

# Audit Committee Authority Briefing

Tuesday 6 September 2016, 1.00pm  
 At BTP FHQ, 25 Camden Road, London NW1 9LN

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

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

[www.btpa.police.uk](http://www.btpa.police.uk)

---

## Present:

Mark Phillips, Chair  
 Andrew Pollins  
 Brian Phillpott

Harriet Andrews (minutes)  
 Adrian Hanstock, Deputy Chief Constable  
 Ally Cook  
 Simon Downey  
 Shahida Nasim

Ian Pennington, KPMG  
 Mags Saich, GIAA  
 Khadija Qidwai, NAO

## Apologies:

Bill Matthews

---

## P6 Results (Agenda item 3)

### 1. PSA relationships

Audit Committee members were provided an update on current relationships with PSA holders. The focus currently is on the relationship with South West Trains:

RAG rating	PSA Holder	Summary
	South West Trains	Discussions have continued with SWT in connection with the PSA charge. A proposed resolution was put forward to the SWT board on the 16 August but was rejected. SWT will be writing to the Chair setting out their concerns and the Chief Executive has been in contact with DfT the current dispute. SWT have also been in contact with the DfT separately. The Chief Executive has spoken to SWT verbally who have confirmed that the desire to settle if possible without recourse to law still remains.

## **2. DfT Management Assurance Return**

A review and update of the MAR responses is currently in progress. This will be reported at the next Audit Committee once responses have been reviewed and verified by the Authority Deputy Treasurer.

## **GIAA - Internal Audit Update (Agenda item 4)**

### **1. Internal Audits nearing completion**

- The Information Management has been completed and since the Audit Committee a draft report has been provided to BTPA and BTP with a Moderate opinion. Management responses are currently being prepared by the Force and formal reporting of findings will occur at the next Audit Committee.
- GIAA are currently performing detailed audits on the implementation of the finance action plan. The Audit of bank and cash controls is nearing completion, accounts receivable will then commence.
- The Health and Safety audit is in progress. The final report will be provided at the next Audit Committee.

### **2. Audits to commence**

- The Audit Committee have suggested that the audit of the charging model occurs before any charging letters are sent to the industry. A introductory session is being held with the Authority Charging Manager week commencing 26 September in order to develop the Terms of Reference.
- The review of Business Continuity Management will commence late Q3.

### **3. Sarax**

- At the June 2016 Audit Committee, GIAA reported on Contract Management. Due to the timing of the fieldwork a separate management letter has been prepared on the review of the Sarax procurement process.
- The management letter and response from the Chief Executive was reviewed by the Audit Committee.
- The Chief Executive's response noted that he had reviewed the evidence, interviewed those involved, taken legal advice from Michelmores who provided the original advice and also consulted with PwC.
- He has confirmed that due process was not entirely followed in this procurement since an audit trail of any decision to use a general exclusion under the relevant legal procurement frameworks in case of legal challenge was not maintained. There are lessons to be learnt from this project and BTPA will ensure that they are properly analysed and communicated accordingly.

- It would be appropriate for a post project implementation report to be submitted to the Finance Committee.
- Further services could, if required and appropriate, be called off under the Framework Agreement with Sarax. The BTP however now have the capability to make this unnecessary. We acknowledge Michelmores' advice that BTP should seek detailed legal input before calling off such services and to ensure all relevant paperwork is completed before BTP seek to exclude any further call-offs from a regulated procurement process.

#### **4. 2016/17 Audit Plan**

- The Audit Chair has requested that the Internal audit plan for 2016/17 provides sufficient review of procurement and the IT department and projects. GIAA and the Authority Deputy Treasurer will work with the Audit Chair to encompass these items into the plan. This may impact the Internal Audit fee if other audits cannot be delayed to 2017/18.

#### **Quarterly Strategic Risk Report (Agenda item 5)**

1. The Audit Committee reviewed and combined risk register and provided feedback on wording. An updated version is included as a separate item on the Authority agenda.

#### **HMIC inspection (Agenda item 6)**

1. Following receipt of the commissioning letter from The Authority, HMCIC Sir Tom Winsor wrote to the Chief Executive in August advising him that it was not the role of the Authority to commission inspection activity, but that under Section 63 of the Railways and Transport Safety Act (RTSA) the Secretary of State could commission activity and discussions with the DfT had already begun to scope a plan for 2016/17.
2. The Department has confirmed that it intends to work with HMIC and BTPA to develop and refine a plan annually.
3. Update Since the Audit Committee:
  - The DfT have confirmed via HMIC that the 16/17 plan will remain to be focussed on the Legitimacy, Efficiency and Leadership inspection as well as the Counter Terrorism inspection.
  - Whilst the cost of the Counter Terrorism inspection will be nil for BTPA is now estimated that the cost for Legitimacy, Efficiency and Leadership will now be £110k. The original quote provided by HMIC (and therefore budgeted for in the BTPA budget) was £60k.

- Any future effectiveness inspection that took place in 2017/18 would incur similar costs.
- The Authority Strategy and Performance Manager has requested a meeting with HMIC to understand the detail behind the increased charge.

### **Operation Canberra Update (Agenda item 7)**

1. The Director of Capability and Resources provided an update to the Committee following the closure of Operation Canberra which dealt with legacy information management issues. This report has been attached at Appendix A.

### **Finance Action Plan update (Agenda item 9)**

1. An update has been provided within the Authority Finance update.