

Minutes

Audit and Risk Assurance Committee

Thursday 11 March at 10.15am via Microsoft Teams

Present:

Kenna Kintrea (Chair)
Graham Evans (Deputy Chair)
Sir Craig Mackey

Apologies:

Sir Craig Mackey (from 11.00am)
Andrew Pollins

In attendance:

British Transport Police Executive

Hugh Ind (Chief Executive)
Sarah McGarel (Deputy Chief Executive & Chief Financial Officer)
Lucy Yasin (Head of Governance and Compliance)
John Babalola (Head of Contracting)
Lynsey Marshall (Finance, Audit and Risk Manager)
Alistair MacLellan (Board Secretary / Minutes)

British Transport Police Force

Adrian Hanstock (T/Chief Constable)
Tracey Martin (Director of Finance and Commercial Services)
Megan Taylor (Deputy Director of People and Culture) (Item 9.3)
Melissa Morton (Head of Audit and Assurance)
Sonja Browning-Page (Chief Information Officer)
Craig Ellis (Deputy Chief Information Officer)

External

Aaron Condron (Government Internal Audit Agency)
Matt Kay (National Audit Office)
Jessica Illingworth (National Audit Office)
Jon Brown (KPMG)
Komal Taragi (KPMG)

Apologies**Agenda Item 1**

1. Apologies were received from Andrew Pollins, and Craig Mackey from 11.00am. The Board Secretary noted the meeting would remain quorate (half of Committee membership).

Declarations**Agenda Item 2**

2. There were no declarations.

Due to Craig Mackey's departure at 11.00am, Members agreed to vary the order of items on the agenda to facilitate as much scrutiny as possible of key agenda items by the majority of Committee membership.

Cyber Security Presentation**Agenda Item 3 (formerly Agenda Item 5)**

3. The Chief Information Officer (CIO) provided a Cyber Security Update alongside a report, and the following points were made.
 - a. The CIO noted that the Force wanted to ensure its response to COVID-19 over the past year had not given rise to any cyber vulnerabilities, particularly given the roll out of new technology, and advice from industry that there had been an increase in cyber security issues associated with COVID.
 - b. The CIO continued, noting that the Force was relying on two assessments – an IT Health Check, and a GIAA audit assessing the Force using the five pillars of the Cyber Essentials framework. Members were assured that whilst the Force had experienced incidents in common with other organisations such as phishing, and vendors flagging vulnerabilities, the Force had responded to all without the significant loss of data or negative operational consequences.
 - c. The CIO concluded the update by noting the Force would move on to mature its cyber security capability.
 - d. The GIAA Head of Internal Audit (GIAA HIA) confirmed that a GIAA audit report on cyber was in draft form and due shortly.
 - e. In response to a question, the CIO replied that the Force planned to tender for an external maturity assessment to ensure it was as objective as possible, with the possibility to secure accreditation.

- f. In response to a question, the CIO replied that the patch delay did not pose a risk to the Force from a security point of view, but the Force would be subject to significant fees the longer it relied on Windows 7 compared to Windows 10.
- g. In response to a question, the CIO replied that in her view the Force lacked sufficient internal resource to deal with the level of demand. This was not just an issue of capacity, but also of skills available. The CIO was reviewing the team's operational model for the long term and had submitted a request for temporary resourcing in the short term. The Chair requested an update on resourcing at the next meeting of the Committee (**Action 1/2021**)
- h. In response to a question, the CIO and Deputy CIO replied that there was no specific intelligence to suggest the Force was being cyber-targeted, but acknowledged that the Force would need to consider the secondary impact on the Force of any significant cyber-attack against the rail network.

4. **RESOLVED**, that the report be noted.

Minutes

Agenda Item 4 (formerly Agenda Item 3)

- 5. **RESOLVED**, that the minutes of the meeting held on 18 November 2020 be approved.

Management Assurance Return 2020/21

Agenda Item 5 (formerly Agenda Item 8.2)

- 6. Members considered a report of the Deputy Chief Constable regarding the Management Assurance Return 2020/21 and the following points were made.
 - a. The Head of Audit and Assurance introduced the report, noting that overall it recorded reduced levels of assurance. This was mainly due to the increased level of scrutiny being undertaken, rather than due to declining performance.
 - b. The Head of Audit and Assurance highlighted the four areas deemed *Limited*, which included Risk Management for the second successive year due to the delay in recruitment of a Risk Management Lead; Health and Safety due to gaps in governance identified by the Authority; Physical Security; and Cyber Security. There were action plans in place to address all areas deemed *Moderate* or less.
 - c. In response to a question, the T/Chief Constable confirmed he was content with the level of detail in the action plans. These were reviewed both by Force Chief Officer Group, and Departmental Heads.

