

Minutes

Audit Committee

Thursday 31 May 2012, 12.00pm
at The Forum, 74-80 Camden Street, London

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Present:

Colin Foxall, Chair
Michael Holden
Jeroen Weimar
Brian Phillipott

In attendance:

Paul Crowther, Deputy Chief Constable
Mark Newton, T/ACC Director of Corporate Resources
Simon Hart, Head of Finance

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

Andrew Figgures, Chief Executive
Liz Pike, Authority Finance Director
Vicky Tanner, PSA Manager

21/2012 Minutes of Meeting 20 March 2012

Agenda Item 1

1. The minutes were approved as an accurate record.

22/2012 Matters Arising

Agenda Item 2

2. Mrs Pike advised the Committee that BTPA had received the DEL letter for 2012/13 and that processes are being put in place in relation to the required authorisation levels.
3. Mrs Pike advised the Committee that the MAR had been submitted to the DfT on time.
4. The Chief Executive provided the Committee with an over-view of the current position with HMRC concerning the unauthorised pension payments. Currently the 18 individuals are aware of the draft agreement.

The Authority has been provided some clarity from HMRC, but as this has occurred elsewhere within UK policing, the Authority needs to ensure equality of treatment. Mr Bateson informed the group that historically the Treasury has been reluctant to give this type of approval until a legal claim is in place.

23/2012 BTP Finance Position - Quarterly Update

Agenda Item 3

5. The Chair thanked both Simon Hart and his team and Liz Pike and her team for the work that they had done on the year end accounts.

6. The key points from the update were that:

- 6.1. At the 2011/12 outturn BTP has reported a surplus of 0.5% of the budget and that the outturn was close to the forecast.
- 6.2. BTP have introduced a new budget monitoring tool that is being utilised during the four weekly Finance reviews which enable Finance to drill down through the figures being presented.
- 6.3. The interface between BTP and RPMI has been completed for period 1 and 2 of 2012/13.
- 6.4. £39,413 is being proposed to be written off in relation to under-payments of pensions by employees. The proposed limit at an individual level is £200 and spans a number of years. BTP calculated that to process each individual payment would take approximately 4 hours each. The Chief Executive will be provided with a business case and the rationale prior to providing approval.
- 6.5. The Chief Constable has delegated the sign off for Section 38 to the Deputy Chief Constable and Director of Corporate Resources.

7. The report was noted.

8. Agreed

- 8.1. The Chief Executive will be provided with a business case and the rationale prior to providing approval of the £39,413 proposed write off on pensions.

24/2012 BTPA Finance Issues - Quarterly Update

Agenda Item 4

9. The DfT has provided the Authority the required retrospective approvals for the accounts, and has received the DEL letter for 2012/13. Process to support the 2012/13 requirements are currently being put in place.

10. In the accounts it should be noted that the unauthorised pensions will be shown as a contingency liability rather than a provision.

11. As a result of Winsor Part 1 being adopted BTP will incur an additional £1.6m Olympic costs in relation to allowances. These costs are caused by the requirement to pay compensation to mutual aid officers BTP are using as part of policing the Olympics where they are not provided with en-suite accommodation. Also, the introduction of the unsocial hours allowance. ACC Steve Thomas is reviewing this figure and is hopeful that the actual costs will be lower. The DfT have been made aware of these costs and are in discussions with the Authority concerning this.

12. DfT have approved the Capital budget of £11.6m which includes a contingency of £0.4m.

13. The Committee asked the DfT when it could expect to receive the PwC review of regularity that was commissioned in February 2012. Mr Coates informed the Committee that the report had been received, and that it should be submitted to the Authority by the end of June. The Chair requested that the Committee see the report as soon as it is available.

14. As at 15 May 2012 the debtor position for 2011/12 was 99% cleared, and at least one invoice has been paid for the 2012/13 year by all the major PSA holders.

15. The Chief Executive provided an overview of the Gifts and Hospitality registers for both BTP and the Authority. Improvements in the quality of the information being captured were noted. The Deputy Chief Constable noted that there was an improving picture in relation to the number of gifts and hospitality offers that were being declined. Also that ACPO are in the process of drafting some guidance which will be implemented when available.

16. The report was noted.

25/2012 Quarterly Strategic Risk Report

Agenda Item 5

17. The Chief Executive highlighted the key risk to BTPA and BTP as the new format PSA which will be implemented from 1 April 2013. DfT have been made aware of the issues and concerns that the PSA holders have concerning the new clauses.

18. There was one potential new risk highlighted to the Committee, concerning EPSAs and whether or not a new franchisee would automatically carry these agreements across. The information concerning EPSAs have been submitted to the data room, but the liability in relation

to this is lower than originally expected as the larger EPSAs are held with Network Rail and TfL.

19. The Committee were informed of a piece of work that the Finance Group had done in relation to assigning costs to the risks and thereby comparing this liability with the level of contingency reserve. This work was agreed by the Finance Group and can be shared with the Audit Committee if required.

20. The BTP provided an overview of their current strategic risks.

20.1. The Disaster Recovery site cannot be tested until the WAN project has been completed. It is anticipated that all sites will be migrated across to the WAN except for three by the end of June 2012. The current risk is that BTP will enter the Olympic period with the Disaster Recovery site not being fully operational.

20.2. The ratings for the remainder of the risks are unchanged.

21. The Committee asked if BTP had considered what risks they were going to be exposed to following the disbandment of the NPIA, and the police reform programme. In relation to the NPIA, the Committee were informed that there is a transition plan in place and being worked to. In relation to police reform, BTP has assigned leads to all of the key areas and a Strategic Policing Landscape Committee has been established to monitor this area.

