

Minutes

Audit and Risk Assurance Committee

Thursday 05 December 2013, 10.00am
at The Forum, 74-80 Camden Street, London

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Present:

Brian Phillpott, Chair
Bill Matthews
Andrew Pollins
Stella Thomas

Apologies:

Catherine Crawford
Mark Newton, T/ACC
Liz Pike, Authority Finance Director

In attendance:

Paul Crowther, Deputy Chief Constable
Simon Hart, Head of Finance
Elaine Derrick, Senior Advisor, Chief Constable's Office

Jo Taylor, National Audit Office
Nick Haigney, Internal Audit
Bonnie Sweet, Internal Audit

Andrew Figgures, Chief Executive
Lucy Yasin, Authority Business Manager
Iggi Falcon, Senior Policy Officer & Minutes

38/2013 Welcome and Apologies

Non-Agenda

1. The Chair welcomed Iggi Falcon to his first Committee meeting. Apologies were received from Catherine Crawford, Liz Pike and Mark Newton.
2. The Chair also welcomed Jo Taylor from the National Audit Office and Nick Haigney and Bonnie Sweet, the Internal Audit team.

39/2013 Minutes of Meeting 18 September 2013

Agenda Item 1

3. The minutes were approved as an accurate record.

40/2013 Matters Arising

Agenda Item 2

4. Members of the Committee were informed that in line with recommended best practice a closed session with all Auditors would take place at the rising of the March meeting.
5. It was clarified that outstanding actions arising from HMIC reports were covered in Item 8 of the agenda.
6. A new format of the Management Assurance Return (MAR) was still expected from the Department for Transport (DfT). The DfT confirmed that the new format was nearing completion and would be circulated soon.
7. All other actions had been discharged.

41/2013 BTP Quarterly Update

Agenda Item 3

8. The Deputy Chief Constable introduced a report which provided an update of developments across Corporate Resources since the previous Committee meeting.
9. Progress was reported on the one outstanding recommendation from the 2011/12 audit year relating to the Mayor's 50 agreement, with the pan-London Police Service Agreement (PSA) with Transport for London (TfL) having been approved by the DfT. It was hoped that the PSA would be signed by 12 December 2013.
10. Concerning the outstanding recommendations from 2012/13, Disaster Recovery testing had been carried out and was broadly successful except for two elements which were scheduled for re-testing in January.
11. An update was given regarding issues with the electronic Case and Custody system.
12. The Force was working to address the issues highlighted in a recent software licence audit which revealed lack of coverage in some areas. The Committee requested to receive a timetable for the work at its next meeting.
13. The Head of Finance provided assurances that following its recent re-structure, the Force's financial team had a renewed focus on accuracy and compliance with financial regulations, with clear responsibilities now embedded in governance and "line of sight" from SCT through to Divisions. With that in mind, the Internal Audit team asked for an extended remit to conduct audit exercises on

invoice process during the coming year and this was to be considered at the next meeting as part of establishing next year's audit plan. The Committee requested an update at the next meeting on the review of SOPs.

14. The report was noted.

15. Agreed

15.1. A timetable to be submitted to the next Committee meeting outlining the Force's work to address issues concerning software licences.

15.2. Result of the January Disaster Recovery test to be reported to the next meeting.

15.3. An update on the review of SOPs to be received at the next Committee meeting.

15.4. Proposed Internal Audit plan for 2014/15 to be produced for the March meeting.

41/2013 BTPA Quarterly Update

Agenda Item 4

16. The Chief Executive of the Authority introduced a report which updated the Committee on significant developments since the previous Committee meeting.

17. Progress was reported on the negotiations with the DfT in respect of the signing of one outstanding PSA.

18. The Committee noted that a Pensions Strategy Review report would be submitted to the next full Authority meeting on 12 December to consider future options for the pension scheme.

19. The Gifts and Hospitality registers were noted, with the Committee commending the actions of PCSO Sue Driffield (6918) who offered an exceptional level of assistance to a passenger in distress. The passenger had thanked the PCSO by buying her a box of chocolates, a gift that was recorded on the register. The Committee agreed that the Chief Executive would write a letter to the Deputy Chief Constable to recognise the officer's actions.

20. The report was noted.

21. Agreed

- 21.1. The Chief Executive to write a letter to the Deputy Chief Constable to recognise the actions of PCSO Sue Driffield in supporting a passenger in distress.