- d. The Chief Executive noted that the Executive, and where necessary the Committee, would maintain Authority challenge and oversight of the action plans.
 - e. The Chair was confident at the level of scrutiny applied to the Management Assurance Return.
7. **RESOLVED**, that the Management Assurance Return 2020/21 be approved for submission to the Department for Transport.

GIAA Audit Plan 2021/22

Agenda Item 5 (formerly Agenda Item 10.2)

8. Members considered a report of the GIAA regarding the GIAA 2021/22 Internal Audit Plan and the following points were made.
- a. The GIAA HIA noted that timings outlined within the Plan were indicative and there remained flex to move activity and change scope between quarters.
 - b. The Chief Financial Officer confirmed that the Plan was the result of detailed engagement and took account of the areas in the Assurance Map. The Plan would be reviewed in six months.
 - c. In response to a question, the T/Chief Constable confirmed the Force was comfortable with the Plan but cautioned against duplicating activity that was undertaken by HMICFRS.
9. **RESOLVED**, that the GIAA Internal Audit Plan 2021/22 be approved.

GIAA e-Expenses Audit

Agenda Item 6 (formerly Agenda Item 10.4)

10. Members considered an audit report of the GIAA regarding e-Expenses, [REDACTED] and the following points were made.
- a. In response to a comment, the T/Chief Constable agreed that lessons learned from the audit could be applied to the launch of future self-service models within the Force. The Head of Audit and Assurance confirmed work was being undertaken in this area to make self-service models more robust.
 - b. The T/Chief Constable emphasised that the e-Expenses process was still relatively new and the issues identified suggested teething problems i.e. multiple claims due to lack of acknowledgement by the system, rather than genuine attempts at fraud.

Craig Mackey left at this point of the meeting.



- d. The Chair noted that management checks would be reintroduced where necessary.
- e. The Chief Financial Officer concurred with comments made but highlighted the risk around growing awareness that the current system had weaknesses of oversight that could be exploited. For this reason, GIAA had recommended a focus on repeat offenders in making incorrect submissions. In the CFO's view, systems should be automated as far as possible with manual checks restricted to exceptions.

11. **RESOLVED**, that the report be noted.

HMICFRS Inspection Plan 2021-2023

Agenda Item 7 (formerly Agenda Item 9.4)

12. Members considered a report of the Head of Audit and Assurance regarding the HMICFRS Inspection Plan 2021-2023 and the following points were made.

- a. The Head of Audit and Assurance noted that the go-live date for the Plan was in Autumn 2021 to allow time for the Force to adjust to increased activity resulting from easing of lockdown during Summer 2021.
- b. In response to a question, the T/Chief Constable confirmed that the incoming Chief Constable had been consulted on the Plan.
- c. Members noted that PEEL assessments represented a potentially time-consuming workload for the Force.

13. **RESOLVED**, that Members,

- a. Endorse the HMICFRS Inspection Plan 2021-2023
- b. Endorse that BTP/A inform HMICFRS of their recommendations for the HMICFRS Inspection Plan 2021-2023.
- c. Approve the HMICFRS Inspection Plan 2021-2023 to DfT for agreement.

Audit and Risk Assurance Committee Workplan 2021/22

Agenda Item 8 (formerly Agenda Item 12.2)

14. Members considered a report of the Finance, Audit and Risk Manager regarding the Committee Workplan 2021/22 and the following points were made.
 - a. In response to a comment, the Chief Financial Officer agreed that an additional meeting of the Committee in June 2021 would assist with efficient oversight of the Annual Report and Accounts (**Action 2/2021**).
15. **RESOLVED**, that the Audit and Risk Assurance Committee Workplan 2021/22 be approved.

Audit and Risk Assurance Committee Terms of Reference Update

Agenda Item 9 (formerly Agenda Item 12.1)

16. Members considered a report of the Finance, Audit and Risk Manager regarding the Audit and Risk Assurance Committee's terms of reference and the following points were made.
 - a. Members noted the report was for comment, with a finalised version being submitted to the Committee for approval at its next meeting.
 - b. In response to a comment, the Finance, Audit and Risk Manager confirmed that the Full Authority would approve the strategic risks and appetite rather than delegate the approval to the Audit and Risk Assurance Committee. The Committee would be responsible for reviewing risk quarterly. The wording within the terms of reference could be amended accordingly.
17. **RESOLVED**, that the report be noted.

