

**Report to:** Audit Committee  
**Agenda item:** 4  
**Date:** 19 March 2013  
**Subject:** Authority Finance Issues - Quarterly Update  
**Sponsor:** Authority Finance Director  
**For:** Information

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## 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 MAR for the 2012/13 has been prepared and is presented at agenda item 6. It will to be submitted to the DfT in line with the timetable by 19 April 2013 at the latest.
- 2.2 The NAO have completed their systems Audit. A paper of preliminary findings is presented to the Audit Committee at agenda item 8. The auditors additionally visited the Authority to audit the unauthorised pensions and the work that has taken place this year.
- 2.3 Work has commenced on pulling the annual report together for the year end accounts, which, along with the audited numbers, will be presented to the Audit Committee in May.

### **3. PSAs from 1 April 2013**

- 3.1 The PSA approved by DfT Ministers have been issued to PSA holders for signature. At the time of writing the report two have been received back. The deadline is 21 March.
- 3.2 PSA holders may refuse to sign the new PSA, the progress on signature will be better known at the time of the meeting. An update will be given at the meeting.
- 3.3 The risk to the Authority is that the model will be challenged through arbitration and therefore PSA holders may refuse to pay charges, despite the clause in the PSA requesting payment in full by direct debit.
- 3.4 The charging model is now been refreshed for the proxies applicable for the 2013/14 charges. An external consultant has been employed to independently review the numbers to add comfort that the data has been extracted correctly. Governance around the review and calculation of the charges will be evidenced by a sign off sheet before being publication. The revised charges will be scrutinised by the Finance Group on 19 March before being presented to the Authority on 21 March.

### **4. Budget 2012/13**

- 4.1 Although time consuming the additional approval process required by the DfT was working relatively smoothly up until Christmas. Clare Moriarty has now taken over responsibility for approvals at the DfT and the Chief Executive is meeting with her to discuss the contingent labour and consultancy requests.
- 4.2 Redundancy amounts also require approval and this is now being done within the DfT HR department as the Cabinet Office has agreed that they now have the delegated authority. The turnaround on these requests is now much quicker.

4.3 The grant in aid cash settlement have now been finalised and, subject to any last minute audit adjustments on Olympic Expenditure, this should be settled in full by the end of the financial year.

4.4 The grant in aid expected to be received for 2012/13 is summarised in the below table:

	£000
Irrecoverable Gap	5,381
Cable Theft initiative	4,303
Olympic Funding	10,551
<b>Total received re 2012/13</b>	<b>20,235</b>

4.5 The Revenue and capital DEL for 2013/14 has been agreed at £3.6m and £11.2m respectively. Discussions continue on whether there is any additional funding available to finance the nationwide cable theft initiative. The 2013/14 letter of delegation from the DfT to the Chief Executive is awaited.

## 5. Pension Issues

There are number of issues regarding pensions which are being worked on.

5.1 Real time information and Auto enrolment are being dealt with by BTP. It was agreed at the last Authority that the existing pension schemes would be used for auto enrolment.

5.2 The work in recovering debtors regarding the pension's contribution errors have been started by BTP HR. An update on progress is included in the Director of Corporate Resources report.

- 5.3 Work has started reviewing the assumptions in the police officers pension scheme valuation and the initial results will be presented to the Authority in June
- 5.4 The structure of the scheme was presented to members in January, work has now commenced on reviewing the structure and the impact of the Hutton review on the Home Office police officer schemes.
- 5.5 The tax liability agreed to be paid on behalf of the 18 members in receipt of unauthorised pension payments is being progressed. Cheques of £217k have been issued to the HMRC for the agreed amounts that BTPA have settled for 2010/11 and 2011/12. Two employees have not yet received their unique tax reference from HMRC and await payment to be settled but the large settlements have been made. It has been very time consuming and the individuals involved have had inconsistent and at times frustrating support from the HMRC. This is being dealt with by the Authority Finance Director and should run more smoothly in future years. The issue of grossing up the payments is being pursued by the Chief Executive with HMRC Technical. Prudent assumptions will be made with providing for the outstanding liability at the year end.

## **6. Internal Audit**

- 6.1 Tribal have worked with us for 4 years and their contract comes to an end in March 2013. Thereafter the DfT will perform our internal audit function. I would like to thank Andrew Townsend and his team for the support and work completed over the last four years, it has sometimes been a challenging time and the support that we have received has been excellent. I am sure the Audit Committee will join me in thanking Tribal and to welcoming the DfT to continue the role

6.2 DfT have held meetings with both BTP and BTPA. A draft internal audit plan for 2013/14 is presented at agenda item 11 for approval.

