

Report to: Police Authority
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Subject: Audit and Risk Assurance Committee
Summary Report
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For: Approval

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1. Purpose of paper

- 1.1 This paper provides a summary of the key decision points and reporting from the Audit and Risk Assurance Committee (ARAC) which took place on 6 March 2018.

2. Committee highlights

- 2.1 It was determined at the December ARAC that the Committee would like the British Transport Police (BTP) and the British Transport Police Authority (BTPA) to work together to establish a defined risk appetite for the key strategic risks of the Force. Work has been underway since this meeting to coordinate a risk workshop with key members of the Force and Authority, including finding a lead from DfT to run the workshop.
- 2.2 In the ARAC held on the 6th March, the lead from DfT was brought in to establish exactly what was expected of the workshop, and how he proposed to cover the topic. He iterated that he would run through the Strategic Risk Register (SRR) and help to develop risk appetites for each key risk. From this, it was determined that it was crucial for the risk owners to be present at the risk workshop. Since this Committee meeting on the 6th March, a new date has been set for the risk workshop of the 24th April, to include all of the risk owners in the SRR, the risk management team, and the risk managers at the Authority.
- 2.3 The Strategic Risk Register (SRR) was discussed, and there have been 3 new risks added since November 2017. These include the inability to upload information to PND; the ability to improve performance at the Force Contact Centre (FCC); and Disaster Recovery arrangements for Origin. These changes have

been made prior to any risk workshop taking place, and it is anticipated then that the SRR will be modified in lieu of any outcomes achieved in the risk workshop taking place in April.

- 2.4 The IR35 Report from GIAA was a particular focus at the December Committee, and it was requested that the Force provide a detailed management response to these findings. The feedback from Adrian Hanstock was included as an appendix to the actions log of the Committee, and it was reported at ARAC that a process of delegation is being worked on in conjunction with both the Authority and the Force which will give a more streamlined approach to hiring of contractors. It was agreed that the Members would like GIAA to review the processes around IR35 compliance in 6 months' time.
- 2.5 On the 20th February 2018, following an intense period of joint work with Police Scotland to explore issues such as employee terms and conditions, pensions, contracts and equipment, financial impact, IT networks and cross-border working arrangements; the Scottish Government decided to review the timetable for devolution. This was in light of rising concerns about the ability to complete the devolution safely to the initial deadlines. The risk profile is now being reassessed, and further joint work is underway urgently to re-plan for full integration with the support of EY to determine the date of 'full integration' with a recommendation being presented to the JPB by September 2018. This re-planning presents new risks which need to be better understood: for example, a delay the implementation date by just one year risks the renegotiation of our commercial contracts on unfavourable terms.
- 2.6 Therefore, the risks associated with Project Scotland are being re-profiled, including a comprehensive horizon scan, and the risk register updated. These changes will be communicated at the ARAC session in June, as well as any further updates on progress.
- 2.7 The P9 Management Assurance Return (MAR) was discussed, and determined that it was to be submitted that day on the 6th March. This is a week overdue of the original deadline of the 28th February. This was due to a thorough review by the Authority which requested the lowering of two of the 'substantial' ratings given, down to 'moderate' and requested further commentary and evidence. The Authority was then satisfied that this was representative of BTP/A, and the return was submitted.
- 2.8 It was confirmed that the year-end MAR will be submitted to ARAC, and will have been reviewed by a BTP Board chaired by Adrian Hanstock, prior to submission to the Department for Transport.

- 2.9 GIAA have completed their work on the return and have provided the draft report, which has been given a Moderate assurance rating, to both the Authority and the Force for comments.
- 2.10 The 2016/17 wash-up charges were issued to stakeholders in December 2017. Within these issued letters, an offer for meetings to be held to discuss their charges was made, as in previous years. As a result, seven stakeholders reached out to clarify the movement in the charges or achieve a greater understanding of how the charging model works. These queries are not anticipated to have any effects on the ability to collect payment, with the exception of MTR Crossrail who is currently withholding payment. The PSA holder continues to believe that their charges are impacted by station usage data at Stratford station where, despite them being the station facility owner (SFO), they believe the cost should be shared by themselves and London Underground. The Authority believes that MTR Crossrail is the SFO and the current treatment of Stratford is consistent with how all other SFO stations are treated. This issue remains open and the Authority will discuss with the Station usage data provider (the ORR) whether or not they are able to identify London Underground (LU) and non-LU entries and exits in their data. At the same time, MTR Crossrail will send us the appendix and schedules to the Station access condition documents they have previously provided. The impact of Stratford is £387k on the 2016/17 provisional charge and remains outstanding.
- 2.11 The Government Internal Audit Agency (GIAA) brought the finalised Management Accounts report to the Committee which had been given a Moderate assurance rating. The 2018-19 internal audit plan was also brought to the Committee, but it was determined that this will be worked on further outside of ARAC to ensure it is pitched at the right level and the costing is appropriate.
- 2.12 A representative from KPMG provided an update on the interim audit work that is currently underway. The work done was focused largely on transactional work and payroll and reconciling the fixed asset register. The fieldwork is now complete and debriefs are now underway.
- 2.13 Work is underway to close down the accounts for the year ended 31st March 2018. The Finance team at FHQ have selected material projects included within the fixed asset register to reconcile back to the asset returns prepared by the organisation. This will be used as evidence of physical verification of assets for the year-end audit. With regards to liabilities, a secondary backlog project is being initiated in order

to clear the remaining aged items on the invoice register. The intention is to perform a review of old Purchase Orders (POs) where there has been no goods receipting for over 12 months. If no response is received prior to year-end with a valid justification to retain the PO, they will be closed. This will ensure there is no potential overstatement of the GRNI accrual. The year end external audit is due to start on the 8th May.

3. Recommendations

3.1 The Authority is asked to note the above ARAC summary.