

Minutes

Audit and Risk Assurance Committee

Tuesday 4 September 2018, 10:00 hours

at BTPA, 5th Floor North, 74-80 Camden Street, London NW1 0EG

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Present:

Mark Phillips, Chair (MP)
Shrin Honap (SH)
Dyan Crowther (DC)
Andrew Pollins (AP)
Martin Richards (MR)

In attendance:

Adrian Hanstock (AH)
Tracey Martin (TM)
Helen Edwards (HE)
Sam Elvy (SE)
Sarah McGarel (SM)
Tony Collingwood (TC)
Mel Morton (MM)
Ian Pennington (IP) - KPMG
Mags Saich (MS) – GIAA
Richard Wood – NAO: *first 45 minutes* [via dial-in]
Simone Scott-Sawyer (SSS) - minutes

1. Introductions & Welcome

- i. MP welcomed everyone to the meeting and introductions were made.

2. Minutes of Meeting 15 June 2017

- i. The minutes of the meeting which took place on 15 June 2018 were approved as an accurate record.

3. Matters Arising

- i. An update was given on the matters arising.
- ii. The following actions were discharged as complete – 4, 5, 6, 7, 8, 10 and 11.
- iii. Action 1: Cash flow and reserves: this item had been brought to the attention of Tracey Martin the new Finance and Commercial Services Director and was being reviewed with a paper to be submitted to the next committee.

Update: TM wished to test the MTFP assumptions to gauge the minimum cash holding and benchmark with other organisations. One member observed that if the assumptions were to change fundamentally, the committee must be mindful of the effect this could have on the risks going forward on the delivery of the MTFP

- iv. Action 2: SM noted that it may be prudent to also include Scottish devolution in the review of the risk register in the later session:

Update: this would be looked at later in the meeting when discussing risk but due to its evolving nature it should stay a “live” matters arising.

- v. Action 3: A report was submitted as part of the papers for the meeting.

Update: this would be discussed later in the meeting by HE, with anticipation that this would then be considered complete.

- vi. Action 4: this item was in progress.

Update: this would be looked at in the next session.

- vii. Action 5: complete.

- viii. Action 6: complete.

- xi. Action 9: this was due to be processed.

Update: to commence in September.

- xi. Action 10: complete.

3.1 Systems Architecture Report

The Protecting our Systems Enterprise Architecture report was provided as an update to Members. One Member sought further clarity over the status of the protection of the data and what testing is undertaken to ensure the integrity of BTP’s systems architecture. It was agreed a one page dashboard would be produced and circulated to members addressing these concerns. The DCC informed Members that he had been in communication with an IT expert from Barclays Bank in order to benchmark and learn from some of their methods used.

Action:

- A performance-style dashboard on general cyber security would be provided to Members.
- Confirm if data is held in a disaggregated form ensuring further protection from a security breach.

4.1 Strategic Risk Register and Risk Appetite Workshop slides

- i. MM provided an update to Members, stating that work has been underway for several months to review the strategic risks. An initial risk workshop took place with BTP senior management in March to discuss the importance of risk management and re-framing the strategic risks to ensure strategic objectives are met. Throughout the summer, work has been on-going to formulate BTP/A's strategic risks, how to mitigate them and developing BTP/A's risk appetite profile. In view of the time constraints, MM highlighted the main items for Members to focus on in this session would be the threats to the objectives and the organisation's risk appetite.
- ii. Members discussed a number of pertinent issues. For example, mentioning BTPA needed to be mindful of the general political landscape. Additionally as recent scandals have shown there is a pervasive need for those in public office to adhere to rules and ensure the appropriate level of risk is captured for any existing known/unknown historical issues. Members were keen to have a robust risk register in place which kept the Force on the front foot and catered for all eventualities. Members were also of the view that value for money ought to be demonstrated on an on-going basis. BTP need to ensure they remain relevant to the industry and deliver value for money.
- iii. It was noted that a commercial strand should be added to the risk register looking at providing value for money and demonstrating relevance and competitive edge.
- iv. As concerns risk appetite, Members highlighted the need to protect our reputation and to reflect the different tolerance levels in the themes. Members discussed the need to be mindful of differing views on risk appetite and noted that it was imperative they were able to reach the right level.