Actions

Agenda Item 10 (formerly Agenda Item 4)

18. Members considered a report of the Board Secretary regarding actions arising from previous meetings and the following points were made.
 - a. Members agreed that Actions 2/2020, 8/2020, 10/2020, 11/2020, 12/2020, 14/2020, 15/2020, 16/2020, 17/2020 and 18/2020 could be closed.
 - b. **Action 9/2020 (Strategic Risk Review)**. In response to a question, the Chief Executive noted that the Strategic Risk Review would be undertaken at the May 2021 Full Authority meeting, with a precursor session at the March 2021 Full Authority meeting.

- c. **Action 13/2020 (Commercial Board Evaluation).** The Finance, Audit and Risk Manager noted that the evaluation of the Commercial Board had been scheduled for the November 2021 meeting of the Committee to allow the Board an adequate period of time within which to operate.

19. **RESOLVED**, that the report be received.

Quarterly Strategic Risk Register Updates

Agenda Item 11 (formerly Agenda Item 6)

BTP/A Joint Update on Risk Management

Agenda Item 11.1 (formerly Agenda Item 6.1)

20. Members considered a joint update report of the Authority and the Force regarding Risk Management and the following points were made.

- a. In response to a question, the Head of Audit and Assurance noted that a successful candidate for the Force's Risk Management Lead post had been identified and was undergoing vetting.

21. **RESOLVED**, that the report be noted.

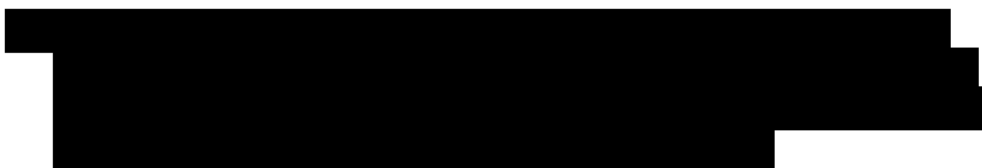
BTP/A Joint Strategic Risk Dashboard Update

Agenda Item 11.2 (formerly Agenda Item 6.2)

22. Members considered a joint Strategic Risk Dashboard Update of the Authority and the Force and the following points were made.

- a. In response to a question, the Chief Executive replied that Risk A1 (Political, Legal and Regulatory) was judged to be increased due to the Manchester Arena Inquiry and the Williams Review. That said, the Chief Executive felt adequate mitigation measures were in place to address this risk.
- b. The Chief Executive noted that the planned cyber maturity assessment could be factored into mitigation measures for Risk A3 (Security & Business Continuity).
- c. In response to a question, the Chief Executive replied that Risk A5 (Management of Change) was in his view appropriately graded as stable, the arrival of a new Chief Constable notwithstanding. This was due to both the Force and Authority having time in this interim period to consolidate, plan and respond to any major forthcoming change.
- d. In response to a comment, the Chief Financial Officer and the Director of Finance and Commercial Services noted the increased risk underpinning Risk A6 (Financial Sustainability) reflected that a capital spending review

was due; alongside internal pressures such as the existing £20m efficiencies programme.



23. **RESOLVED**, that the strategic risk dashboard be noted.

BTP/A Enterprise Risk Management Framework 2021

Agenda Item 11.3 (formerly Agenda Item 6.3)

24. Members considered the BTP/A Enterprise Risk Management Framework 2021 and the following points were made.

- a. The Board Secretary noted that the two Members who had given apologies had confirmed in writing that they supported the Framework.
- b. In response to a question, the Head of Audit and Assurance agreed to share framework hierarchy outside of the meeting (**Action 3/2021**).
- c. The Chief Financial Officer noted that the framework, when agreed, should be used to embed risk management, and should also be factored into the forthcoming Strategy from 2022/23.

25. **RESOLVED**, that the BTP/A Enterprise Risk Management Framework be approved.

Health and Safety Assurance Statement

Agenda Item 12 (formerly Agenda Item 9.3)

26. Members considered a cover report of the Finance, Audit and Risk Manager and a report of the Director of People and Culture regarding the Health and Safety Assurance Statement and the following points were made.

- a. In response to a question, the Deputy Director of People and Culture confirmed that measurement of near misses had commenced recently and had, previously, only been measured quarterly with no associated trend analysis.
- b. In response to a question, the Deputy Director of People and Culture confirmed that her team was fully staffed and resourced to deliver against the planned workplans.
- c. The Chair noted that the Civil Nuclear Constabulary could be included among those organisations the Force benchmarked itself against.

