

Minutes

Audit and Risk Assurance Committee

6 September 2016, 1pm

at G2, Force Head Quarters, 25 Camden Road, London,
NW1 9LN

The Forum
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Present:

Mark Phillips, Chair

Andrew Pollins

Brian Phillpott

In attendance:

Adrian Hanstock, Deputy Chief Constable

Simon Downey OBE, Director of Capability and Resources

Shahida Nasim, Interim Head of Finance

Kadija Qidwai, External Audit (NAO)

Ian Pennington, External Audit (KPMG)

Margaret Saich, Internal Audit (GIAA)

Ally Cook, BTP Finance Director

Harriet Andrews, Authority Deputy Treasurer (Minutes)

Apologies:

Bill Matthews

12/2016 Welcome and Apologies

Non Agenda

1. The Chair noted apologies from Bill Matthews.

13/2016 Minutes of meeting 08 June 2016

2. The minutes were approved as an accurate record.

14/2016 Matters Arising

3. Item 7 - The NFI results report will be brought to the January Audit Committee.
4. All other actions were agreed as complete.

15/2016 BTPA Quarterly Update

5. The Deputy Treasurer confirmed that the annual report and accounts for 15/16 has been laid on 20 July 2016.
6. The letter from Richard Carter to the Chief Executive in a response to a letter he sent explaining the cause for exceeding the 15/16 control total was introduced. The Chair asked that the Executive team consider performance and operational aspects in the response to this letter as well as financial matters.
7. The Deputy Treasurer provided a brief update on the Finance Action Plan. Andrew Pollins noted he would like the focus to return to the detailed plan in the following months rather than larger matters that will be discussed at the Finance Committee.
8. The BTP Finance Director noted that the Forecast for 16/17 year end spend was currently £1.4m overspent however a number of management actions were underway to reduce this going forward. The capital accountant is performed a detailed review of the capital programme to assess what is capital and revenue expenditure.
9. The Director of Capability and Resources informed the Committee that there is also a significant project underway for the Efficiency presentation; this will also incorporate work on the 17/18 MTFP.
10. The Deputy Treasurer gave a brief update of the contents of the BTPA Gifts and Hospitality Register. The Deputy Chief Constable informed Members that he had met with the Deputy Treasurer to review the BTP Gifts and Hospitality register. The Chair asked that both the BTP and BTPA register are provided to Audit Committee Members going forward.

Action

The BTPA and BTP Gifts and Hospitality Registers will be included in the Committee papers going forward.

16/2016 Internal Audit Progress Report

11. Mrs Saich introduced the internal audit progress update. She confirmed that the Information Management report is now being finalised with a moderate opinion. This will be reported formally to the next Audit Committee.
12. The Bank & Cash audit and Health & Safety audit are currently underway. The intention is that both of these reports will be finalised for the next Audit Committee.
13. Upcoming internal audit work for the next quarter includes further work on the Finance Action Plan and an audit of the Charging Model.
14. The members queried, considering the challenge from TOCs on the policing charges, whether the internal audit of the charging model could be brought forward before any communications go out. The Chair agreed that this audit should be brought forward.

Action

GIAA and the BTPA Executive team will meet to plan bringing the charging model audit forward.

15. The Chair noted that he had some concerns regarding the IT department and procurement. He was concerned at the level of contractors working in that department and would like some assurance that appropriate processes and practices are in place and there are efforts being made to move towards populating with permanent staff. In terms of the procurement department he noted an interest in the organisational design and how individuals are carrying out their functions. The procurement element was noted as the priority of the two areas by the Chair.
16. The Director of Capability and Resources confirmed that the Finance Action Plan and restructure does respond to some of these concerns.
17. Mrs Saich did note that certain elements will be picked up in the Finance and contract management focus of the internal audit plan this year.

Action

GIAA and the Executive team will consider how to bring the focus of Procurement - and the IT department to a lesser extent- into the 2017/18 audit plan.

17/2016 Quarterly Strategic Risk Report

18. The Deputy Treasurer introduced the paper which highlighted the work that had been done on Risk Appetite and Strategy.
19. Members noted that the skeleton of this work was good and a working group. A suggestion was made by members that another risk category might be added for reputational risk. However it was decided that at this point this would not be actioned but would be kept in mind.
20. It was recognised the further work was required the work was a good start.
21. The Members noted that there was a major concern in terms of elevation of risks to the DfT. There has always been a method of escalation but there were concerns the risks were not being fed to the appropriate group within DfT.

Action

BTPA Executive team will perform further work on the method of risk escalation to the DfT ensuring that the appropriate group are selected. This will be picked up in the GRWG.

22. The Committee reviewed the risk register. The Chair asked that the Scotland Project and Infrastructure project risk be separated out before reporting to the Authority. He also asked that the risk of PSA holders delaying payment be included in the risk register more clearly.

