BTPA
British Transport Police
Authority

[23 June 2022] Agenda Pack - Audit and Risk Assurance Committee

MEETING
23 June 2022 10:30

PUBLISHED
17 June 2022

WEBSITE

Agenda

Location	*Date*	*Owner*	*Time*
Microsoft Teams	23/06/22		10:30

Start of Meeting

1. Apologies	Chair
2. Declarations	All
3. Minutes	Chair
4. Actions	Chair

Strategic Risk & Fraud

5. Strategic Risk Deep Dive: Cyber & Data

6. Strategic Risk Register Review - Update following Management Workshop

7. BTP/A Joint Update on Risk Management	Head of Audit and Assurance
8. BTP/A Joint Strategic Risk Register	Head of Audit and Assurance
9. BTP/A Fraud Update Q4 2021/22	Chief Financial Officer

British Transport Police Authority

10. Chief Financial Officer's Report	Chief Financial Officer

  10.1. [Background Pack] BTPA Assurance Map

Agenda

Location	Date	Owner	Time
Location	*Date*	*Owner*	*Time*
Microsoft Teams	23/06/22		10:30

11. Reserves Management — Chief Financial Officer

Break

British Transport Police

12. [To Follow] Manchester Arena Inquiry Update — Deputy Chief Constable

13. Deputy Chief Constable's Report — Deputy Chief Constable

14. HMICFRS Victim Services Assessment and Crime Data Integrity Inspection Report and Action Plan — Deputy Chief Constable

   14.1. [Background Pack] Appendix A - HMICFRS / An inspection of the service provided to victims of crime by British Transport Police — Deputy Chief Constable

   14.2. Appendix B: VSA CDI Action Plan — Deputy Chief Constable

15. Financial Statements Period 14 (31st March 2022) — Director of Finance and Commercial Services

16. [Background Pack] Force Management Statement 2022 — Strategic Planning Manager

17. [Background Pack] Oracle Licenses Lessons Learned

Internal Audit

Agenda

Location	Date	Owner	Time
Microsoft Teams	23/06/22		10:30

18. Internal Audit Progress Report	GIAA	
18.1. [Background Pack] Internal Audit Report - Risk Management	GIAA	
18.2. [Background Pack] Internal Audit Report - Estates Strategy & Management	GIAA	
18.3. [Background Pack] Internal Audit Report - Force on the Move Programme Design	GIAA	
18.4. Internal Audit Annual Opinion and Report 2021/22	GIAA	
18.5. [Background Pack] Internal Audit Report Supplement	GIAA	

External Audit

19. External Audit Draft Audit Completion Report	NAO/KPMG

Governance and Compliance

20. Draft Annual Report and Statement of Accounts 2021/22	Chief Financial Officer
21. Committee Self-Assessment of Effectiveness and Terms of Reference Refresh 2021/22	Head of Governance and Compliance
22. Annual Code of Governance Refresh 2021/22	Head of Governance and Compliance
22.1. [Background Pack] Draft Code of Governance [June 2022]	
23. [Background Pack] Committee Workplan 2022/23	Chief Financial Officer

End of Meeting

Agenda

Location	Date	Owner	Time
Microsoft Teams	23/06/22		10:30

24. Any Other Business		All
25. Meeting Evaluation		Andy Cooper

AUDIT AND RISK ASSURANCE COMMITTEE - ACTIONS

Item Ref	Date	Topic	Action/Paper	Owner	Due Date	Outcome
21/2021	18 November 2021	BTP/A Strategic Risk Update	Members should be consulted outside of the meeting as to how hazards/opportunities should be presented to the Committee	Mel Morton / Lynsey Marshall	~~11 March 2022~~ 9 September 2022	*This action is delayed due to the departure of the BTP Risk Management Lead and also because BTP/A are awaiting findings from the current GIAA audit.*
1/2022	11 March 2022	BTP/A Joint Strategic Risk Register	Note to be provided setting out mitigation activity on the People risk.	Deputy Chief Constable	23 June 2022	**Recommended for Closure** Increase in People risk has been escalated to both Strategy and Planning Committee (1 June 2022) and People and Culture Committee (8 June 2022) The latter Committee considered papers relating to the complexity of the UK recruitment market and directed that a paper providing a holistic Force response to mitigate the issues be provided to the Full Authority for consideration.
2/2022	11 March 2022	BTPA/A Quarterly Fraud Update	Force to provide written response explaining rationale behind written warning for case of overtime fraud	Pete Fulton	23 June 2022	**Recommended for Closure** Rationale for written warning was due to the breach of the overtime policy being judged unintentional.

