

Minutes

Audit and Risk Assurance Committee

Wednesday 18 September 2013, 10.00am
at The Forum, 74-80 Camden Street, London

The Forum
5th Floor North
74-80 Camden Street
London NW1 0EG

T: 020 7383 0259
F: 020 7383 2655
E: general.enquiries
@btapa.police.uk

www.btapa.police.uk

Present:

Brian Phillpott, Chair
Bill Matthews
Andrew Pollins
Stella Thomas

Apologies:

Catherine Crawford

In attendance:

Paul Crowther, Acting Chief Constable
Simon Hart, Head of Finance, seconded to Restructure Team
Elaine Derrick, Senior Advisor, Chief Constable's Office

Paul Oliffe, National Audit Office
Nick Haigney, Internal Audit
Yomi Momoh, Internal Audit
Yamina Amrutia, DfT

Andrew Figgures, Chief Executive
Liz Pike, Authority Finance Director
Lucy Yasin, Authority Business Manager & Minutes

26/2013 Welcome and Apologies

Non-Agenda

1. The Chair welcomed new Authority Members Andrew Pollins and Stella Thomas to their first Committee meeting. Apologies were given from Catherine Crawford who was also newly appointed to the Authority but had not been available to attend this meeting.
2. The Chair welcomed Paul Oliffe the new National Audit Office Director assigned to the Authority, the internal audit team, Nick Haigney and Yomi Momoh and DfT representative Yamina Amrutia.

27/2013 Minutes of Meeting 31 May 2013

Agenda Item 1

3. The minutes were approved as an accurate record.

28/2013 Matters Arising

Agenda Item 2

4. The March meeting would be extended to accommodate an auditor and member only session in accordance with good practice guidance.
5. All other actions had been discharged.

29/2013 BTP Quarterly Update

Agenda Item 3

6. It was confirmed to the Committee that £396k had gone through the covert accounts in 2012/13. This excluded pay costs. An audit of the internal controls for the covert accounts had been completed and would come to the next Committee meeting.
7. One audit recommendation was outstanding from 2011/12. The recommendation related to the financial risks resulting from the absence of enhanced agreements with Transport for London (TfL) to cover the additional policing measures in place, such as neighbourhood policing teams and the Mayor's 50. The risk being that the Authority had little protection if TfL decided not to continue these enhanced arrangements. A new Police Service Agreement (PSA) had been drafted in partnership with TfL which covered all core and enhanced policing provided. This required approval from the Secretary of State and had been with the DfT for sometime. A number of comments had now been made by the DfT lawyers and were being worked through. The revised wording would be discussed with TfL shortly.
8. There had been good progress on the audit recommendations from 2012/13, with only five outstanding. The outstanding recommendations fell into four areas including disaster recovery, ICT management, promotions process and sourcing and procurement.
9. The under and over payments that had been identified following the work on the pensions reconciliation were largely resolved. There were only seven cases where there was not a payment plan in place, and all over payments had been refunded. It was noted that where people had left the organisation the responsibility to recover the under payments passed to the pensions management company. The reconciliation now took place regularly and the rule on career breaks had been reviewed and it had been agreed that pension contributions would no longer be paid. The only outstanding matter was whether those who returned after a career break would be allowed to "make-up" the service, and if they did whether the employer would be required to do the same.

10. The Committee noted that there was a potential write off of around £90k with respect to the case and custody system following issues with the contractor. An agreement had been reached with the contractor to deliver the system within a set timeframe; if this were not delivered the contractor would be in breach of contract. This had been added to the BTP's Risk Register and it had been agreed there was no need to escalate this to the Authority risk register at present. A lessons learned report would be produced and the Committee welcomed this.
11. A more integrated system was being introduced for asset management. This would strengthen the controls already in place.
12. An audit of software licences was ongoing and would be reported to the Committee at its next meeting. Controls in this area had been significantly tightened with all software requests now having to be approved by the Technology Board and administrative rights reduced to a small number of technology staff. A possible further step for the future was to procure an application which scanned the system searching for people who tried to upload unauthorised software.
13. A review of the structure and workstreams of finance, procurement and corporate services was underway. The objective was to strengthen controls and support the restructure. There was also the potential for outsourcing and consultations were taking place. The current plan was to deliver the changes for March 2014. It was recognised that this would coincide with the year end and contingency plans were in place. However, if it was considered necessary the implementation could be delayed to ensure full focus on the year end close and accounts.
14. BTP was conducting a review of its standard operating procedures. This was progressing well with 129 rated as green, 99 amber and only 6 red.
15. The report was noted.
16. **Agreed**
 - 16.1. The Committee to receive the covert accounts audit report to its next meeting.
 - 16.2. The Committee to receive an update on the software audit report at its next meeting.