## 7. HMIC

7.1 As agreed by this Committee in 2012, BTP and BTPA continue to work with Her Majesty's Inspectorate of Constabulary (HMIC) through an annual protocol to clarify budget and inspection programme for the year ahead. The refreshed protocol and proposed inspection plan for 2013/14 was due to be presented to this meeting of the Audit Committee for formal approval; however significant changes in both personnel and the general approach to inspection planning at HMIC this year means that HMIC's own business plan has not been circulated yet and it is this document on which we base our own bespoke inspection programme.

7.2 Both the Authority and BTP have been in regular contact with HMIC to ensure the protocol is developed at the earliest opportunity and work has been carried out to allocate a budget for inspection activity and to identify likely areas of inspection which so far include the value for money/report card exercise and a likely revisit on Stop & Search. We propose to continue to work with HMIC over the coming weeks and, before the next Audit meeting in May, circulate the protocol and plan to members for comments/approval out of committee. The decision regarding the proposals can be recorded in the BTPA quarterly report for that meeting.

## **8. Gifts and Hospitality Register**

- 8.1 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.
- 8.2 The Chief Executive has also reviewed the BTP Gifts and Hospitality Register with the Deputy Chief Constable which is attached at Appendix B.
- 8.3 Members are asked to note the gifts and hospitality register.

## **9. Recommendations**

- 9.1 Members are asked to note this report.

## BTPA Gifts and Hospitality Register

Date of Event	Offered To	Additional/Other Recipients	Offered By	Brief Description of offer	Purpose of Offer	Estimated/actual value of gift/hospitality	Accepted / Declined / Returned
13/12/2012	Andrew Figgures	Liz Pike	Catherine Roche / Turner & Townsend	Re:FIT FrameworkLaunch	Networking		Declined
					Interactive discussion among a small group of senior executives within the transport and construction industry		
15/01/2013	Millie Banerjee	Anton Valk	Paul Tweedale - Ten Broeke Company Terrington	Dinner - An evening with Rt Hon Chris Grayling, Secretary of State for Justice	Networking		Accepted
04/02/2013	Andrew Figgures	N/A	Management LLP	Annual Reception	Networking		Declined
05/02/2013	Millie Banerjee	N/A	Harvey Nash Association of Railway Executive	Board Dinner	Networking		Declined
05/02/2013	Andrew Figgures	N/A		Evening Reception	Networking		Declined
				The Guardian's 10th annual Public Leaders Summit (previously called The Public Services Summit)			
06/02/2013	Millie Banerjee	N/A	The Public Services Summit 2013		Networking		Declined

AREA	RECIPIENT	POLICE NUMBER	DATE	DESCRIPTION OF GIFT/ HOSPITALITY	COMPANY/ ORGANISATION/ INDIVIDUAL OFFERING GIFT/ HOSPITALITY	EXPLANATION OF GIFT/ HOSPITALITY (WHY IS IT BEING OFFERED)	VALUE OF GIFT/ HOSPITALITY	ACCEPTED /DECLINED	APPROVED BY (MUST BE COMPLETED)	COMMENTS
FHQ	Leigh Stringer	8743	31/01/2013	Annual drinks reception	Mace Ltd	Networking event for clients of Mace Ltd	Approx £25	DECLINED	T/ACC Newton	Noted as declined by DoCR
CO	David Wildbore	2041	27/11/2012	Lunch at Sakana- tei, W1S	Mr Masahiro Oshima from the Japanese Embassy	As a thank you for the presentation delivered in conjunction with LUL	Unknown	Accepted	ACC Thomas	Value of meal unknown as Mr Wildbore has yet to go for the meal so I do not know what he'll will be ordering in order to give a value
CO	esley Warr	5387	10/12/2012	Invitation to London 2012 Games Thank you evening	Peter Hendy TFL	Thank you for contribution to 2012 Olympic Games	Unknown	Declined		
CO	Amanda Summerfield	0488	12/12/2012	315 Developing User Requirement: The key to project success Course	Learning Tree	Amanda Summerfield won a free course for herself and another while on a previous course		Accepted	CI Allingham	
CO	Jane Townsley	0165	13/12/2012	316 Developing User Requirement: The key to project success Course	Learning Tree	Amanda Summerfield won a free course for herself and another while on a previous course		Accepted	CI Allingham	
CTSU	Neil Favager	7819	23/11/2012	Box set of oriental Chop Sticks	Peoples Republic of China, Ministry of Transport	Presented as a thank you for delivering a presentation at the University of Northumbria	Unknown	Accepted	CI Duncan Manner	The gift does not look to be one of great expense I believe it is just a token of appreciation
LN	CHANO KHOSLA	6011	18/12/2012	3 DESK CALENDARS, 1 DIARY, 1 BOX ROSES CHOCOLATES, 2 BOTTLES OF WINE	REED RECRUITMENT	CHRISTMAS GIFTS TO THE ORGANISATION FROM CONTRACTOR	£17.00	ACCEPTED	Area Commnader Ch Supt Smith	GIVEN AS PART OF A CHRISTMAS PRESENT PROVIDED TO ALL CUSTOMERS OF THE CONTRACTOR CONCERNED. NOTHING EXPECTED IN RETURN.



