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Report to: Audit Committee
Agenda item: 4
Date: 31 May 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 March 2012.

2. Annual Accounts

2.1 The final accounts are presented at agenda item 6. The draft accounts were circulated to all Members of the Authority on 23 May for comment. Any major comments received from either the Members or the senior team at BTP will be highlighted verbally to be meeting.

2.2 A final completion meeting will be held with the NAO on 28 May. Weekly meetings have been held with the audit team during the course of the audit. Issues of disclosure, in particular the change in accounting treatment of grant in aid have been highlighted and amendments have been made. At the time of writing this report the final partner review is outstanding, there are a number of queries outstanding on the IAS 19 calculations around the two pension schemes and delegations are being sought from the Department for Transport on a small amount of consultancy spend, non critical recruitment and a lease renewal for Axis House. This has arisen late in the day as the DfT have only just

clarified the treatment of a number of queries that the Accounting Officer raised around the delegation letter in January 2012.

2.3 The Management Assurance return for the six months to March 2012 was submitted to the DfT in line with the timetable.

2.4 The basis of the accounting treatment of the unauthorised pensions was presented to the last Audit Committee and was approved by the Authority in March. The Accounting Officer and I met with Nick Bateson from the NAO to discuss the treatment of the estimated costs relating to these payments. As no formal authorisation had been received by the Treasury, HMRC or the Authority, the NAO have advised that the £975k estimated costs should be disclosed as a contingent liability and not as a provision. This treatment has been agreed and a contingent liability has been disclosed in the accounts.

2.5 In line with the requirements of the Corporate Governance Code, the Chief Executive, as Accounting Officer wrote 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. The response was received and is attached at Appendix A for information.

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. The clarification was received on 16 May 2012 the clarification was not as clear as we had requested, however the required authorisations have now been sent to the DfT for approval.

3.2 A draft letter for 2012/13 has been received and we have fed back a number of comments on the draft. The final letter of delegation should therefore be with us by the time of the Audit Committee.

3.3 The revenue budget for 2012/13 includes £12.8 m funding for the Olympics and Paralympics. The impact of Winsor part 1 which was implemented across the country with effect from 1 April 2012 has led to additional potential costs of £1.6million. These have been flagged to the DfT and we will work with them in funding this gap.

3.4 The capital budget has been agreed by the DfT and is included in the draft delegation received.

3.5 The schedule of cash payments for grant in aid funding for the Olympics, cable theft and the irrecoverable gap have been agreed with the DfT and the first payment of £3.1million was due to be received on 24 May.

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. The final report was requested at the Chair of Chairs meeting by me. Nothing has yet been received.

5. PSA Charges 2012/13

5.1 The charges for 2012/13 were approved by the Authority in March and letters to PSA holders were issued on time. All major core PSA holders have paid at least one of the two invoices raised in 2012/13. Of the £12m year end core PSA debtors, 99% was received by 15 May 2012. Accordingly no bad debt provision was deemed necessary. No issues have been raised by the NAO in their final audit.

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 and the list has been changed to reflect requests made at the last Audit Committee.

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 15 May 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.