Action:

- The risk register should include an additional strand on commercialisation [covering themes such as contingency plans, unique selling point and potential financial risks]. A summary of this ARAC discussion should be taken forward to the next Authority meeting for further discussion with all Members. Ultimately the risk appetite themes and the tolerance levels should be presented in a dashboard for ease of understanding.

[The committee adjourned at 11:28 for 10 minutes.]

5.1 Update from GIAA Audit Manager

- i. MS provided an update to Members on outstanding work from 2017/2018. The HR report is complete and issued within the ARAC papers, and the draft Accounts Payable report has been agreed by the Force and will be finalised shortly. The draft IT Governance report is currently under review at the Force. The Management Letter on Efficiency Savings is complete with meetings having taken place between BTPA, BTP and DfT working on definitions, methodologies and evidence capture to ensure everyone has a consistent understanding of these terminologies.
- ii. MS gave an update on 2018/19 work with two reviews in fieldwork - Business cases and Authority Governance. GIAA is slightly behind schedule but is currently scoping further reviews with the expectation of being back on schedule by the next meeting.

Members noted the report.

5.2 Final HR Payroll report

- iii. Overall the report had a moderate opinion and found strong controls in place around key functions. No significant key findings but some recommendations were made for tightening controls and evidencing existing controls. One Member noted their expectation that these recommendations would be addressed very quickly.

Members approved the report.

6.1 BTP Quarterly Report

- i. The DCC provided an update to Members.
- ii. The DCC recommended closing down the Finance Action Plan, as the majority of identified actions have been completed. Members sought clarification as to whether it ought to be formally signed off by the committee and it was agreed it should with the Chief Constable writing to the Chair of the committee.

Action:

- The CC to formally write to members closing down the Finance Action Plan.
- iii. With regards to the MAR, it was reported that within the Force work was already underway ensuring it builds on the moderate grading received in the previous year. The team are in the process of collating the returns and ensuring that all evidence is collected and collated in a way that is auditable.
 - iv. With regards to Scotland, the DCC reported that the enormity of the task and associated risks were becoming apparent to various stakeholders. The change of Justice Minister in Scotland has allowed the opportunity to pause and reflect on the feedback and the progress of the project to date.
 - v. With regards to the Force's Audit, Risk, Integrity & Compliance Board, the DCC provided an update to the Members, highlighting as an example the recent focus on evidence in property stores and the actions taken to resolve. The DCC explained that this example shows the strength of the current ARIC process, as historically the reporting was static and similar every month whereas now there is a changing focus over a 24 month period.
 - vi. With regards to the Kerslake report, the DCC provided an update to Members and observed that there was nothing specifically relating to BTP. However, BTP are reviewing processes in relation to the recommendations to see if any improvements can be made.

Members noted the report.

6.2 HMICFRS update

- vii. The DCC referred to the paper issued for HMICFRS and stated that there is continued focus on improvements.

6.3 Business continuity

- viii. HE provided an update to Members. A substantial piece of work had been carried out and the focus now was on contingency planning, for example if the disk systems went down, what back up systems were in place to ensure seamless business continuity. HE referred to a gold/silver/bronze classification when determining the urgency of recovering systems following a business outage.

ix. 7.1 BTPA Quarterly Update Report

- i. SM provided an update to Members.
- ii. The 2016/17 TfL wash-up charges are now agreed and the invoices issued.
- iii. Good progress has been made on issuing quarterly updates and BTPA are aiming to issue to TOCs in late September.
- iv. With regards to the 2017/18 wash up charges, SM reported that these would be submitted for approval in November.
- v. With regards to the Gifts & Hospitality, SM reported that there was need to review the guidance and re-circulate to ensure consistency and compliance.

7.2 PSA Model Adjustment for 2016-17 wash-up and 2018-19 provisional

- vi. SM provided an update to Members. SM highlighted the small changes in charges needed to be made to 2016/17 wash-up and 2018/19 provisional charge due to franchise footprint changes.

7.3 Cost Allocation model - station usage for Stratford

- vii. SM provided an update to Members. One Member enquired whether the survey data would be made available in the future. SM was unable to confirm at this stage.

Action:

- SM will include an update to the Authority in September on EPSAs.

8 Any Other Business

There was no other business.

Meeting ended 12:55 pm.