AUDIT AND RISK ASSURANCE COMMITTEE - ACTIONS

3/2022	11 March 2022	Chief Financial Officer's Report	Force to provide Members with relevant FEB paper confirming Force on track to achieve forecast spend at P12	Director of Finance and Commercial Services	3 May 2022	**Recommended for Closure** This duplicates an action that also arose at Performance and Delivery Committee. Board Secretary highlighted relevant papers with ARAC Members on 17 June 2022.

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Report to:	Audit and Risk Assurance Committee
Date:	23 June 2022
Subject:	Committee Self-Assessment of Effectiveness and Terms of Reference Refresh
Sponsor:	Co-Head of Governance and Compliance
Author:	Board Secretary
For:	Information

1. Purpose of paper

1.1 To comply with Committee's terms of reference to *perform an annual assessment of [the Committee's] performance, timed to input into the Governance Statement, summarising the work [the Committee] has done during the year in relation to its terms of reference and annual work plan.*

1.2 To provide Members with the opportunity to comment on and suggest any revisions to the Committee's terms of reference.

2. Background

2.1 This report consists of Appendix 1 (summary of 2021/22 Committee activity against its terms of reference) Appendix 2 (summary of Committee activity against its 2021/22 workplan) and Appendix 3 (Terms of Reference).

3. Recommendations

3.1 Members are asked to,

- Note the report.
- Suggest any revisions to the Committee's terms of reference for approval by the Full Authority at its meeting on 29 June 2022.

Appendix 1

Audit and Risk Assurance Committee – Delivery against Terms of Reference 2021/22

Terms of Reference	Commentary 2021/22 [June 2022]
The Audit and Risk Assurance Committee will present a summary of key points to the Authority after each meeting and minutes for noting.	Digests provided to all Members of Full Authority on Board Intelligence following each meeting; and draft minutes of ARAC provided to subsequent meeting of Full Authority for information.
The Audit and Risk Assurance Committee will perform an annual assessment of their performance, timed to input into the Governance Statement, summarising the work it has done during the year in relation to its Terms of Reference and Annual Work Plan.	As per this paper.
The Audit and Risk Assurance Committee will advise the Authority and Accounting Officer on:	
the strategic processes for risk, control and governance and the Governance Statement;	Strategic risk a standing item at each ARAC, and Governance Statement is included within Annual Report that is submitted to Full Authority for approval.
the accounting policies, the accounts, and the annual report, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;	Committee reviews Annual Report and Accounts prior to submission to Full Authority; informal Member briefing sessions (walkthroughs) are scheduled to brief whole Membership on draft Annual Report; Committee has extraordinary meeting in July to finalise Annual Report. Committee has External Audit as standing item on agenda.
production and approval of the Management Assurance Return (MAR)	MAR dealt with at 11 March 2022 meeting.
the planned activity, results of both internal and external audit and HMICFRS;	Internal audit reports were uploaded to dedicated shelf on *Board Intelligence* throughout 21/22; internal and external audit are standing items on committee agendas; HMICFRS inspection plan approved by Committee March 2022 with regular updates and results reported to Committee (e.g. VSA Report June 2022)

