

Report to: Authority
Agenda: 8
Date: 13 December 2012
Subject: Audit Committee Report
Sponsor: Chair - Audit Committee
Author: Authority Finance Director

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1. Purpose of paper

- 1.1 The purpose of this paper is to update the Authority on the issues discussed at the Audit Committee held on 4 December 2012. In addition to the matters raised here, the minutes, when available, will be circulated to all members.
- 1.2 The Audit Committee also reviewed the strategic risks across both BTPA and BTP which is presented elsewhere on the agenda.
- 1.3 Additionally a revised scheme of delegation was presented for review and recommendation to the full Authority. This is also dealt with as a separate agenda item.

2. Agenda Items

- 2.1 **BTP Director of Corporate Resources report** - the quarterly report was highlighted and a presentation was given on the progress made in Operation Enterprise. There is a lot of activity going on in Corporate Resources with a large number of initiatives taking place.

- 2.2 **Authority Finance Director Report** - It was noted that the half yearly Management Assurance return had been submitted to the DfT on time.

The risks around the PSA were discussed in detail. The rules from the DfT on approvals required are now in place. A new system has been set up with the DfT in order to make the process more efficient. A presentation will be given to the DfT sponsorship team on the Corporate Resources restructuring to help expedite some of the contingent labour and redundancy requests.

Members will be aware that the DfT internal audit team reviewed the governance in place throughout the BTPA and BTP, including the interface with the BTPA sponsorship team. The report, which was finally issued in October, concluded that

'the internal controls and governance arrangements in place at the BTPA are generally deemed to be appropriate and adequate for the nature and scale of operations'. A number of recommendations have been made which BTPA and BTP were already addressing. The detailed recommendations will be monitored and reviewed by the Audit Committee.

A pension write off was discussed in detail and the approach taken was supported.

It was noted that the internal audit provision would be provided by the DfT from April 2013. Initial handover meetings have been held with the Authority and Tribal.

The gifts and hospitality registers for both BTPA and BTP were reviewed and noted. Copies of the quarterly registers are available on request.

2.3 NAO Report - the NAO presented their Audit planning report which set out the proposed timetable, fees and the risk factors taken into consideration in the planning process, Key risks identified are as follows:

- Amounts payable and provided in connection with the re-employment of retired police officers
- Compliance with Cabinet Office spends in operation in the year
- Potential compensation payments to former members of staff
- Payroll - a substantive approach will be taken given the number of control issues previously identified in this area.
- Olympic Grant Funding
- Revised Police Service Agreements - the disclosure in the financial statements will be considered if the agreements are not in place prior to sign off of the accounts.

2.4 BTPA Health and Safety briefing - it was recommended that the Authority seek external assurances that the Authority is adequately fulfilling its statutory obligations on health and safety.

2.5 HMIC Stop and Search - a verbal update was given on the outcome of the recent HMIC review. No problems were reported. The written report would be reviewed when it became available.

2.6 **Tribal Internal Audit Reports** - It was noted that the control environment appears to be improving. Reports were issued for the following areas with the following assurance ratings:

- Use of Consultants - Reasonable Assurance
- FHQ Compliance Checks - SDD 3 X Substantial assurance and 2 x full assurance
- Risk Management - Substantial Assurance
- Capital Work Financial Monitoring - Substantive Assurance
- Mobile Phone Arrangements - Reasonable Assurance after BTP have spent a considerable amount of time improving controls in this area which have led to financial savings.

The Audit timetable was on track and it was requested that the log of outstanding management recommendations be circulated.

2.7 **Change of Audit Chair** - Colin Foxall stepped down as Chair of the Committee, having been an active member of the committee since January 2005. Brian Phillipott replaces him as Chair with immediate effect.

3. Diversity issues

3.1 There are no significant diversity issues involved in this paper.

4. Recommendations

4.1 It is recommended by the Authority note the contents of this report.