



**Government  
Internal Audit  
Agency**



**British Transport Police Authority**

**Internal Audit Progress Report**

**Period: March 2015 – May 2015**

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**Date of Issue 27 May 2015**

## **1. Introduction**

- 1.1 This paper summarises the completion of the 2014/15 internal audit programme and an update on the final 2015/16 plan. The Audit and Risk Assurance Committee (A&RAC) is invited to note and comment on the progress made to date and approve other items identified, as required.

## **2. Completion of 2014/15 programme**

- 2.1 We have now completed our 2014/15 internal audit programme. Annex I summarises the audits completed along with details of the opinions and findings. The following audit reports have been issued in final since the March 2015 meeting of the A&RAC, with a summary of the reports given in Annex III.

- BTPA 14/01, Governance & Risk Management; issued on 27 May 2014 with a 'moderate' opinion.
- BPTA 14/06, Cyber Security; issued on 27 March 2015 with a 'moderate' opinion.
- BPTA 14/09, Management Assurance Statement; issued on 31 March 2015 with a 'substantial' opinion.
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## **3. 2015/16 internal audit programme**

- 3.1 In our paper to the March 2015 meeting we presented the main themes/ key risk areas under which the specific assignments in 2015/16 would be categorised. In consultation with the BTPA Finance Director and Chair of the A&RA Committee we have now finalised the 2015/16 internal audit programme. It can be found in full in Annex II.
- 3.2 The emphasis in 2015/16 is on fewer reviews but more in depth, higher quality reviews which add real value to management and the Authority.
- 3.3 We have undertaken planning discussions with BTPA on the reviews of Treasury Management and Contract Management and the fieldwork will be kicking off towards the end of quarter 1.
- 3.4 The audit plan below will be kept under constant review through the year to ensure we can respond to emerging risks and changing priorities.

## **4. Advisory Work**

- 4.1 We have not carried out any advisory work since the last Audit and Risk Committee meeting.

## **5. Update on the Government Internal Audit Agency**

- 8.1 In our previous updates we informed the Audit Committee of the creation of the Government Internal Audit Agency (GIAA). It was established as an executive agency of HMT on 1 April 2015 and all staff have transferred to the employment of the Agency.
- 8.2 The Agency gives BTPA access to a wider pool of expertise and experience from across the Agency and our private sector partners. GIAA will be a self-financing executive agency and will cover its costs through the fees charged to our clients for the service provided. For 2015/16 the fee level charged to BPTA will remain at the same level as 2014/15. The Audit Committee is invited to note the update regarding the creation of GIAA.

**Mags Saich, GIAA**  
**27 May 2015**

## Summary of Progress 2014/15 Audit Programme

Annual Report and Opinion						
List of Internal Audit Work and Opinions for 2014-15						
Report No.	Audits	Status	Opinions	Agreed Actions		
				H	M	L
BTPA 14/01	Governance and Risk Management	Final	Moderate	-	8	3
BTPA 14/02	Key Performance Indicators (KPIs)	Final	Moderate	-	1	5
BTPA 14/03	Information Portfolio (formerly Accelerated Information Strategy Programme)	Final	Moderate	-	2	5
BTPA 14/04	Contract Management	See footnote <sup>1</sup>	N/a			
BTPA 14/05	Core Operational Processes	See footnote <sup>2</sup>	N/a			
BTPA 14/06	Cyber Security	Final	Moderate	-	1	3
BTPA 14/07	Core Financial Controls – Employee Expenses	Final	Moderate	-	6	3
BTPA 14/08	Assurance Mapping	See footnote <sup>3</sup>	N/a			
BTPA 14/09	Management Assurance Return	Final	Substantial	-	-	-
	Annual Internal Audit Opinion	Final	Moderate			
<b>Totals</b>				<b>0</b>	<b>18</b>	<b>19</b>

<sup>1</sup> Contract Management audit moved to 2015/16 due to resourcing constraints within BTP procurement team.

<sup>2</sup> Core Operational Processes audit was cancelled in response to Management's concern to avoid the potential for duplication of work between Internal Audit and HMIC.

<sup>3</sup> This was not a formal review but involved support given to the Executive team as they started their own assurance mapping exercise.

**Key:**

<b>Audit Status</b>	<b>Final</b>	Final audit report issued - reported to AC
	<b>Draft</b>	Draft audit report issued - not yet reported to AC
	<b>WIP</b>	Internal audit work in progress
	<b>TOR</b>	Terms of reference for audit agreed, issued and start date for audit agreed
	<b>Scoping</b>	Terms of reference is being drafted, provisional start date identified.
	<b>On Hold</b>	Audit on hold until further notice.
	<b>Cancelled</b>	Audit has been cancelled and reported to the AC

## 2015-16 British Transport Police Authority audit plan

Internal Audit is an independent, objective assurance activity. It provides independent assurance that the Board's risk management, governance and internal control processes are working effectively. This plan sets out Internal Audit's priorities for 2015/16.

