Report to: Audit Committee

Agenda item: 6

Date: 19 March 2013

Subject: Management Assurance Return for DfT

Sponsor: Authority Finance Director

For: Discussion and Comment

1.   Purpose of Paper

1.1   This paper presents the draft Management Assurance Return (MAR) for the period 1 April 2012 to 31 March 2013 ahead of finalisation and submission to the Department for Transport (DfT) on 19 April 2013. The MAR is attached as Appendix A. The submissions from BTP have been approved by the Force Executive Board (FEB) and the Authority submissions have been approved by the Finance Director and will be reviewed by the Chief Executive and Tribal after the Audit Committee.

2.   Background

2.1   The MAR was developed by the DfT in 2009-10 as a tool for gaining assurance from all of its agencies and departments including Non-Departmental Public Bodies (NDPBs) on specific issues of internal governance and internal control.

2.2   The MAR in Appendix A is based on the latest version that was received from DfT on 8 February 2013 from the DfT. The end of year template contains a six amended / new statements and all of these are applicable to BTPA.

2.3   It was agreed that the approach used for 2011-12 which focuses on what assurance the Authority can provide to DfT for each business area, what arrangements for oversight of BTP activity does the

Authority have in place, and finally where relevant, what BTPs arrangements are; would continue to be used for 2012-13. This approach allows the Authority to provide appropriate management responses to DfT highlighting instances where the special requirements of the Authority as a police authority and BTP as a police force apply.

2.4   As Accounting Officer, the Chief Executive needs to be aware of areas of weakness and management action planned or taken to rectify them. Consideration of the content of the MAR gives an opportunity for these to be reflected in BTPA's Annual Governance Statement.

2.5   There is no requirement for BTPA to provide 'Full' or 'Substantial' assurance across all areas of the return. Indeed to do so could indicate that BTPA has a lack of understanding of its own business. It is however important to provide an accurate response that is capable of scrutiny and supported by evidence. Where 'Full' or 'Substantial' assurance cannot be given, details of action plans are required for the final submission of the MAR to DfT. In addition, the Authority FD has requested action plans for all assurance levels less than full. Comparison against the MARs for all the other Arms length bodies and NDPBs are compared by the DfT at the Chair of Chairs of all DfT Audit Committees. The returns for the half year to September were broadly in line with our returns.

2.6 The levels of assurance are defined by DfT, and have been amended since the submission of the half-yearly submission. The assurance levels are now as follows:

Low	Control arrangements are poorly developed or non-existent or major levels of non-compliance or non-conformance have been identified. Control arrangements are not adequately documented, or evidence does not exist to demonstrate effective operation of the majority of the year.
Partial	Control arrangements are operating effectively, except for some areas where material weaknesses or significant deficiencies have been identified, aspects of the control arrangements need documenting, or evidence does not exist to demonstrate effective operation for parts of the year.
Reasonable	Control arrangements are generally established and effective, with some minor weaknesses or gaps (which have action plans to resolve), or minor exceptions exist in the evidence available to demonstrate effective operation of the controls for the year.
Substantial	Control arrangements are well established and working effectively. Very minor control weaknesses have been identified in a maximum of one or two discrete areas, and were promptly addressed (i.e. lasted no longer than a month). Control arrangements are supported with clear and sufficient evidence, with any gaps rectified promptly.
Full	Control arrangements are fully established, documented and working effectively, have operated throughout the whole year and in all areas, and are supported with clear and comprehensive evidence of operation.

3. Assurance Statements

3.1 All BTP departments with a requirement to provide responses to the MAR have reviewed and updated their sections. All responses have been signed off by SCT leads and the MAR reviewed by Force Executive Board (FEB) on the 27 February. Evidence supporting the content of responses is available for scrutiny on a CD-ROM if required. This has been submitted to the Authority Executive who have reviewed the MAR and amended it where deemed necessary. No changes have been made the assurance ratings submitted by BTP.

3.2 **Changes to Assurance Levels**

3.2.1 Four assurance ratings have been improved since the 12/13 half yearly MAR. These changes can be seen in Equality Duties (reasonable to substantial), Security (substantial to reasonable), Succession Planning (reasonable to substantial), and Financial Controls (reasonable to substantial).

3.2.2 The drop in assurance level for Security is a result of the significant change in the governance statement from the half yearly template.

3.3 **Reasonable Assurance**

3.3.1 The following business areas are considered as providing reasonable assurance against the questions in the MAR:

- Impact Assessments – The assurance levels remains reasonable. Changes have been introduced to the format of papers to include an Impact Assessment section, but due to the frequency of meeting the value of this is yet to be fully assessed

- Business Continuity – The assurance level remains at reasonable in respect to the statements concerning to Business Continuity and the Civil Contingencies Act.

- Security –The assurance has fallen from substantial to reasonable in response to change of statement within the MAR. Considerable work is taking place within BTP as part of the Information Management project to review how BTP provides Information Assurance. The Information Project will provide BTP with a new structure that will be able to meet BTPs obligations to information security and improved reporting to Information Management Board.

- Programme and Project Management – This assurance has remained reasonable to allow for the significant changes that have been made in governance procedures to take full effect projects and programmes.

3.4 Substantial Assurance

3.4.1 The following business areas are considered as providing substantial assurance against the questions in the MAR:

- Implementation of Audit Recommendations
- Regularity, Propriety and Conduct
- Fraud and Bribery
- Equality Duties
- Risk Identification & Management
- Use of ICT
- Communications
- Records Management
- Information Assurance
- Succession Planning
- Procurement and Contract Management
- Human Resources
- Investment Appraisal
- Financial Controls

3.5 Full Assurance

3.5.1 The following business areas are considered as providing Full Assurance during 2012-13:

- Delegated Authority
- Longer Term Planning
- Annual Budget
- Risk Management Policies
- Achievement of Business Objectives
- ICT Policy and Strategy
- Financial Performance Management
- Health and Safety

4   Recommendation

It is recommended that the Audit Committee:

4.1   Note the content of the draft MAR.

4.2   Comment for agreement on the assurance levels and supporting evidence.

4.3   Direct any changes required in the MAR.

4.4   Authorise the Chief Executive to submit the MAR to the DfT after a review by Tribal.