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Report to: Audit Committee
Agenda item: 4
Date: 20 March 2012
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 December 2012.

2. Annual Accounts

2.1 The interim audit has been completed and a separate paper is presented at agenda item 10. No major concerns were identified at the completion meeting.

2.2 The Management Assurance return for the six months to March 2012 is presented elsewhere on the agenda and must be submitted to the DfT by 30 April 2012. The NAO have now completed their audit of the MAR to September 2011. This is attached in Appendix C. The NAO observed that the process that we had adopted was robust with a couple of low level observations; these have now been reviewed and implemented.

2.3 The basis of the accounting treatment of the unauthorised pensions was presented to the last Audit Committee and will be presented to the Authority in March for approval. At the time of writing this report we are still awaiting clarification from the HMRC on the tax treatment of the payments made.

2.4 In line with the requirements of the Corporate Governance Code, the Chief Executive, as Accounting Officer has written to the Chief Constable, requesting him to confirm that all managers who have been provided with delegated responsibility have understood and fulfilled their responsibilities with regard to the operating cost budget in 2011/12.

3. Budget 2011/12 and 2012/13

3.1 The official delegation letter for 2011/12 was received on 11 November 2011 and a letter of clarification was sent by the Chief Executive on 13 January. Despite repeatedly chasing the DfT we are still awaiting a response.

3.2 The capital budget has been submitted to the DfT and prudent draft revenue requirements have been presented to the DfT (with an estimated irrecoverable gap). We await a delegation letter for 2012/13.

3.3 The cash requirements for grant in aid funding for the Olympics and the irrecoverable gap have been received in full for 2011/12.

4. DfT Reviews of BTPA

4.1 The DfT Group Finance Director requested a review of the governance in place in BTP / BTPA in order to assess the risk of our consolidation into the DfT whole Government Accounts. A series of interviews, by PWC, have taken place with the Authority Chief Executive and Finance Director, Tribal, the Chief Constable, Director of Corporate Resources and the Chair of the Audit Committee. A draft report is being issued on 15 March and the Authority Finance Director will be briefed on 16 March as to the findings of their work. A verbal update will be given to the Audit Committee.

4.2 In addition to the above review and the review undertaken by the NAO on the completion of the MAR to September 2011, the NAO have also been asked by their central team to perform a fast track study into internal audit arrangements across Government. The report is to be published at the end of May and to feed into HM Treasury's own review that will be finalised in spring 2013. The areas they are seeking to address through the review are the balance of work between key internal controls and high level organisational objectives; and the skills and experience of internal audit staff. The NAO team will also be reviewing internal audit plans across Government and have selected the British Transport Police as part of their sample. A link to a questionnaire has been circulated to members of the Audit Committee, and key users in BTP and BTPA.

4.3 A further review was commissioned by the Cabinet Office on the payment of senior executives. This review required the BTPA and BTP review the payment of all employees. BTP identified a number of staff who were paid through a consultancy arrangement. These have been highlighted to the DfT as part of this return and the results were audited by Tribal.

5. PSA Charges 2012/13

5.1 The finance cluster in the Executive has been working on the charges for 2012/13. These will be presented to the Finance Group for scrutiny on 16 March 2012. A number of minor improvements have been made and when the NAO reviewed the processes for 2011/12 charges in the audit, no issues were raised.

6. Gifts and Hospitality Register

6.1 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 A lists the full details for the BTPA.

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

6.3 The Chief Executive reviewed the BTP Gifts and Hospitality Register with the Deputy Chief Constable on Wednesday 7 March 2012, and found that all entries were in accordance with the extant policy. A copy of the register is attached at Appendix B.

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

7. Recommendations

7.1 Members are asked to note this report.