To plan our activities for 2015/16 key information, such as the BPTA risk register, was analysed and input was sought from key stakeholders such as the Chair of the Audit and Risk Committee and BTPA Finance Director/ Deputy Chief Executive. From this, and our knowledge of the Authority and its current/ planned activities, we determined the key priorities for Internal Audit for 2015/16.

The audit plan below will be kept under constant review through the year to ensure we can respond to emerging risks and changing priorities.

No	Assignment title	Proposed outline scope	Why is it in the plan?	Priority H M L	Audit sponsor	Estimated days	Timing
<b>Strategic risk focus</b>							
001	Transformation Programme	A series of programme and project management assurance reviews.	In 2014/15 a portfolio level review was undertaken on the Information Portfolio work stream of the Transformation Programme. Further work will be undertaken in 2015/16 to look at the maturity of the programmes/projects across all Transformation work streams and undertake some deep dive activities dependent on outcome of this work.	<b>HIGH</b>	Charlotte Vitty	40	Q2&3
<b>Sub-total strategic risk focus</b>						<b>40</b>	
<b>Core information and systems</b>							
002	Treasury	Core financial control review.	It was previously agreed that a sample of	<b>HIGH</b>	Charlotte	30	Q1/2

	Management		<p>core financial processes would be tested each year on a cyclical basis. Treasury was selected on the basis of discussions with the Finance Director.</p> <p><i>This review was initially scheduled for early Q1 but due to current pressures on the Force finance team with year-end accounts and work being undertaken by Authority management on reserves and cash flow work is expected to start on this review in late Q1/Q2.</i></p>		Vitty		
003	Payroll	Core financial control review.	<p>It was previously agreed that a sample of core financial processes would be tested each year on a cyclical basis. Payroll was selected on the basis of discussions with the Finance Director and NAO.</p>	MED	Charlotte Vitty	20	Q3
004	Contract Management	Core operational controls review.	<p>Postponed from 2014/15.</p> <p><i>This review was initially scheduled for early Q1 but a review is being undertaken by management for the Authority in April/May 2015 on the Northgate contract. Our review will follow on from that exercise.</i></p>	MED	Charlotte Vitty	25	Q1/2
005	Health & Safety	TBC	<p>Health &amp; Safety has been identified as an area of risk following a report carried out by an external consultant in 2014.</p>	MED	Charlotte Vitty	20	Q3
006	Governance & Risk Management	Annual review of governance and risk management arrangements including a follow up of our 2014/15 review.	<p>This is a requirement under Public Sector Internal Audit standards (part of annual HIA opinion).</p> <p>A 2014/15 review is currently underway looking, in part, at the assurance mapping exercise being undertaken and the current changes being made to the governance</p>	LOW	Charlotte Vitty	15	Q4

			arrangements. Work in 2015/16 will include ongoing support to this project but the specific nature of this review is dependent on the outcome of the 2014/15 review.				
<b>Sub-total core information and systems</b>						<b>110</b>	

<b>Other activities</b>							
	Advice/consultancy	Reserved for ad hoc advice to BTPA as and when it arises during the year				<b>4</b>	
	Follow-up	This is time spent following up the recommendations of previous Internal Audit reviews.				<b>10</b>	
	Audit management	This time includes – programme planning and management, regular client governance meetings, attendance at Audit & Risk Committee and drafting our annual opinion.				<b>23</b>	
	Contingency	Reserved for ad hoc audit work as and when it arises during the year				<b>15</b>	
<b>Sub-total other activities</b>						<b>52</b>	

<b>TOTAL DAYS</b>						<b>202</b>	
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## Summary of Final Audit reports issued to the A&amp;RAC

Ref.	Audit Name	Audit Sponsor	Audit Client	Date Issued	Overall Assurance Marking
BTPA 14/01	Internal Audit of Governance & Risk Management	Andrew Figgures, Authority Chief Executive	Charlotte Vitty Finance Director & Deputy CEO, BTPA	27 May 2015	Moderate
<p><b>Audit Objective:</b> To provide the Accounting Officer with an independent assurance on the adequacy and effectiveness of Corporate Governance and Risk Management processes within BTPA.</p> <p><b>Audit Opinion:</b> Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.</p> <p><b>Key Findings:</b></p> <ul style="list-style-type: none"> <li>• There were no high priority findings made in this report. Our review identified the following areas of concern that require management (and Department for Transport) action:</li> <li>• The Authority's membership has reduced below the requirement of the Act (11 to 17 members) and there are currently only ten Authority members. As a result members currently in place are stretched with the increased workload of the Authority and its committees;</li> <li>• From our review of the current composition of the Authority we noted a lack of depth of skills and experience in information technology, finance, human resources and change management and the Authority has lost certain skills and experience recently due to members' retirement, death and end of tenure;</li> <li>• Authority members interviewed reported that information provided for Authority meetings could be too long and overly detailed for the Authority's purpose</li> <li>• Declarations of conflicts of interest were not completed annually by all Authority members and many declarations were not made until late in the year;</li> <li>• Evaluation of the Authority as a whole and its committees is not performed annually and objectives and members' development plans are</li> </ul>					

not signed off or documented;