adequacy of management's response to issues identified by audit activity, including external audit's management letter;	Internal audit reports were uploaded to dedicated shelf on *Board Intelligence* throughout 21/22; internal and external audit are standing items on committee agendas.
assurances relating to the corporate governance requirements for the organisation;	*Corporate Governance* is a key theme of every Internal Audit and is assessed each year in the Governance Statement of the ARA. ARAC may provide oversight and scrutiny of corporate governance by discussing themes emerging from these two workstreams and seeking further assurance if necessary. Further, the Board Effectiveness Review assesses corporate governance and is in the workplan each year.
anti-fraud, bribery and corruption and whistleblowing processes and arrangements for investigations	Committee receives a summary of instances of fraud, bribery and corruption each quarter as well as a summary of confidential reports made in this area. Training is scheduled for November 2022 so Members understand BTP/A policies and processes in these areas. This will equip members with the knowledge to evaluate the information in the Quarterly report and respond should any investigations or whistle-blowing reports require specific ARAC attention.
monitor and assess compliance with and performance against statutory duties	A very wide area and is included in almost every piece of assurance work done. There is no 'list' of requirements but rather each business area must be responsible for their own statutory duties. Having consulted other forces on this same matter, the consensus is that statutory duties should be included in each area of the assurance map (provided from November 2021) and, when assurance work occurs, this should be an area under review.
Assurances related to financial reporting, including understanding significant changes to accounting policies	Occurs through routine reporting to Committee and enhanced by attendance and input from external auditors.
Assurances over data, systems and information	Annual workplan item due November 2022.

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The Audit and Risk Assurance Committee may:	
Approve the annual external audit plan	Discharged at 18 November 2021 meeting
Approve the internal audit plan	GIAA Internal Audit Plan 2022/23 approved 11 March 2022
Approve the HMICFRS Inspection plan	HMICFRS Inspection Plan 2021/23 approved 11 March 2021
Endorse the strategic risk register, risk appetite and other risk documents for approval at the Full Authority	Strategic risk is standing item on Committee and Full Authority agendas; Risk and risk appetite was subject of May 2022 Full Authority workshop, a paper arising from which is expected late 2022.
Milestones	
Annual report and Accounts, including the Governance Statement and audit opinions, to the June meeting	Dealt with at June 2022 meeting and scheduled for completion at extraordinary 5 July 2022 meeting.
Management Assurance Statement to the March meeting	Dealt with at 11 March 2022 meeting.
Annual health and safety assurance statement to the June meeting	
Annual endorsement of strategic risks and risk appetite statement to the Authority	Risk and risk appetite was subject of May 2022 Full Authority workshop, a paper arising from which is expected late 2022.
Data assurance statement	Due November 2022 as per Committee workplan. NB GIAA Data Integrity report (8 March 2022) *Moderate* rating.
At least one strategic risk deep dive	Two deep dives conducted on 11 March 2022: Technology and Major Incidents.
The Head of Internal Audit and the representative from the external audit will have free and confidential access to the Chair of the Audit and Risk Committee.	N/A
The Audit and Risk Assurance Committee will meet at least 4 times a year. The Chair of the Committee may convene additional meetings, as they deem necessary.	Committee has met four times since June 2021, not including scheduled June 2022 meeting. This includes additional extraordinary meeting in July 2021 to approve finalised Annual Report and Accounts.
The Authority or Accounting Officer may ask the Audit and Risk Assurance Committee to convene further meetings to discuss particular issues on which they want the Committee's advice.	N/A

The membership of this Committee will be five members of the Authority. Executive Team and Force colleagues will join as agreed with the Chair.	Current membership (June 2022) is five Members of which three joined the Committee on 1 April 2022. One Member left the Committee in December 2021 (term expired).

Appendix 2

Delivery of Audit and Risk Assurance Committee Workplan 2021/22 (approved March 2021)

Key Message: 2021/22 Committee workplan delivered with some movement – additionality is shown in green text, and deferred items shown in red text.

