

Minutes

Audit Committee

Tuesday 04 December 2012, 12.00pm
at G1&G2, FHQ, 25 Camden Road, London NW1 9LN

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Present:

Colin Foxall, Chair
Michael Holden (part)
Bill Matthews
Brian Phillipott

In attendance:

Paul Crowther, Deputy Chief Constable
Mark Newton, Interim Director of Corporate Resources
Simon Hart, Head of Finance
Barry Hutton, Corporate Governance Advisor

Andrew Townsend, Tribal Business Assurance
Nick Bateson, National Audit Office
Andy Nicholas, DfT
Ian Coates, DfT
Bonnie Sweet, DfT

Andrew Figgures, Chief Executive
Liz Pike, Authority Finance Director
Lucy Yasin, Authority Business Manager & Minutes

41/2012 Welcome

Non-agenda

1. The Chair welcomed all to his last meeting confirming that no apologies had been received.

42/2012 Minutes of Meeting 26 September 2012

Agenda Item 1

2. The minutes were approved as an accurate record with a small amendment to action 5.1 which had been reflected.

43/2012 Matters Arising

Agenda Item 2

3. Current BTP policy was that employer pension contributions continued to be paid whilst employees were on career breaks and maternity leave. It was considered that this was out of step with modern employment practices and agreed it would be useful to review all relevant standard operating procedures for outdated custom and practice.
4. All other matters had been discharged or were on the agenda.
5. **Agreed**
 - 5.1. BTP to review all relevant standard operating procedures that include allowance information for outdated custom and practice, and in particular the policy of paying pension contributions whilst employees were on career breaks and maternity leave. BTP to report back to the Appointments and Remuneration Committee on the findings.

44/2012 BTP Quarterly Update

Agenda Item 3

6. An update was provided on Operation Enterprise, the project to transform the Corporate Resources (CR) Department.
7. A new performance framework was being designed with key performance indicators that were more customer focused and aligned with the Policing Plan and Strategy. A new monthly Compstat process had also been successfully introduced.
8. Customer service training was being delivered to all employees in the CR Department. The intention was for all CR staff to be fully trained by 31 March 2013. Training was by way of a classroom session on-site, with separate sessions being held for managers.
9. The CR Department had joined the Customer Service Institute. A baseline assessment had resulted in a customer service score of approximately 50% following customer feedback. To achieve chartered status this needed to be increased to 68% and an improvement plan was underway. The Committee were advised that the main issues related to processes rather than people, therefore lean six sigma process reviews were in progress to improve this.
10. A key failure area was technology. A gap analysis was taking place to identify the key issues, following which a report would come to the Authority recommending a way forward.

11. It was noted that there was an aspiration from Government for shared services across arms length bodies (ALBs). Mr Nicholas of the DfT updated that tenders for shared services across central government had been received but at present this did not include ALBs. He added that Cabinet Office guidance was that all government departments and ALBs must follow the Government ICT Strategy.
12. Mr Newton updated that negotiations for shared services remained ongoing with Network Rail and TfL. There had also been discussions with the Operation Athena team which was a collaboration between 7 forces in the south east for IT services. The first of the 7 forces were due to 'go live' shortly and BTP would see how this worked. Discussions with City Of London Police had identified a number of smaller scale collaborations which were being formalised. The VAT factor was usually the issue that frustrated attempts to collaborate on a larger scale.
13. A Business Development Unit was under development and Mr Franks had been assisting with this. The role of the Unit was twofold, with an inward looking focus on the management of supplier contracts and an outward looking focus on how BTP could work with the industry to help them with their security requirements. It was noted that it was important that this work resonated with the Strategy.
14. The business case for a Leadership Academy had been approved by the Service Improvement Board following a pilot project. The Academy would be delivered by April 2013 and would establish academic partnerships to ensure that officers and staff receive tailored personal development.
15. There was also a significant project for renewing HR service excellence for which the Business Case had been presented to Force Executive Board (FEB) on 28 November.
16. BTP reported that its new meeting structure was working well with highlight reports from each Board being received at the monthly FEB. A particular success to be noted was the Integrity and Compliance Board, which was reported to be producing good results enforcing the governance controls, including the reduced spending on travel and accommodation and the reduction in the number of retrospective purchase orders. BTP added that they were confident that they had identified or were in the process of identifying all control issues.
17. The efinancials system had been upgraded with more pragmatic processes to help ensure compliance with the purchase to pay policy. Office supplies were now purchased from a catalogue to ensure value for money and tighter control.