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LN	RICHARD PASKELL	9078	20/12/2012	1 BOTTLE OF PINOT GRIGIO WINE	MAYFIELD CLEANING CONTRACTORS	CHRISTMAS GIFTS TO THE ORGANISATION FROM CONTRACTOR	£7.99	ACCEPTED	Area Commander Ch Supt Smith	GIVEN AS PART OF A CHRISTMAS PRESENT PROVIDED TO ALL CUSTOMERS OF THE CONTRACTOR CONCERNED. NOTHING EXPECTED IN RETURN.
LN	JON REDMAN	4860	20/12/2012	Donation to social fund	Mr Warner Irish	Performed life saving CPR NSPIS 114 14/11/2012	£0.00	DECLINED		The amount that Mr Irish was wishing to give to the social fund was not discussed. Suggested making a donation to Police charity COPS or National Police Memorial day funds.
LN	DEBORAH BROOKS	54	04/10/2012	BOX OF M&S BISCUITS	VICTORIA SKENE	A GESTURE OF THANKS FROM A VICTIM OF A SEXUAL OFFENCE	£4.00	ACCEPTED	Area Commander Ch Supt Smith	A GESTURE OF THANKS FROM A VICTIM OF CRIME, A REFUSAL WOULD HAVE CAUSED OFFENCE AND ITEM WAS LOW IN VALUE.
LN	DC Church	4402	25/01/2013	chocolates	Sophie Meadows	Sophie was vicim of crime I investigated b0904315/12	£10.00	ACCEPTED	Area Commander Ch Supt Fry	Sophie gave the chocolates to me in the foyer of Reading crown court as a thankyou for the work done I initially declined but Sophie & her mother & grandmother insisted that I take them.

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LU	PI Dave Lydon	7355	17/12/2012	Invite to Myors Office Christmas social event for Custody Visitors	MOPAC	PI Lydon is the L Area Custody Manager and the ICV SPOC for the Area and attends regular ICV Meetings	Nominal	Accepted	T/C/Supt Nicola Watson	
LU	PC Paul McQuilliam	3385	20/21 <sup>st</sup> November 2012	Attendance at Rail & Public Transport Safety & Security conference as guest	Bob Gough Security manager Serco Docklands	The conference Relates to Public Transport Security & relates directly to my current role, Mr Gough and I have a successful working relationship he is also speaking at the conference	As Mr Gough is a speaker at the conference he is entitled to invite two guests free of charge.	Accepted	T/C/Supt Nicola Watson	
LU	PC Dave Webb	3500	27/11/2012	5 x Guaranteed Entry places to the Virgin London Marathon 2013	Virgin London Marathon	Organisers of event offer Guaranteed places to a variety of organisations including those involved in the planning and delivery of the operational event one of which is BTP.	Nil - No monetary value	Accepted	T/C/Supt Nicola Watson	
LU	T/C/Supt Nicola Watson	196	13/12/2012	Invitation to attend the Games Gala Awards at the London Transport Museum together with ACC Thomas and 2 L Area representatives.	London Underground and London Rail	BTP L Area was nominated for an award as one of the teams involved in the 2012 Olympics. L Area won the award.	£40 per head (Estimated)	Accepted	ACC Alan Pacey	
LU	Alistair Beaton	3814	18/12/2012	Unsolicited invite to a Christmas Dinner Party	STM Security	Ex-professional contacts. I had previously worked with STM as part of the security contract for LOROL. I have no commercial contact with the team in my current role. My wife has also been invited to attend this function.	60	Accepted	T/C/Supt Nicola Watson	
NE	Ch Supt Nicholson	4915	19.12.2012	Complimentary First Class Bearer pass	East Midlands Trains	unlimited complimentary First class travel pass - Personal issue to Area Commander - No 005478. For use on East Midlands Services only. Expiry 31.12.2013	dependent upon usage - spend monitored by Finance dept	Accepted	ACC Pacey	
NE	Supt Moffatt	1734	19.12.2012	Complimentary First Class Bearer pass	East Midlands Trains	unlimited complimentary First class travel pass - Personal issue to Supt Ops - No 000786). For use on East Midlands Services only. Expiry 31.12.2013	dependent upon usage - spend monitored by Finance dept	Accepted	Ch Supt Nicholson	