Meetings	Items	Output
Standing Items	- Welcome, introductions and conflict declaration - Minutes of previous meeting - Matters arising/actions outstanding - Risk Register - Fraud report - BTPA Quarterly Update - BTP Quarterly Update - Manchester Arena Inquiry (from November 2021) - Internal audit update & reports, including SLAs and monitoring completion of GIAA agreed actions ~~Summary of the key risks, messages and internal/external communications points emerging from the meeting~~ (*included in meeting digests*) - Reflection on effectiveness of meeting	- Minutes - Summary for Authority meeting
June 2021	- Annual Report and Statement of Accounts - Governance statement (included in the ARA) - Code of Governance amendments and Board Effectiveness Evaluation - Internal Audit Annual Report and Opinion - Draft External Audit Completion Report - Report on committee effectiveness self-assessment,	- Approval of Annual Report and Accounts to Authority - Approval of any Code of Governance amendments to Authority - Remedial actions for effectiveness from self-assessment - Approval of ARAC ToR changes to the Authority

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	including oversight and terms of reference (*report restricted to refreshing terms of reference*) • Revise ARAC terms of reference	
July 2021	• Final Annual Report and Accounts	
September 2021	• Final Audit Completion Report for 20/21 external audit • Reserves Management • GIAA Internal Audit Plan Amendment • Strategic Risk Deep Dive (*two deep dives delivered March 2022*)	
November 2021	• Reserves Policy (*Reserves Management considered September 2021*) • Anti-fraud and whistleblowing policies/processes review (*included within GIAA Internal Audit Report on Procurement in Background Pack*) • Statutory appointment of the Comptroller and Auditor General as External Auditor endorsed • External Audit Plan • Annual statement on data assurance • HMIC Integrity inspection (*update in November 2021 and scheduled for June 2022*) • Strategic Commercial Board Update *(originally scheduled March 2022)*	• Approval of updated reserves policy • Approval of updated fraud and whistle-blowing policies • Approval of external audit plan
March 2022	• Workplan for 2022/23 • Contract Variation Approval Lessons Learned • Health and Safety Assurance Statement • Management Assurance Return (MAR) • GIAA Plan 2022/23 • HMICFRS 2022/23 • Cyber security update *(cyber included in Joint Strategic Risk Register, and Member training session and risk deep dive both scheduled for June 2022)* • Strategic Commercial Board update *(delivered November 2021)*	• Approval of work plan • Approval of MAR submission • Approval of Internal Audit Plan

	• Preliminary External Audit findings from interim work	
Other responsibilities to be programmed or for the future	• Risk documents review – appetite and universe – March/ April 2021 – *Full Authority (Risk Workshop took place 25 May 2022) – due Full Authority from June 2022.* • HMICFRS Reports and input to Plan *(scheduled in 22/23)*	

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Appendix 3 – Audit and Risk Assurance Committee Terms of Reference

Purpose

- This statutory committee supports the Authority and Accounting Officer by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements.

Reporting

- The Audit and Risk Assurance Committee will present a summary of key points to the Authority after each meeting and minutes for noting.

- The Audit and Risk Assurance Committee will perform an annual assessment of their performance, timed to input into the Governance Statement, summarising the work it has done during the year in relation to its Terms of Reference and Annual Work Plan.

Responsibilities

The Audit and Risk Assurance Committee will advise the Authority and Accounting Officer on:

- the strategic processes for risk, control and governance and the Governance Statement;

- the accounting policies, the accounts, and the annual report, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;

- production and approval of the Management Assurance Return (MAR)

- the planned activity, results of both internal and external audit and HMICFRS;

- adequacy of management's response to issues identified by audit activity, including external audit's management letter;

- assurances relating to the corporate governance requirements for the organisation;

- anti-fraud, bribery and corruption and whistleblowing processes and arrangements for investigations

- monitor and assess compliance with and performance against statutory duties

- Assurances related to financial reporting, including understanding significant changes to accounting policies

- Assurances over the ethical standards, professionalism, integrity and conduct of employees

- Assurances over data, systems and information

The Audit and Risk Assurance Committee may:

- Approve the annual external audit plan

- Approve the internal audit plan

- Approve the HMICFRS Inspection plan

- Endorse the strategic risk register, risk appetite and other risk documents for approval at the Full Authority.

Milestones

In line with the annual work plan,

- Annual report and Accounts, including the Governance Statement and audit opinions, to the June meeting

- Management Assurance Statement to the March meeting

- Annual health and safety assurance statement to the June meeting

- Annual endorsement of strategic risks and risk appetite statement to the Authority

- Data assurance statement

- At least one strategic risk deep dive

Access

The Head of Internal Audit and the representative from the external audit will have free and confidential access to the Chair of the Audit and Risk Committee.