18. The pensions interface had now been passed to payroll and was being updated automatically. Once this had been in place successfully for two months RPMI would sign this off.
19. The Committee was pleased with the significant progress that had been made.
20. The outstanding audit actions list had not been attached to the report and would be circulated out of committee.
21. **Agreed**
 - 21.1. The outstanding audit actions table to be circulated out of committee.

45/2012 BTPA Quarterly Update

Agenda Item 4

22. The Management Assurance Return (MAR) had been submitted to DfT ahead of the deadline. The delegated expenditure letter (DEL) had been discussed with the DfT and it had been confirmed that BTPA and BTP were required to comply with the approvals processes. BTPA and DfT had worked together to make the approval process as efficient as possible whilst remaining compliant and requests were now sent in batches on a weekly basis. It was clarified that approval was not required for permanent staff where these were budgeted in the establishment but was required for temporary staff. There was also a separate process for redundancies.
23. The definitive figures for the Olympics would be available in period 9.
24. The internal audit function would move from Tribal to the DfT from 1 April 2013. Mr Coates advised that he had met Mr Townsend to discuss the transition and knowledge transfer and was confident that it would be a smooth process.

46/2012 Quarterly Strategic Risk Reports

Agenda Item 5

BTPA Risks

25. The key risk for BTPA was the possibility that the new PSA may not be signed by PSA holders by the 31 March 2013 and the consequent risk for the charging regime that followed. Advice had been sought should this eventuality arise.
26. Approval of the PSA from the Secretary of State was not anticipated before the Christmas recess. To help progress this a session was

being arranged where the parties could meet with the aim of resolving the outstanding issues that were delaying submission to the Secretary of State. The DfT were confident that Secretary of State approval would be achieved early in the New Year.

27. The Committee noted the situation, advising that there needed to be clarity from the DfT on what would happen if one or more PSA holder did not sign the PSA. The Chief Executive advised that he was meeting with the DfT on 6 December and if agreement on this was not forthcoming he would write to the DfT with his understanding of the situation.
28. It was expected that Virgin Trains would be given an extension on the West Coast franchise. This was not anticipated to be an issue with respect to charging, as analysis had shown that Virgin's charge would reduce under the new model.
29. The other significant risk to note was the valuation of the police officer pension scheme. The valuation was due as at 31 December 2012 and the indication was that there would be a significant deficit.
30. A brief explanation of the situation with respect to the BTP regulations was provided and it was agreed that this would not be added to the risk register as controls were in place.

BTP Risks

31. The disaster recovery risk had been reopened following a delay to failover test. The failover would now be tested by the phased switching off of servers on Areas rather than a total shutdown and was due to be completed by March 2013. Business continuity arrangements were in place in the interim.
32. Work to optimise and centralise data as well as virtualise desktops was taking place on the back of the disaster recovery testing and would result in savings for BTP.
33. **Agreed**
 - 33.1. The Chief Executive to write to DfT with his understanding of what would happen if a PSA holder did not sign should clarity not be forthcoming.

[Afternote - Action reported to the Authority meeting on 13 December]

47/2012 Operation Enterprise Progress Report

Agenda Item 6

34. This had largely been covered in the BTP quarterly update. The only addition was an update on the IT Department. The Committee were informed that the Head of Business and Information Services had left the organisation and a temporary head had been recruited for a year to transform the department. Following this change a number of areas for improvement and efficiencies had already been identified.

35. Agreed

35.1. A log of the closed workstreams, their origins and the outcomes to be brought to future meetings.

48/2012 Scheme of Delegations

Agenda Item 7

36. BTP had been working with Mrs Pike to review the scheme of delegations in the BTPA Corporate Governance Code. The proposed revisions were presented for recommendation to the full Authority.

37. The proposed draft separated out the BTPA and BTP delegations for ease of reference. The intention had been to make the scheme easier to understand but this had been complicated slightly by the Cabinet Office requirements. It was agreed that the scheme should be reviewed annually in future.

