

Report to: Police Authority

Agenda: 7

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Subject: Audit & Risk Assurance Committee

Sponsor: Committee Chairman

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For: Information

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1. Purpose of paper

- 1.1. The purpose of this paper is to update the British Transport Police Authority (“the Authority”) on the issues discussed at the Audit and Risk Assurance Committee (“the Committee”) meeting held on 3 June 2015.
- 1.2. The Committee also reviewed the strategic risks of the Authority and British Transport Police (“BTP”) which are both presented elsewhere on the agenda.

2. Agenda Items

2.1. 2014/15 Accounts

- 2.1.1. The Statement of Accounts for the period to 31 March 2015 was submitted to the Finance and Audit and Risk Assurance Committees for review, in order that a joint recommendation for approval could be made to the full Authority.
- 2.1.2. The Committee noted that the end-of-year process had been somewhat more complex than usual. The NAO commented, however, that whilst this resulted in a difficult audit, the level of error was relatively low. They were also confident that an unqualified opinion would be issued on the accounts.
- 2.1.3. Because of the completion issues, timing did not allow for an update to the document’s format. The hope was to produce a more user-friendly set of accounts next year, particularly, the management commentary section.
- 2.1.4. A few small errors and inaccuracies were pointed out, and the Authority Finance Director was to incorporate all those small amendments in the final version to be published.
- 2.1.5. It was consequently agreed to recommend, with the concurrence of the Finance Committee, that the Authority

approves the signing of the accounts by the Accounting Officer and their submission to the NAO and Parliament.

2.2. **BTP Quarterly Updates**

- 2.2.1. The Committee received a report on developments across Corporate Resources, since the last Committee meeting. Key areas of work were highlighted as follows:-
- 2.2.2. **Core Financial Controls** - Following an audit which had identified problems with the payment of expenses to employees, the Force's Standard Operating Procedure (SOP) on the Expenses and Allowances was to be revised and strengthened to ensure payroll issues were addressed.
- 2.2.3. **Information Management** - This remained a key area of focus, particularly with the significant amount of work that was taking place to ensure BTP's connectivity to the Government's Public Services Network (PSN) later in the year. The Force's ability to join the PSN demanded attention in a number of areas, including records management, network security and governance arrangements. Good progress was reported on this process, with accreditation expected to be obtained in July, and transition to PSN starting in August.
- 2.2.4. The Committee also discussed the question of historic backlogs and legacy filing issues. The work to review the contents of some 10,000 boxes of non-indexed archived material - an issue which had been the subject of much scrutiny over the past twelve months - had now been completed, with relevant records being handled or disposed of in accordance with guidance for the Management of Police Information (MOPI). The team leading that work had now moved to addressing other legacy issues, and had uncovered a further 4,000 boxes of non-indexed archived material originating from London South Division. Work was now in hand to review the contents of these, and the Chief Constable confirmed that he was confident there were sufficient resources dedicated to that task.
- 2.2.5. The Authority Chief Executive noted that, in February 2015, the Chief Constable had written to the Chair of the Home Affairs Committee, to update him on the progress of this remedial work. He suggested that it would be important to give thought to providing a further update to the Chair, once the new Committee membership was confirmed. The Committee agreed to delegate this decision to the Authority Chief Executive and the Chief Constable.

2.3. **Authority Quarterly Update**

2.3.1. The Committee noted the progress on addressing the detailed queries raised by three Train Operating Companies (TOCs) over the provisional PSA charges. Two of those were now reported to be satisfied with the advice received, and only one was withholding payment. A comprehensive review of data for that TOC's charge calculation had not revealed any material difference in their estimated bill, and the Authority Finance Director was continuing to engage with the TOC to clarify that advice.

2.3.2. The Authority Finance Director also informed Members on the arrival of the Financial Analyst for the Authority, which should assist in the process of improving transparency and efficiency of the cost allocation model.

2.4. **Gift and Hospitality Register**

2.4.1. An updated version of the Force's and the Authority's Gift and Hospitality registers were reviewed, with no significant issues being raised (copies are available to Authority Members on request).

2.5. **Authority Risk Report**

2.5.1. The Committee considered two potential new risks as follows:-

2.5.1.1. **ASR72 – Current number of Members** – there was a potential risk that falling below the required minimum number of Authority members would have an adverse impact on BTPA's ability's to fulfill its governance requirements.

2.5.1.2. **ASR 71 – Abolition of contracted-out State Second Pension** – there was a potential risk of additional costs linked to the possible requirements to implement the single tier flat rate State Pension.

2.5.2. The Committee agreed that it would be sensible to include these two entries in the Authority's Risk Register. Members commented that it was important to outline that the BTPA depended heavily on the DfT in ensuring that it had a full complement of Members.