Meetings

The Audit and Risk Assurance Committee will meet at least 4 times a year. The Chair of the Committee may convene additional meetings, as they deem necessary.

The Authority or Accounting Officer may ask the Audit and Risk Assurance Committee to convene further meetings to discuss particular issues on which they want the Committee's advice.

Membership

The membership of this Committee will be five members of the Authority. Executive Team and Force colleagues will join as agreed with the Chair.

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Report to:	Audit and Risk Assurance Committee / Full Authority
Date:	23 June 2022 / 29 June 2022
Subject:	Code of Governance Light Refresh 2022
Sponsor:	Head of Governance and Compliance
Author:	Board Secretary
For:	Decision

1. Purpose of Paper

1.1 To brief Members on, and seek their approval for, recommended amendments to Committee terms of references as a light touch annual refresh to the Code of Governance.

2. Background

2.1 The Full Authority conducts a refresh of its Code of Governance annually. A refresh was last approved in September 2021 (creation of Appointments, Remuneration and Appraisal Committee, and People and Culture Committee) and prior to that June 2021 (refresh of language and amendments to terms of references).

2.2 This refresh focuses on Terms of References of the Full Authority and its Committees (pp.11-22 of the Code) and Annex 5 (Procedural Standing Orders).

2.3 Members will note a separate more substantive update will be forthcoming in September 2022 arising from Deloitte's external review of Annexes 4 (Financial Management), 6 (Accounting Officer Service Level Agreement) and 7 (Scheme of Financial Delegations).

3. Proposed Amendments: Committee Terms of References

3.1 **Performance and Delivery Committee**. Joint responsibility for Legitimacy with respect of equality and diversity of the Force's workforce is made explicit; three sections duplicating responsibility for People matters with the People and Culture Committee are deleted.

3.2 **Strategy and Planning Committee**. Responsibility for considering all business cases has been removed, to recognise there will be business cases better suited for review by peer Committees e.g. Police Education Qualifications Framework (PEQF) by People and Culture Committee. It is proposed that going forward the Chief Executive will determine which business cases are submitted to which Committee for consideration.

3.3 **People and Culture Committee**. Responsibility for considering the annual Wellbeing, Health and Safety report is made explicit.

3.4 **Audit and Risk Assurance Committee.** ARAC meets on 23 June 2022 after Full Authority papers are published and therefore the outcome of its terms of

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reference review will be reported verbally to the Full Authority meeting on 29 June 2022.

4. Annex 5 (Procedural Standing Orders)

4.1 No amendments are proposed for Annex 5 (Procedural Standing Orders).

4.2 **Review of Out of Committee Procedure for Urgent Matters agreed in June 2021**.Action 10/2021 of the Full Authority meeting dated 23 June 2021 was for the revised out-of-committee decision making process to be kept under review to ensure the tempo of decision making outside of the formal meeting process was appropriate and did not risk an over-reliance on Members making decisions outside of formal meetings.

4.3 A total of 12 decisions have been made under the new process June 2021-10 June 2022. This compares to 11 decisions made over the same period 2020/21 which suggests the new process is in line with the previous tempo of out-of-committee decision making and therefore fit for purpose.

5. Other light touch changes to Code of Governance

5.1 A revised infographic illustrating the Authority's Business Cycle will be inserted into p.23 of the approved version of the Code.

6. Recommendations

6.1 Members of Audit and Risk Assurance Committee are asked to,

- Consider the proposed amendments to the refreshed Code of Governance, alongside any amendments to their own Committee's terms of reference and make a recommendation to the Full Authority for approval.

6.2 Members of the Full Authority are asked to,

- Approve the proposed amendments to the terms of references of each of its Committees.

- Approve the proposed amendments to the wider Code of Governance

Appendix [in Background Papers Pack] Draft BTPA Code of Governance 2022/23 [with tracked changes / comments]