31/2013 Quarterly Strategic Risk Reports (SRRs)

Agenda Item 5

BTPA Risks

22. A discussion took place regarding the mechanism by which the BTPA was able to raise to the DfT those risks which were outside of BTPA's control and which, in essence, could become a risk to the DfT itself.
23. The importance of having clear arrangements in this regard was stressed, particularly with the emergence of the Airwave replacement project which the Committee felt ought to, in time, be flagged as a risk to both the Authority and the DfT. The Committee agreed that the Force should give presentations to both the Finance Committee and the full Authority meetings in January, outlining the issue as well the process by which the DfT would be alerted to any associated risks.

BTP Risks

24. In introducing the report, the Deputy Chief Constable made reference to a previous decision by the A&RAC to change the format of the report, confirming that those suggestions had now been taken on board.
25. The Committee reviewed the items on the Strategic Risk Register (SRR). On the issue of the **PNN Replacement (SR70)**, some concern was expressed regarding the potential inability to replace PNN with an adequate solution. The Deputy Chief Constable reported that this national issue was being progressed by the National Project Team at the Home Office.
26. The report was noted.
27. **Agreed**
 - 27.1. A presentation to be given to the Finance Committee and full Authority meetings in January 2014 on the issue of Airwave replacement. Consideration to be given at that stage of the need to raise the issue to the DfT.
 - 27.2. The Chief Executive to provide clarity over the process by which risk issues beyond the capability of the Authority to resolve would be raised to the DfT and the response the Authority should expect to receive.

32/2013 Covert Accounts Audit Report

Agenda Item 6

28. The Deputy Chief Constable introduced a report which set out the findings of the independent audit review of the financial arrangements for BTP's Covert Operations.
29. The audit exercise found good overall systems and control, with no major issues flagged. The Deputy Chief Constable explained that it was his wish for COVOPS audit to become part of ordinary audits in the future.
30. The report was noted.

33/2013 HMIC Inspection Update

Agenda Item 7

31. The Deputy Chief Constable introduced a report which provided an update of recent HMIC activity, which included the Valuing the Police Inspection, a review of Stop & Search and Undercover Policing, as well as miscellaneous reports published by HMIC.
32. In connection with the Valuing the Police inspection, the Force highlighted that because the BTP was not required to complete a Home Office Annual Data Return (ADR601) – a source of data which HMIC relied upon for their analyses – some of the findings showed inaccuracies with regards to the BTP's position.
33. During discussion over miscellaneous HMIC activity, it was mentioned that a thematic inspection concerning crime recording appeared likely, given the Public Administration Select Committee's ongoing concerns on the issue. The Committee was keen to ensure that the Force demonstrated that it was responsive to the interest generated by such issues, and looked to the Deputy Chief Constable and Internal Audit to consider internal reviews to support this approach.
34. The report was noted.

34/2013 National Audit Office (NAO) – Audit Planning Report

Agenda Item 8

35. The NAO presented their Audit Planning Report for the 2013/14 financial statement audit. The report summarised the key issues which would be looked at by the NAO over the year:-
 - 35.1. Changes to PSA income charges from 1 April 2013
 - 35.2. HMRC provisions (on retirement related issues).

- 35.3. Regional office restructuring project
- 35.4. Payroll controls/audit trail
- 36. The Committee was content with the report and expressed its wish that the NAO exercise on the charging model would help to provide greater reassurance to the Rail Industry.
- 37. The report was noted.

35/2013 Internal Audit Progress Report

Agenda Item 9

- 38. A representative of the Internal Audit Team introduced a report which summarised progress to date on the delivery of the 2013/14 internal audit programme. Two audit reports completed since the September 2013 meeting were submitted;-
 - 38.1. BTPA 13/04 Core Financial Controls (Phase One) - Substantial.
 - 38.2. BTPA 13/09 Corporate Governance and Risk Management - Substantial.
- 39. A further six audits from the 2013/14 programme were in progress.
- 40. The Internal Audit representative raised an issue concerning inconsistent use of the 'Claiming Petty Cash' SOP 236/10 revealed as part of auditing Core Financial Controls Phase 2. The Committee requested the Internal Auditors to discuss the matter with the Deputy Chief Constable, and particularly to establish whether there were conduct matters which may arise.
- 41. The issue of vetting of DfT Internal Audit staff was raised, with the Deputy Chief Constable agreeing to provide greater clarity about the vetting requirements.
- 42. **Agreed**
 - 42.1. The Deputy Chief Constable to provide greater clarity to the Internal Audit team regarding vetting requirements for Audit staff.

36/2013 Any Other Business

- 43. The Chair sought the Committee's view of matters on which they would wish to receive a formal presentation from the NAO at the forthcoming meeting between the Auditors and members.

Next Meeting

04 March 2014 at 10.00 am.