30/2013 BTPA Quarterly Update

Agenda Item 4

17. The 2012/13 Statement of Accounts had been laid before Parliament ahead of the summer recess.

18. The new PSA had been signed by all the PSA holders with the exception of one. The company had taken the decision not to sign as they did not want to pay by direct debit (as required in the new terms) and had requested that a variation be made to their PSA to remove this requirement. The core PSA had been approved by the Secretary of State for Transport, as such the Authority was not in a position to make amendments and had referred this matter to the DfT and awaited a response. The company in question had continued to pay their charge in full in the interim.
19. The Delegated Expenditure Limit (DEL) letter had been received from the DfT in July. Following receipt the Authority Chief Executive, as Accounting Officer, had issued delegation letters to the Authority Finance Director and Chief Constable.
20. The revenue delegation had been reviewed and was on target. The capital delegation phasing was subject to revision as only £1.9m had been capitalised at period 5. It was reported however that this was on-target for the year end as the Estates Department had spent 30% of their delegation, IT had a large expenditure planned for period 9 and Fleet had committed its expenditure but as the vehicles had not yet been delivered this was not showing.
21. The grant-in-aid cash settlement had been finalised and showed a £300k repayment was required. The DfT Sponsorship Team had indicated that the Authority would be allowed to retain the funding as this had resulted from savings in cable theft and Olympics spend. However, this would need to be approved by the DfT Finance Team.
22. The valuation for the police officer pension scheme would be taken to the September Authority meeting. The staff scheme was due to be valued as at 31 December 2013.
23. The unauthorised pensions issue had been resolved. The final issue to be resolved was whether the penalty payments should be grossed up and the Chief Executive was in discussion with HMRC on this.
24. The Gifts and Hospitality Registers were noted.
25. The report was noted.

31/2013 Quarterly Strategic Risk Reports

Agenda Item 5

BTPA Risks

26. The view was taken that the risk with respect to police and crime commissioners was under control, as the Authority was aware of the PCCs policing intent and had systems in place to monitor and feed into this.

27. The EPSA risk was also controllable as there were only three EPSAs that had no formal agreement in place, two of which were awaiting signature and one which was in draft. The TfL PSA which had been discussed earlier in the meeting would formally cover all the enhanced policing arrangements in place with TfL.
28. The legislative anomalies risk had been escalated from the BTP register to the Authority. Work was underway with the Home Office to remedy this. The issues largely arose from the definition of a “chief officer” used in legislation, as this was taken from the Police Act 1996 and as such did not cover the Chief Constable of BTP. The issue with respect to firearms was being remedied through the Anti-social Behaviour, Crime and Policing Bill which was at the Report Stage in the House of Commons.
29. The risks with respect to charging were considered as low as reasonably practicable (ALARP), as the Committee noted that there had not been any formal challenge to the 2013/14 policing charges at the time of its meeting. The new risk with respect to challenge to the 2014/15 charges would be added prior to the 2014/15 financial year.
30. The risk with respect to the police officer pension scheme valuation would be closed as this work was drawing to a close and the deficit was lower than anticipated. A new risk with respect to the staff scheme valuation which was due at 31 December 2013 would be added to the register.
31. There was discussion as to whether a risk should be added on the possibility of BTP Scotland being made part of the Police Service for Scotland. It was noted that this would have an impact on various factors for BTP, including but not limited to, charging, resources and pensions. However, it was further noted that BTP’s jurisdiction was enshrined in legislation and as such this was not considered to be a risk at the time of the meeting.
32. The Committee noted the amendments to the risk ratings and the closure of ASR62 which referred to potential challenge to the 2013/14 charges.