22. Both reports were noted.

26/2012 2011/12 Accounts

Agenda Item 6

23. BTP provided an overview of the report. The key issues highlighted were the fact that the report was produced a month earlier than last year, and this was to ensure that it fitted in with the DfT timescales as the Accounts need to be signed off by 12 June 2012.

24. The reconciliation presented provides the required assurance that the management and the financial accounts reconcile. The Accounts have already been presented to the Finance Group.

25. The wording within the Finance Director report had been amended slightly to try and verbalise the reconciliation. The accounts include the new Governance report, which replaces the statement of Internal Control and the sustainability report. Also the presentation of the Governance report is consistent with what is used within the DfT family.

26.The Accounts were approved by the Audit Committee subject to the additional comments from Nick Bateson on his final review.

27.BTPA are due to receive a valuation for the Police Officers pension scheme at the end of 2012, and any potential impact of the current economic climate can be assessed. At present DfT has underwritten the funding of the pension scheme and this is noted in the Accounts.

28.Nick Bateson provided the Committee with an overview of the NAO report and highlighted the significant risks that were identified during the year. The Committee were updated on the unadjusted errors and a revised position was tabled at the meeting.

29.The National Audit office Report on the Accounts for Information was noted.

30. Andrew Townsend provided an overview of the Tribal Annual Report for information. The report will be re-issued using the DfT assurance classifications. It was noted that the origins of the control weaknesses in the year had arisen through the previous governance framework. The new governance arrangements are working well and this is being reflected in the higher level of assurances in the reports presented in the year.

31. Ian Coates requested that any issues that needed escalating to the DfT Audit Committee be submitted to Liz Pike.

32.The report was noted.

33.Agreed

33.1. Any issues requiring escalation to the DfT to be submitted to Liz Pike.

27/2012 Compliance: Action Plan for information and discussion

Agenda Item 7

34. In response to a number of control issues that have occurred during the year, BTP proposed to create an Integrity & Compliance Panel which will meet on a monthly basis. The Deputy Chief Constable will chair the panel, and one of its aims is to improve internal compliance. The proposal was discussed and BTP were asked to review the paper, and to re-present it at the next Committee following consultation with the Accounting Officer. The creation of the Panel was welcomed by the Committee, but concerns were raised in relation to the cultural changes needed within the organisation. An update on the progress of the panel was requested.

35. Agreed

- 35.1. The paper to be re-presented to the next meeting following consultation with Accounting Officer.
- 35.2. An update on the progress of the Integrity and Compliance Panel to be provided.

28/2012 Health and Safety Statements for recommendation to the Authority

Agenda Item 8

36. BTP provided an overview of their Health & Safety statement to the Committee. BTP are currently hitting 70% across some 150 locations in relation to Fire Safety orders, and the remaining staff are booked on to attend the relevant courses. Accident reports are down 9% on last year, this could be attributed to good practice across BTP. BTP were requested to review the wording used within the report para 3.4 as it was considered a bold statement to make.

37. BTP were asked to look at where it stood in relation to the levels of stress related sickness when compared to other police forces for all staff. The Committee also requested that BTP reviewed its PCSO assault related sickness especially in light of the deployment strategy used within BTP.

(Jeroen Weimar left the meeting)

38. The Committee were unclear as to how compliance to the Authority's Health & Safety statement was tested. The Authority was requested to consider seeking professional guidance on compliance and testing of the Health & Safety statement.

39. Agreed

- 39.1. BTP to review the wording in paragraph 3.4 of their Health and Safety Annual Report as it was considered to be a bold statement.
- 39.2. BTP to undertake comparison work with other forces to assess whether its stress related sickness levels were comparable.
- 39.3. BTP to review its PCSO assault related sickness with particular reference to the deployment strategy.
- 39.4. BTPA to consider seeking professional guidance on compliance and testing of health and safety.

29/2012 HMIC - Without Fear or Favour Report

Agenda Item 9

40. Sam Elvy joined the meeting to provide an overview of the report. The key issue highlighted to the Committee was the fact that HMIC along with all police forces are currently waiting for the Home Office National

Guidance to be circulated. Sam Elvy highlighted areas of work that the Authority would need to be completed in support of any future re-visit. A re-visit is expected in early July 2012.

41. The report was noted.

30/2012 HMIC Inspection Protocol for Approval

Agenda Item 10

42. Sam Elvy provided the group an overview of the proposed Protocol between the Authority, BTP and HMIC. The Protocol has been drawn up to formalise the current arrangements. The Committee expressed the view that they would want to see and agree any audit agenda/plan with HMIC. It was confirmed that that this was the intention and as such the Protocol was approved.

43. The report was noted.

44. Agreed

44.1. The Protocol was approved.

31/2012 Tribal Reports

Agenda Item 11

(Michael Holden left the meeting)

45. Andrew Townsend provided an overview to the Committee of the internal audits that had taken place since the last Audit Committee. Tribal were happy with the improvement in assurance ratings on each of the audits that had taken place. The Committee discussed the issue concerning compliance to RR35 in relation to the Tax Avoidance. Tribal assured the Committee along with BTP that this was only an issue due to the way a post was funded via Network Rail. BTP has received assurance from the supplier that they are compliant, and both BTP and Tribal are satisfied. This has only occurred because of the grant funding arrangements for this post.

46. All Tribal reports were noted.