2.6. **BTP Risk Report**

2.6.1. An update was received on two existing risk entries:-

2.6.1.1. **SR80 Funding for the Suicide Prevention and Mental Health team** – Mitigating actions to secure the level of funding for an extended period of one year were progressing well.

2.6.1.2. **SR79 Smith Commission** – Following the publication of the Scotland Bill, the BTPA/BTP and Scottish Government officials continued to engage productively over the issue of BTP devolution. A recent meeting had provided greater clarity on timescales, bearing in mind the complex legislative process ahead. There was consensus over the need to review the process of consulting policing targets with the devolved administrations in Scotland and Wales, and that work was expected to be led by the Policing Plan Group.

2.7. Insurance

2.7.1. The Committee received an annual update on the BTP's Insurance programme, which included the important issue of renewal ahead of 1 October 2015.

2.7.2. BTP had recently withdrawn from a Procurement consortium to collectively negotiate and purchase insurance cover with other police forces in the South East of England (known as SEERPIC). The main reason for BTP's withdrawal was the decline in cost-effectiveness. The Force was currently running independent tenders for covers previously provided by SEERPIC.

2.7.3. Members were keen to ensure that VfM was clear to see in any future arrangements, and the Head of Legal Services undertook to bring back data on claims triangulation which will be able to evidence this.

2.8. Health & Safety

2.8.1. The Committee received a report providing an update to Members on the BTP's work to ensure compliance with health and wellbeing requirements. Key areas of work were highlighted as follows:-

2.8.2. **Fire Inspections** – BTP had identified a shortage of capability to deliver its routine inspection programme, and work to address was progressing well, with all high priority site inspections now being completed.

2.8.3. **Risk Assessments** – Work was taking place to adopt best practice in the preparation of risk assessment by owners.

2.8.4. **Wellbeing** – The more significant area of focus concerned staff assault, which was the largest portion of reportable accidents. A nationwide campaign to encourage reporting among police officers was being led by the Federation, and a number of initiatives were being explored, including making full use of body-worn cameras. The Force was to

examine assault data broken down by rank, to understand whether there are any lessons in relation to deployment.

2.9. **HMIC Inspection**

2.9.1. The Committee received a report summarising the Force's activity in relation to past and forthcoming HMIC inspections. Updates were received on inspections relating to Stop & Search, Police Custody, Crime Data Integrity, Police Integrity, Undercover Policing, as well as reports on Core Business and Miscellaneous activity published by HMIC.

2.9.2. It was noted that the forward plan was somewhat less developed than in previous years and that was down to a high degree of change at HMIC, both in terms of personnel and work emphasis. HMIC was focusing on the development of the PEEL Inspection framework, which meant that standalone inspections were decreasing in number. This affected the BTP inasmuch as it is not a comparable force for the purposes of PEEL and is therefore outside its initial scope. Discussions with HMIC are aimed at ensuring that the BTP's unique attributes are taken into account when agreeing a suitable programme of inspections.

2.10. **Internal Audit - Annual Report for 2014/15 Programme and Progress Update**

2.10.1. The Committee received a report setting out the Internal Audit Draft Annual Report and Opinion for 2014/15. Auditors provided an overall 'Moderate' assurance rating on the adequacy and effectiveness of BTPA's arrangements for corporate governance, risk management and internal control for the year to 31 March 2015. In the Auditors' opinion, there were no significant weaknesses that would require to be reported in the Governance Statement.

2.10.2. Three audits from the 2014/15 programme were completed since the last meeting:

2.10.2.1. **BTPA 14/01 Governance & Risk Management** - Levels of assurance were found to be moderate. The auditors found that some improvements were required to the adequacy and effectiveness of the framework of governance, risk management and control. Issues highlighted included level of workload, and increasing skill gaps caused by decreasing number of Authority Members, adequacy of information provided to Authority

meetings, and insufficient structure around annual evaluations.

2.10.2.2. **BTPA 14/06 Cyber Security** - Levels of assurance were found to be moderate. The auditors commented that there were opportunities for improvement including the development of an information security and risk management strategy.

2.10.2.3. **BTPA 14/09 Management Assurance Statement** - Levels of assurance were found to be substantial. The auditors commented that the overall framework of government, risk management and controls were effective. There were some minor compliance issues.

2.10.3. The Committee finally noted that work to re-focus the 2015/16 Audit Plan to take account of the resources and business cycle, was now reflected in a plan with fewer, but more in-depth audits.

2.11. **Other matters**

2.11.1. The Committee agreed the Terms of Reference and Work Plan for the coming year, noting that the ongoing work on the Assurance Framework may result in recommended changes to these.

3. **Recommendations**

- 3.1. The report be noted; and
- 3.2. with the concurrence of the Finance Committee, the Authority be recommended to approve the signing of the accounts by the Accounting Officer and their submission to the NAO and Parliament.