BTP Risks

33. BTP had implemented a new risk management software called 4Risk. This replaced the family of spreadsheets that had been in place previously and provided a clearer picture of risk across the Force. It was noted that it would be helpful for the new reporting format to show:
 - 33.1. The risk owner
 - 33.2. The timeframe for closure

- 33.3. Gaps in control (it was suggested that the cause and effect column could be extended to cover this)
 - 33.4. Update comments all to be in the action column
 - 33.5. Risk appetite (i.e. the target at which the risk could be closed according to the agreed risk appetite)
 - 33.6. Fuller description of the potential impact, were the risk to be realised, to strengthen action planning for mitigation and feed into risk appetite.
34. The metal theft risk had been closed, as although this remained an issue it was a substantially different picture following the mitigating actions taken.
35. Three new risk had been added to the BTP register covering:
- 35.1. Police National Database – this risk referred to the way in which BTP was uploading records to the PND. There was a concern that this was inconsistent with other forces and could impact on ease of searching the database.
 - 35.2. Case and Custody Software – This referred to the risk with respect to the delivery of the system following issues with the contractor which had been discussed earlier in the meeting
 - 35.3. Restructuring – This risk referred to a potential impact on service provision whilst the project was ongoing and as the new structure bedded in.
36. The Force had asked the Crown Prosecution Service (CPS) for direction as to what to do with respect to those drivers who had been prosecuted for non-compliance with the requirement to declare who was driving their vehicle when photographed in violation of level crossing laws. The advice and direction from the CPS was awaited. The Force was now making these requests on behalf of chief constables of the county forces but this was not a satisfactory position.
37. The Committee noted the amendments to the risk register and the update on the risk management processes.
- 38. Agreed**
- 38.1. The risk reporting format to be updated to show:
 - 38.1.1. The risk owner
 - 38.1.2. The timeframe for closure
 - 38.1.3. Gaps in control (it was suggested that the cause and effect column could be extended to cover this)
 - 38.1.4. All update comments to be moved to the action column
 - 38.1.5. Risk appetite (i.e. the target at which the risk could be closed according to the agreed risk appetite)

- 38.1.6. Fuller description of the potential impact, were the risk to be realised, to strengthen action planning for mitigation and to feed into risk appetite.
- 38.2. ASR 57, 60, 61 and 62 to be closed.

32/2013 Health and Safety Report

Agenda Item 6

- 39. The Authority and Force had collectively identified that the health and safety arrangements were in need of review. A consultant had been jointly commissioned to conduct a review of both the operational and oversight arrangements to identify any risk areas and gaps.
- 40. The Consultant's Report has now been finalised with 36 issues identified under seven areas including:
 - 40.1. Legislation and compliance
 - 40.2. Resourcing
 - 40.3. Audit and reporting
 - 40.4. Training
 - 40.5. Management information and performance management
 - 40.6. Policy and SOPs
 - 40.7. Site responsibilities
- 41. A detailed action plan had been developed and a Gold Group put in place to ensure the highest level of scrutiny in the delivery of this.
- 42. It was noted that senior managers should be reminded of their responsibilities with respect to health and safety as these were clear in the Health and Safety at Work Act.

[Afternote - The action plan includes an action to make Officers in Charge (OICs) formally responsible for health and safety at their sites and provide appropriate training to ensure competence]

- 43. Under the Committee structure the People and Standards Committee (PSC) monitors Health and Safety compliance. However, until such time that the newly proposed system of reporting to the PSC was embedded the A&RAC would continue to review progress.
- 44. The report was noted.
- 45. **Agreed**

- 45.1. The PSC to monitor progress against the H&S action plan for the term of the project, escalating any control issues to the A&RAC.

- 45.2. The Deputy Chief Constable to consider whether this should be added to the BTP risk register.

