard +44 (0)20 7798 7000
Facsimile +44 (0)20 7798 7070

Direct Line 44 (0)20 7798 7767
Email nick.bateson
@nao.gsi.gov.uk
Date 29 February 2012

Liz Pike
Finance Director
British Transport Police Authority
The Forum, 5th floor North
74-80 Camden Street
London
NW1 0EG

RECEIVED
12 MAR 2012
B088/12

Dear Liz,

BRITISH TRANSPORT POLICE AUTHORITY (BTPA) MID-YEAR MANAGEMENT ASSURANCE RETURN 2011-12

As you are aware, the Permanent Secretary of the Department for Transport (the Department) required all agencies and arm's length bodies (including the BTPA) to complete a mid-year Management Assurance Return for 2011-12. The Returns are intended to form an element of the Department's review of the effectiveness of internal control across the Group and will support the Department's Group Governance Statement when it is published with the Annual Report and Accounts later this year. The Returns needed to be completed; reviewed at Audit Committee level; and submitted back to the Department by 11 November 2011.

As part of our work on the control environment across the Department, we examined the mid-year Management Assurance Returns completed by a sample of agencies and arm's length bodies. We sought to test whether the Returns process is well established to support the Department's Group Governance Statement and the individual Governance Statements for the bodies concerned. As a key component entity within the group, the BTPA was selected for inclusion within this sample.

Our testing at the BTPA involved reviewing processes for completion of the mid-year Return; examining the Head of Unit Statement signed by the Chief Executive Officer; and agreeing a sample twenty four[1] individual statements to supporting evidence.

From our testing, we found that the mid-year Return was submitted to the Department on time, having been compiled by the Head of Risk Management and Assurance in liaison with individual units across the business. The process of compiling the Return was robust although we did note the following low level observations:

[1] Statements selected for testing included Governance Statements; Business Planning Statements; and Delivery Statements.

1 Internal Audit and Audit Committee Involvement

The mid-year Management Assurance Return was not examined by Internal Audit. A paper was provided by management to the Audit Committee on 20 September 2011 stating that there were no business areas providing "none" or "partial" management assurance to DFT. As evidence continued to be reviewed in the run-up to November 2011, the assurance for Governance/ Delegated Authority statements was in fact down-graded from "Reasonable" to "Partial". From our testing, it was unclear how this was communicated to the Audit Committee. To address this, we recommend that the BTPA's procedures for Internal Audit examination and for briefing the Audit Committee on changes in the run-up to submission should be reviewed and, if necessary, revised.

2 Head of Unit Statement Error: Accuracy

The Head of Unit Statement answered "yes" to the question "Is this NDPB required to complete monthly DfT/ HM Treasury Cash Management returns". BTPA is not in fact required to complete these returns. This answer should be revised in the year-end Management Assurance Return for 2011-12. ✓ updated

For the individual statements that we tested in detail, we found that the supporting evidence in place at BTPA was broadly consistent with the assurance ratings BTPA gave itself. In some cases (the Risk Management and Risk Identification statements), the amount of evidence available suggested that, in our opinion, the BTPA could have awarded itself full rather than substantial assurance. Furthermore, for one statement (Equality Duties: All EqIAs have been signed off by a member of the senior management team), although the supporting evidence was consistent with the Reasonable rating given, the accompanying commentary was inaccurate and, at our request, was revised. This notwithstanding, the overall level of consistency between ratings given and evidence available was good.

Our findings on the BTPA's mid-year Management Assurance Returns process will be reported to the Department in advance of the year-end Management Assurance Returns process for 2011-12. In the meantime, I would like to thank you and your staff for the co-operation you have shown us.

Yours.

Nick Bateson

Director, Transport - Financial Audit