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NE	N/K		19.12.2012	Complimentary Standard Class Bearer passes	East Midlands Trains	3 x unlimited complimentary standard class bearer travel passes. (Nos 000520/521/522). All for use on East Midlands Services only. Expiry 31.12.2013	dependent upon usage - spend monitored by Finance dept	Accepted	Ch Supt Nicholson	For use by members of police staff when attending meetings across the Area / Force. The number of passes requested are proportionate to meet demands.
NE	Ch Supt Nicholson	4915	21.12.2012	Complimentary First Class Bearer passes	East Coast	Unlimited complimentary first class travel pass - personal issue to Area Commander - No 0397. For use on East Coast services only. expiry 31.12.2013	dependent upon usage - spend monitored by Finance dept	Accepted	ACC Pacey	
NE	Supt Moffatt	1734	21.12.2012	Complimentary First Class Bearer pass	East Coast	Unlimited complimentary first class travel passes - personal issue to Supt Ops - 0398. For use on East Coast services only. Expiry 31.12.2013	dependent upon usage - spend monitored by Finance dept	Accepted	Ch Supt Nicholson	
NE	N/K		21.12.2012	Complimentary Standard Class Bearer passes	East Coast	4 x unlimited complimentary Standard class bearer travel passes (Nos 0345 - 0348). For use on East Coast services only. Expiry 31.12.2013	dependent upon usage - spend monitored by Finance dept	Accepted	Ch Supt Nicholson	For use by members of police staff when attending meetings across the Area / Force. The number of passes requested are proportionate to meet demands.
NW	AHQ staff		07/12/2012	Tin of celebrations from supplier	BY Request	Merry Christmas gift	£5.00	Accepted	S Holmes	
NW	AHQ		11/12/2012	3 Pens	Reliance Translators	Merry Christmas gift	£5.00	Accepted	S Holmes	
NW	AHQ staff		17/12/2012	24 Mince Pies	Bruntwood	Merry Christmas gift from landlord	£8.00	Accepted	S Holmes	
NW	Ch Supt Holden	2649	10/01/2013	Invitation to Lunch	NW Retired Officers Association	Standing Invite	£15.00	Accepted	Ch Supt Holden	
NW	Ch Supt Holden	2649	14/01/2013	Invitation to Everton v Man City football match in March	Merseyrail	Corporate hospitality	£40.00	Declined		
NW	CI Neil Moffatt	1042	24/01/2013	Invitation to a New Year Reception	Merseyrail	Offered to Stakeholders	£10.00	Declined		
NW	Insp K McVey	2614	24/01/2013	Invitation to a New Year Reception	Merseyrail	Offered to Stakeholders	£10.00	Accepted	CI Moffatt	Offer originally made to CI Moffatt