33/2013 Management Assurance Return

Agenda Item 7

46. In previous years the Management Assurance Return (MAR) had been due for submission to the DfT at the beginning of November. It had been completed using the template for the previous submission and was presented for approval.
47. The MAR had been prepared by BTP and presented to the Force Executive Board (FEB) before being reviewed by the Executive. The review by the Executive had resulted in the health and safety assurance level being reduced from substantial to reasonable in light of the health and safety report discussed in the previous item. The Executive had also questioned whether the assurance on equality should be substantial or reasonable. The Committee took the view that as there was no objective evidence available to support the substantial rating this should be reduced to reasonable.
48. The rating for programme management had increased from reasonable to substantial following a number of improvements.
49. The DfT updated that the MAR process was being migrated to new software and a number of the questions were being reviewed. However, the new software was not expected to be ready for the November submission.
- 50. Agreed**
- 50.1. The equality rating to be reduced to reasonable in light of the evidence available.
- 50.2. Following the above amendment the MAR was approved for sign off by the Accounting Officer and submission to the DfT.

[Afternote: The DfT have informed the Authority that a new process will be introduced but will not be available until early December when a 9 month return will now be required.]

34/2013 Disaster Recovery Project

Agenda Item 8

51. The Committee were advised that phase two of the disaster recovery project was on target to be completed by the end of November 2013. This had been delayed from May 2013 as the second line to the Force Control Room London had been delayed. Phase two was the back up of nine key systems, as phase one only related to the command and control system.

52. A 24 hour failover test of phase one would take place in October. A one hour test had previously been successfully completed.

35/2013 HMIC Inspection Update

Agenda Item 9

53. The Deputy Chief Constable gave a summary of a number of specific BTP and general policing HMIC reports. All the reports had been reviewed and a number of useful recommendations were being progressed. It was noted that the challenge for HMIC was recognising that as a national force BTP did not always fit its templates for Home Office forces.
54. A report on the use of stop and search had been published and it was recognised that this was topical. The Committee were advised that Assistant Chief Constable Thomas was conducting a review of stop and search within BTP and a policy statement would be drafted to drive the use of stop and search throughout the Force.
55. The report on undercover policing had been reviewed. The Committee was assured that having reviewed undercover policing in BTP there were no concerns for the Authority with respect to the sensitive issues raised in the report.
56. The Committee noted that it was important the Authority was assured that BTP were enacting all the relevant recommendations from the specific and general HMIC reports. Also that matters were raised to the risk register as required. It was requested that in future a table be provided listing all the specific BTP and general policing HMIC reports that had been released since the last Committee meeting along with a column as to whether there had been relevant recommendations for BTP.
57. **Agreed**
- 57.1. A high level table to be provided in future updates listing all the HMIC reports that had been released since the last meeting, both specific to BTP and general to policing, with a statement as to whether they were relevant.
- 57.2. BTP to provide assurance to the Committee that all relevant recommendations have been complied with and non-compliance explained.

36/2013 Internal Audit Reports

Agenda Item 10

58. Two of the nine audits for 2013/14 had been completed and were presented. Four were work in progress and one was being scoped. There had been some delays as a result of vetting and changes to the

audit team. The Committee noted that change was inevitable but requested that team changes be kept to a minimum.

59. The audit of the Charging Model had been completed and substantial assurance had been given.
60. The audit of the Scheme of Financial Delegation had provided reasonable assurance, with five medium priority findings and 1 low priority. The majority of the findings had been actioned and when this was revisited later in the year it was expected that this would provide a substantial assurance rating. One medium priority finding had referred to the late issue of delegation letters. It was noted that this had been a result of the DfT's delegation letter not being received until late July 2013. To resolve this issue in future years it was agreed that delegation letters would be sent from the Chief Executive, as Accounting Officer, to the Authority Finance Director and Chief Constable in March noting that if the letter from the DfT amended delegations updates would be sent on receipt.
61. The reports were noted.

37/2013 AOB

Non-agenda

62. The Chair of the Committee noted that Yomi Momoh was moving on from her role in internal audit for the Authority and would be joining the Highways Agency. The Committee thanked her for her work and wished her well in her future career.

Next Meeting

05 December 2013 at 10.00am