38. The delegation to the Chief Executive for ex gratia payments was considered too high. It was noted that all ex gratia and redundancy payments had to be approved by the DfT and through the Authority.

39. Agreed

39.1. The scheme of delegations to be reviewed annually in future.

39.2. The ex gratia delegation for the Chief Executive to be removed as all ex gratia and redundancy payments were required to go through the DfT and Authority.

39.3. The scheme with the possible amendment discussed to go to the December Authority meeting for approval to come into power from 1 April 2013.

(Mr Holden left the meeting)

49/2012 National Audit Office - Audit Planning Report

Agenda Item 8

40. The NAO presented their Audit Planning Report. The report identified the five risk factors on which the 2012/13 audit would be focussing, these included:
- 40.1. Amounts payable in connection with the re-employment of retired police officers
 - 40.2. Compliance with Cabinet Office spending controls
 - 40.3. Potential compensation payments to a former member of staff
 - 40.4. Payroll record keeping
 - 40.5. Olympics grant funding
 - 40.6. Revised PSAs
41. The explanation of the risk with respect to cabinet office approvals noted that there had been 200 retrospective approvals for back office staff. It was requested that this be amended to reflect that many of these had been recruited before BTP was made aware of the controls.
42. The Chief Executive noted that it may give individuals some comfort if the NAO were able to provide assurance that the charges were calculated in accordance with the process. It was agreed that the Chief Executive and Mr Bateson would discuss what might be appropriate.
43. **Agreed**
- 43.1. NAO to amend the risk with respect to cabinet office approvals to reflect that many of these had been recruited before BTP was made aware of the controls.
 - 43.2. The Chief Executive and Mr Bateson to discuss what the NAO may be able to review to provide assurance that the charges were calculated in accordance with the process.

50/2012 BTPA Health and Safety Briefing

Agenda Item 9

44. The Committee requested that from 2013 it receive an annual expert opinion on whether BTPA was compliant with health and safety legislation. A quarterly health and safety report was also requested.
45. **Agreed**
- 45.1. An expert opinion to be provided to the Committee at its May meeting each year stating whether BTPA is compliant with its health and safety responsibilities.

- 45.2. A quarterly update report on health and safety matters to be received from both BTPA and BTP.

51/2012 HMIC – Stop and Search Inspection

Agenda Item 10

46. The inspection had taken place the previous week. The initial debrief was that there were no burning issues and compliance had been achieved. A written report was expected in the next few weeks.

52/2012 Internal Audit Reports

Agenda Item 11

47. Mr Townsend reported that there was nothing exceptional to bring to the attention of the Committee. The electronic signatures issue remained outstanding but it was understood that this would be included in the governance refresh. Overall there had been a significant improvement in the direction of travel and the management responses were much stronger.
48. Reasonable assurance had been given on the review into the management of mobile phone arrangements with one high priority risk identified and seven medium. The Committee was updated that there was a need to move to a new contract for phone and data services. An audit had been carried out to better understand usage across the Force and 300 devices with low usage had been turned off. The proposed new contract was being taken from an existing framework agreement and would save £200k over 2 years. Once ready the proposal would be brought to the Authority for approval. It was noted that it was not the cheapest option but owing to the cost associated with changing provider it did reflect the best value for money.
49. The rail network was being enabled for 4G so at the end of the 2 year contract there would be other opportunities.
50. The contract would now be managed by a central team who would monitor usage and keep track of handsets. This should ensure that the issues that had arisen previously would not be replicated as these had resulted from a fragmented process. The Auditors were satisfied that the new arrangements should resolve the issues as they ensured that the controls were in place where they had not been previously.

53/2012 AOB

Non-agenda

51. The Chair thanked the Committee Members, BTP, Auditors, DfT and BTPA team for all of their support throughout the previous 18 months whilst he had been chair of the Committee. He advised that his aim

52. The Deputy Chief Constable thanked Mr Foxall for his support on behalf of the Chief Constable and BTP.
53. The Chief Executive agreed with Mr Foxall that he had pushed things back to the appropriate people and he left the Committee in a better shape than when he started. He wished Mr Foxall the very best for the future on behalf of the BTPA Executive Team and Members.

Next Meeting

19 March 2012 at 10.00am