Action

The risk register will be updated to separate out the Scotland and Infrastructure Project risks before being reported to the Authority. The risk of PSA holders delaying payment will also be made clearer in the register.

23. The Deputy Chief Constable confirmed that further work will be performed on the risk register in terms of documenting of controls, actions and owners before the following Audit Committee. The Director of Capability and Resources also noted that further information could be documented on the Transformation risk.

18/2016 HMIC Report

24. The Deputy Treasurer introduced the paper informing the Audit Committee of recent discussions with HMIC and the DfT regarding inspection activities for 16/17. She informed members that full involvement in the PEEL inspection could be £100k or above.
25. Members highlighted that the £60k fee approved in a previous Committee was on the understanding that this would focus inspection activity on only those areas that are relevant to BTP operations.

Action

The Chair has remitted Samantha Elvy to return to DfT to remind them of the original intention of the £60k and of the areas that are not relevant to BTP.

19/2016 Operation Canberra Update

26. The Director of Capability and Resources provided the Committee with an update on the Operation Canberra project. In terms of physical records the 39,000 boxes issue has been addressed. The digitalisation of core policing processes is now in action. Training has been provided to all police station administrators and the BTP audit visits programme is underway and has produced some useful results.
27. Mrs Saich confirmed that the same conclusions have been found from the internal audit review. She noted that resourcing for information management has improved and good governance processes now exist; the main focus going forward is ensuring the new culture of focussing on information management is embedded throughout the whole organisation.
28. The Director of Capability and Resources provided an update on the Employment Tribunal. He advised that BTP are currently in the process of very protracted legal proceedings, with 6 pre-hearings underway. The pre-hearings are seeking to reach resolution about when the individuals made protected disclosures and the detriments received as a result. A high court injunction has been sought to prevent the individuals keeping information in their custody. However because of the Employment Tribunal the High Court has not ruled that they should return the information. The options are currently to appeal or to settle. He has requested more detail on the cost of this tribunal.

29. The Director of Capability and Resources provided an update on the major internet outage that occurred early in the month. The issue is resolved and back to full service. Gold group systems used the business continuity plans to manage the situation on the assumption that it was a short term issue. Lessons learnt from this issue will be used to inform future work on the Business Continuity plans.

20/2016 Committee Terms of Reference and Work plan

30. The Deputy Treasurer introduced the paper which provided some suggestions for improvements in the ToR and for the 16/17 work plan.
31. Members noted that the suggestions made appeared reasonable.
32. The Authority Executive team will finalise the paper and distribute to members.

Action

33. The Authority executive team will finalise the Terms of Reference and work plan for the Audit Committee and will distribute outside of Committee.

21/2016 Finance Action Plan

34. The BTP Finance Director provided the Audit Committee with a brief update on the Finance Action Plan. The main focus is on embedding of key financial controls as well as improving budgetary and forecasting controls. He noted, in terms of the new finance structure, that the levels of applications for the Deputy Director roles had been encouraging. The consultation process will commence in the following week.
35. Members queried whether it made sense for the review of Divisions to commence after the review of the central team or whether it would be more effective to consider alongside. However the BTP Finance Director reminded the members that by doing so would hold up the phase two process significantly which could ultimately impact on embedding of controls.
36. The Chair asked it to be noted that once the new finance structure is embedded he then expects the BTP Finance Director to focus on the size of the central finance team and whether it requires reduction.
37. In response to the Chair's query on the level of the Divisions' visibility on the finance and efficiency plans, the BTP Finance Director confirmed that finance reviews are held every period

where efficiency strategies are discussed. He noted that the controls present at the Division level are actually at a good level.

38. The Director of Capability and Resources confirmed that the central team are very explicit with Divisions on what the pressures are and in which areas efficiencies need to be found. However he did note that a deeper level of cultural understanding and group decision making involving the Divisions was required.

39. The Chair confirmed that he felt the more that those in the Divisions were involved, the better the outcome would be.

22/2016 Internal Audit Management Letter on Sarax Contract

40. Mrs Saich introduced the internal audit management letter paper on the review of the Sarax contract. She noted that the Chief Executive prepared responses to the recommendations which confirmed that due process had not been entirely followed caused by a lack of audit trail. BTPA will ensure all lessons learnt are analysed and communicated accordingly.

41. The Chair asked Mags Saich and BTP to confirm at the next Audit Committee that BTP are not tied into Sarax going forward.

Action

GIAA and BTP will confirm at the next Audit Committee whether any terms agreed with Sarax in the past tie BTPA to Sarax going forward.

23/2016 Any Other Business

42. The Chair noted his thanks to Brian Philpott for all his work and support as Audit Chair over the years.

Meeting ended 2.55pm.