- d. In response to a request, the Deputy Director of People and Culture agreed, through the Director of People and Culture, to share the Force's maturity plan in this area with the Executive, alongside proposals on how it would be monitored (**Action 4/2021**)
- e. In response to a question, the Deputy Director of People and Culture confirmed that the Force was conscious that COVID and its aftermath had long term implications for Force officers and staff.
- f. The Deputy Director of People and Culture confirmed that the Health and Safety Policy Statement included among the Background Papers was the version that would be signed by the Chief Constable and Chief Executive.
- g. The Head of Governance and Assurance noted that Health and Safety would be an item on the Full Authority agenda on 24 March 2021.

27. **RESOLVED**, that Members endorse the Health and Safety Assurance Statement and the recommendations therein.

The Committee adjourned between 12.05pm and 12.10pm.

Quarterly Fraud Update

Agenda Item 13 (formerly Agenda Item 7)

28. Members considered a joint update report of the Force and the Authority regarding fraud and the following points were made.
- a. The Finance, Audit & Risk Manager noted that fraud levels remain very low.
 - b. In response to a question, the Finance, Audit and Risk Manager replied that fraud risks took into account areas that were under investigation, plus any intelligence received.
 - c. The T/Chief Constable welcomed the level of assurance offered by the fraud risk assessment.

29. **RESOLVED**, that the report be noted.

British Transport Police Authority Updates

Agenda Item 14 (formerly Agenda Item 8)

Chief Financial Officer's Report

Agenda Item 14.1 (formerly Agenda Item 8.1)

30. Members considered the Chief Financial Officer's Quarterly Update report and the following points were made.

- a. The Chief Financial Officer noted that the Authority had asked for assurances from the Force regarding payroll controls that would be reported to the Force's Finance Assurance Board at end May 2020. Members could expect an update on this issue at their next meeting (Action 5/2021).
- b. The Chief Financial Officer continued, noting the significant annual leave accrual arising due to COVID-19 and the associated potential [REDACTED] cost. The Authority was aware that the issue was being monitored by Force Chief Officer Group to ensure both officer/staff wellbeing and operational demands were being met. Members should expect a comprehensive update on this issue at their next meeting (Action 6/2021).
- c. The Director of Finance and Commercial Services was heard regarding annual leave accrual, noting that [REDACTED] [a proportion] had been absorbed during Period 11 reporting with a residual risk [REDACTED] at year-end. Theoretically the risk could be mitigated as an accounting adjustment but this would change if officers/staff either retired or left the Force, in which case the adjustment would have to be converted to cash.
- d. In response to a question, the Director of Finance and Commercial Services agreed that leave buy-back was an option but if adopted would be a cash cost to the Force.
- e. In response to a question, the Director of Finance and Commercial Services confirmed that the Force was following government guidance regarding allowing officers/staff to carry forward leave.
- f. A Member noted that the Force should be mindful of what the industry and peer-Forces were doing with regards to leave accrual given the solution adopted had the potential to affect the tone and morale of the Force at the outset of the new Chief Constable's tenure.
- g. The Chief Financial Officer noted there had been a high level of activity around pensions with a substantive item at the Full Authority meeting on 24 March 2021. The deadline to submit the staff scheme valuation was 31 March 2021, with a separate consultation required on the impact on contribution rates.
- h. In response to a question, the Chief Financial Officer confirmed that the Executive had agreement, largely, with industry regarding 2020/21 charges for Policing Service Agreements although there were some challenges to be addressed [REDACTED]

31. **RESOLVED**, that the report be received.

British Transport Police Force Quarterly Updates

Agenda Item 15 (formerly Agenda Item 9)

T/Chief Constable's Report

Agenda Item 15.1 (formerly Agenda Item 9.1)

32. Members considered the T/Chief Constable's Quarterly Update report and the following points were made.

- a. The T/Chief Constable introduced the report, noting that issues around payroll and e-Expenses had been dealt with elsewhere on the agenda. Members were asked to note the activity in support of the Custody Improvement Plan, including upgraded CCTV at the Brewery Road custody suite. The T/Chief Constable agreed to provide a detailed update on recruitment to additional posts approved in December 2020 (**Action 7/2021**).
- b. The T/Chief Constable continued, highlighting the additional scrutiny being undertaken by the Force's Audit, Risk, Inspection & Compliance Board (ARIC) on building security, particularly the potential risks in this area posed by officers/staff returning to the workplace post-COVID. The T/Chief Constable noted that the 31 March deadline was realistic, although more detailed work to design-out vulnerabilities would take longer.



Single Source Justification Requests

Agenda Item 15.2 (formerly Agenda Item 9.2)

33. Members considered a report of the Director of Finance and Commercial Services regarding Single Source Justification (SSJ) Requests 2020/21 Q1-Q4 (P11-12). The Director noted that there had been a 46% reduction in value which demonstrated the level of push back being exercised by Force controls to encourage officers/staff to genuinely test the market before resorting to SSJs.