- A quorum for Authority meetings and those of its committees is not defined in the Authority and committees' terms of reference;
- The draft assurance framework that is currently being developed does not include identification and classification of risk that may impact on the delivery of each statutory requirement; and
- The draft framework does not include assessment criteria for evaluating the effectiveness of the assurance provided from the three lines of defence.

We are aware that the Executive Team has undertaken a review of the current governance structures as part of its ongoing work to establish an assurance framework. Some of the issues raised in this report have been addressed as part of this work, in particular the issue relating to the overlap of roles and responsibilities of the Strategy Planning and Performance Review committees. Following approval by the Authority at the March 2015 meeting, the Strategy Planning Committee has now been dissolved.

Ref.	Audit Name	Audit Sponsor	Audit Contacts	Date Issued	Overall Assurance Marking
BTPA 14/06	Internal Audit of Cyber Security	Andrew Figgures, Authority Chief Executive	Simon Downey Director Capability & Resources, BTP	27 March 2015	Moderate
<p><b>Audit Objective:</b> To provide the Authority's Accounting Officer with an independent and objective opinion on the governance, risk management and control processes in place over the Authority and Force's Cyber Security regime.</p> <p><b>Audit Opinion:</b> Some improvements were identified as required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.</p> <p><b>Key Findings:</b></p> <ul style="list-style-type: none"> <li>• There were no high priority findings made in this report. We noted that the Force had already identified a number of findings which are being addressed via the organisation's Public Services Network for Policing project (PSNP). Besides these findings, the key findings from our audit are set out below:</li> <li>• Responsibility for cyber security for the organisation falls under the wider remit of information risk management. An information risk management regime has been established within the Force with governance provided by the Force's Information Governance Board (IGB). As part of enhancing the organisation's information risk management and governance framework, we noted some opportunities for improvement including developing an information security and risk management strategy for the organisation.</li> <li>• An Information Risk Appetite statement is in place for the organisation which sets out the level of information risk the Force is prepared to tolerate without the need for escalation. However this needs to be appropriately communicated to help guide information risk management decisions within the organisation.</li> <li>• A Cyber Crime Board (CCB) is in place within the Force which meets monthly and membership includes representation from a number of areas of the organisation, including from IGB. At the time of fieldwork, a Terms of Reference had not been agreed and communicated to members of CCB to provide clarity of the Board's remit in achieving shared goals.</li> <li>• As part of increasing the organisation's resilience to dealing with cyber related incidents, scenario based cyber incident exercises should be incorporated into the organisation's business continuity and disaster recovery arrangements.</li> </ul>					

Ref.	Audit Name	Audit Sponsor	Audit Contacts	Date Issued	Overall Assurance Marking
BTPA 14/09	Internal Audit of Management Assurance Return	Andrew Figgures, Authority Chief Executive	Vicky Tanner Income & Compliance Manager, BTPA	31 March 2015	Substantial

**Audit Objective:** To provide the Authority's Accounting Officer with an independent and objective assessment of the Management Assurance Return process as a method for measuring and evaluating the effectiveness of governance, risk management and internal controls within the Authority and Force.

**Audit Opinion:** The framework of governance, risk management and control was found to be adequate and effective.

**Key Findings:**

- There were no high or other priority findings of concern identified from this audit. Key findings are set out below:
- We reviewed the Management Assurance Return (MAR) submitted to the Department which represented the Authority and Force's 9 month return for the period from 1 April to 31 December 2014. We were content that the process for coordinating and compiling the MAR was fit for purpose.
- We reviewed the level of evidence provided by management to support the assurance level ratings for a sample of 56% of the areas of internal control covered by the MAR. For the selected sample we were content that the evidence provided adequately supported management's assurance level ratings.
- As a requirement of the MAR submission an action plan is expected to be in place for each area where the assurance level rating is "Limited" or lower. We were content that an action plan was in place for the one area relating to Information Assurance with a "Limited" assurance rating and the A&RA Committee should be kept informed of progress.
- We followed up on the agreed actions from our 2013/14 MAR audit report and were content that the two agreed actions from the audit (one medium and one low priority action) had been implemented.