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PS	Iain Miller	2103	N/A	Invitation to the Microsoft Burns Supper	Unitech	To encourage networking opportunities between Unitech clients to identify good working practise.	£0.00	DECLINED		As per the explanation of the hospitality, after discussion with DCS Martin Fry, it was deemed the offer was excessively lavish and was therefore respectfully declined.
SCOT	Ellie Bird	702	05/11/2012	St Andrew's Charity Ball, Grand Central Hotel, Glasgow - 1 December 2012	Strathclyde Partnership for Transport	Invite to Charity Ball organised by Strathclyde Fire & Rescue. Excellent networking opportunity and showing support to partners	£50.00	ACCEPTED	ACC McCall	
SCOT	Ellie Bird	702	05/12/2013	Cash for Kids Charity Ball, Grand Central Hotel, Glasgow - 1 February 2013	Hotel Manager, Grand Central Hotel, Glasgow	Invite to Charity Ball organised by Cash for Kids. Excellent networking opportunity and stakeholder engagement	£50.00	ACCEPTED	ACC McCall	
SCOT	Ellie Bird	702	19/12/2012	Lord Provost's Burns Supper, Thistle Hotel, Glasgow - 25 January 2013	Strathclyde Partnership for Transport	Invite to Burns Supper which is hosted by the Lord Provost of Glasgow. Excellent networking opportunity and showing support to partners	£50.00	ACCEPTED	ACC McCall	
SCOT	Ellie Bird	702	24/12/2012	Scotswoman of the Year, Glasgow City Chambers - 7 February 2013	Tony Carlin, Editor of the Evening Times	Invite to event which is attended by representatives from public, private and third sector organisations - excellent opportunity for professional networking and enhancing awareness of BTP in Scotland	£50.00	ACCEPTED	ACC McCall	
SCOT	Ellie Bird	702	03/01/2013	Lord Provost's Burns Supper, Thistle Hotel, Glasgow - 25 January 2013	First ScotRail	Invite to Burns Supper which is hosted by the Lord Provost of Glasgow. Excellent networking opportunity and showing support to partners	£50.00	DECLINED		
SCOT	m Cruicks	7171	05/12/2012	Box of Biscuits and box of Chocolate Truffles	Violet Roberts	As a thank you to officers who investigated an incident whereby Violet sustained permanent life changing injuries	£20.00	ACCEPTED	ACC McCall	

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SCOT	Lynda Lang	191	29/01/2013	Cash for Kids Charity Ball, Grand Central Hotel, Glasgow - 1 February 2013	Hotel Manager, Grand Central Hotel, Glasgow	Invite to Charity Ball organised by Cash for Kids. Excellent networking opportunity and stakeholder engagement. Lynda attended with her husband	£50.00	ACCEPTED	ACC McCall	
SCT	Andrew Trotter	4560	28.11.12	Crime Reporters Association Christmas reception at The Barley Mow, London SW1	Crime Reporters Association	Invited in role as Chair of ACPO Communications Advisory Group	£0.00	ACCEPTED	BTPA Chief Executive	
SCT	Stephen Thomas	1463	28.11.12	Souvenir Named 2012 Games Transport Sign	Peter Hendy TfL Commission	thank you for 2012 Games contribution	£15	ACCEPTED	CC	
SCT	Stephen Thomas	1463	10.12.12	Invite to TFL London 2012 Games Thank you evening at the Indigo O2	Peter Hendy TFL	Thank you for work during the 2012 Olympic Games	£0.00	ACCEPTED	CC	Unable to quantify the cost of the evening.
SCT	David McCall	4637	29.11.12	Invite to Burn's night dinner	Neil Amner, Dwf biggart baillie	Law firm used by BTP	£50.00	DECLINED		
SCT	Stephen Thomas	1463	13.12.12	Invite to Games gala dinner	London Underground	In recognition of ACC Thomas's role in the Games	£0.00	ACCEPTED	CC	
SCT	Andrew Trotter	4560	6.12.12	Bottle of Bushmills whiskey	Society of Editors Conference	Thank you for CC's contribution to the Society of Editors Conference	£30.00	ACCEPTED	BTPA Chief Executive	Gift was posted to CC at BTP FHQ. CC donated it to the Harrow on the Weald hospice to use in their fundraising activities.
SCT	Mark Newt	4146	16.11.2012	Invite to O2 Blue Door – Exceeding Customer Expectations conference and Robbie Williams concert tickets	O2	Networking	£0.00	DECLINED		Approximate value £200
SDD	Christopher Bull	8707	09/01/2013	Lunch	Autonomy	Demonstrate capability of software	£0.00	DECLINED	N/A	Value unknown. Declined due to potential conflict of interest if project tenders for software supplier

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SDD	Julian Dixon	2639	28/11/2012	One (1) Vietnamese Silk Scarf	General To Lam, Vice Minister of Security, Vietnam Givt	Following visit to CT and RUSI	£0.00	ACCEPTED	Paul Brogden C Supt DCC OCU	
WW	Peter Davie	2546	17/12/2012	lunch	chiltern	lunch meeting with MD	£0.00	ACCEPTED	ACC Pacey	
WW	Porah McN	8798	22/01/2013	Lunch	Radisson blu	Meeting and Show around	£10.00	ACCEPTED	B Boffy 9989	