34. **RESOLVED**, that the report be received.

Internal Audit

Agenda Item 16 (formerly Agenda Item 10)

GIAA Internal Audit Plan 2020/21 Progress Report

Agenda Item 16.1 (formerly Agenda Item 10.1)

35. Members considered a GIAA report regarding progress against the Audit Plan 2020/21 and noted that GIAA was on track to complete all planned activity by year-end, with 5 reports complete, 1 in draft and 2 audits ongoing.

36. **RESOLVED**, that Members,

- a. Approve the proposed change to the 20/21 Audit Plan, namely the IT continuity review to be removed from the 20/21 Plan and included in the 21/22 Plan.

Quarterly Review of GIAA Service Level Agreements

Agenda Item 16.2 (formerly Agenda Item 10.3)

37. Members considered a quarterly review report of the Finance, Audit and Risk Manager regarding GIAA Service Level Agreements and the following points were made.

- a. The Finance, Audit and Risk Manager acknowledged it had been a difficult year due to COVID-19, but that the majority of the planned internal audit activity had been completed which compared well against peer Forces. All parties – GIAA, Authority and Force, acknowledged they needed to work more closely on action plans arising from audits, review project plans more often and conduct lessons learned from the 20/21 process for application in 21/22.
- b. The Head of Audit and Assurance concurred, noting that the Force had both seen improvements and received good feedback from stakeholders.

38. **RESOLVED**, that the report be noted.

Transformation Audit

Agenda Item 16.3 (formerly Agenda Item 10.5)

39. Members considered an audit report of the GIAA regarding Transformation Programme – Cashable Benefits and the following points were made.

- a. The Chair noted a degree of dissatisfaction with the report and suggested that it should have been more robust in its findings. The GIAA HIA was heard in reply, who acknowledged that there had been an issue of consensus around whether the Programme Management Office (PMO) or individual programmes should be the main driver in this area.
- b. The Head of Audit and Assurance noted that whereas the Infrastructure and Projects Authority (IPA) Framework had been used for benchmarking, this was perhaps better suited to larger projects than those undertaken by the Force. There was learning to be had from peer organisations in this area and this was perhaps not drawn out within the report.

- c. The GIAA HIA noted Members' feedback and committed to applying lessons learned to the planning stage of the 21/22 audits.

40. **RESOLVED**, that the report be noted.

EPSA Audit

Agenda Item 16.4 (formerly Agenda Item 10.6)

- 41. Members considered an audit report of the GIAA regarding EPSAs, noting the feedback from the GIAA HIA that there needed to be more documentation of the end-to-end process underpinning EPSAs.

42. **RESOLVED**, that the report be noted.

Recruitment Audit

Agenda Item 16.5 (formerly Agenda Item 10.7)

- 43. Members considered an audit report of the GIAA regarding Recruitment, noting that it had been reviewed at the November 2020 meeting of the Committee and was included on the agenda for completeness.

44. **RESOLVED**, that the report be noted.

External Audit

Agenda Item 17 (formerly Agenda Item 11)

Interim Audit Progress and Initial Findings

Agenda Item 17.1 (formerly Agenda Item 11.1)

- 45. A KPMG representative was heard, noting that transaction testing for months 1-9 had been carried out. There were no issues to highlight with Members in particular, although as discussed earlier on the agenda, the external auditor was mindful of the issues posed by annual leave accruals and pensions.

Committee Governance

Agenda Item 18 (formerly Agenda Item 12)

Member Training Plan 2021/22

Agenda Item 18.1 (formerly Agenda Item 12.3)

- 46. Members considered a report of the Finance, Audit and Risk Manager regarding a Member Training Plan 2021/22 and the following points were made.

- a. Members noted that the Committee would be undergoing a change in membership towards the end of 2021 and that this should be factored into Member induction and training where possible. The Finance, Audit and Risk

Manager confirmed that there is a training package on offer from CIPFA for Police Audit Committees which could be considered, but reassured that any training material will be made available to new members.

47. **RESOLVED**, that the Member Training Plan 2021/22 be endorsed.

Any Other Business

Agenda Item 19 (formerly Agenda Item 13)

48. There was no other business.

Meeting Evaluation

Agenda Item 20 (formerly Agenda Item 14)

49. Members noted that the meeting had been well chaired and use of technology had been effective. Going forward, more Members should be allocated to the Committee to improve its resilience; and consideration given to ensuring agenda packs were as concise as possible.

The meeting ended at 1.12pm.