

[10 March 2022] Agenda Pack - Audit and Risk Assurance

MEETING
10 March 2023 10:30

PUBLISHED
2 March 2023

Agenda

<i>Location</i>	<i>Date</i>	<i>Owner</i>	<i>Time</i>
Hybrid meeting - BTPA Meeting Room, 2nd Floor, 25 Camden Road, London, NW1 9LN	10/03/23		10:30
1. Apologies		Chair	10:30
2. Declarations of Interest		All	
3. Minutes		Chair	
4. [Background Pack] Actions		Chair	
4.1. [Background Pack] Action 9/2022 - Q2 Fraud Action Plan 22/23			
4.2. [Background Pack] Action 12/2022 - Fixing the Fundamentals Strategic Update Costs			
Strategic Risk			
5. Joint Update Risk Management		Joint Force/Executive	10:40
6. Joint Strategic Risk Register		Joint Force/Executive	10:50
7. Strategic Risk Deep Dive Proposal		Head of Audit and Assurance	11:00
8. [TO FOLLOW] Management Assurance Return 2022/23		Chief Financial Officer	11:10
British Transport Police Authority			
9. [TO FOLLOW] Chief Financial Officer's Report		Chief Financial Officer	11:25
10. [TO FOLLOW] Counter-Fraud Update Q3 2022/23		Chief Financial Officer	11:35

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Hybrid meeting - BTPA Meeting Room, 2nd Floor, 25 Camden Road, London, NW1 9LN	10/03/23		10:30
11. [Background Pack] Assurance Map		Chief Financial Officer	11:40
British Transport Police			
12. [TO FOLLOW] Manchester Arena Inquiry Update Q3 2022/23		Assistant Chief Constable	11:45
Break			12:00
13. Deputy Chief Constable's Report		Deputy Chief Constable	12:10
Internal Audit			
14. Internal Audit Progress Report		GIAA	12:20
14.1. [Background Pack] Internal Audit - Diversity and Inclusion		GIAA	
14.2. [Background Pack] Internal Audit - Manchester Arena Inquiry - Organisational Learning		GIAA	
14.3. GIAA Plan 2023/24		GIAA	12:35
14.4. GIAA Internal Audit Charter & MOU		GIAA	
14.5. [Background] GIAA Report Supplement		GIAA	
External Audit			
15. External Audit Planning Report on the 2022/23 Financial Statements Audit		NAO/KPMG	12:40
Committee Governance			
16. Workplan 2022/23 & 2023/24		Chief Financial Officer	12:55

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Location	Date	Owner	Time
Hybrid meeting - BTPA Meeting Room, 2nd Floor, 25 Camden Road, London, NW1 9LN	10/03/23		10:30
17. [Background Pack] Committee Training Plan 2023/24		Chief Financial Officer	
18. Any Other Business		All	
19. Meeting Evaluation		BTPA Member	

WEBSITE

Report to: BTPA Audit & Risk Assurance Committee
Date: 10 March 2023
Subject: BTP/A Joint Update on Risk Management
For: Information

1. PURPOSE OF PAPER

- 1.1. To update the committee on progress made on risk management in the last quarter.

2. STRATEGIC RISK DEEP DIVES

- 2.1. The Financial Control and Planning along with the Change Management Risks have just undergone their deep dive process and are presented to the March ARAC for oversight. The Strategic Risk Deep Dive Schedule for all the Strategic Risks has now been completed.

Order	Strategic Risk to Deep Dive	Committee to report to	Deep Dive Report Date
1	Technology	ARAC	11 Mar 22
2	Major Incidents	ARAC	11 Mar 22
3	Cyber & Data	ARAC	23 Jun 22
4	Partnership Working	Strategy and Planning	1 Jun 22
5	Legitimacy	Performance and Delivery	7 Sep 22
6	People	People	6 Sep 22
7	Health, Safety & Wellbeing	People	16 Nov 22
8	Financial Control and Planning	Performance and Delivery	10 Mar 23
9	Change Management	Strategy and Planning	10 Mar 23

- 2.2. Proposals for developing the deep dive process are being presented to ARAC to consider so that the work undertaken over the past year can be developed and the committees can continue to effectively review the strategic risks.

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3. RISK POSITION

- 3.1. The position of the Strategic Risk profile is shown in the diagram below for reference. This is a heat map of the Force strategic risk profile showing the current scoring of the risks against the BTP/A Scoring matrix. This shows the number of risks scored at each level within the matrix.

BTP/A Strategic Risk Heat Map



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BTP/A Strategic Risk Summary Position

Grid #	Risk Ref	Risk Title	Inherent Risk Rating	Residual Risk Priority	Target Risk Priority or Appetite
1	1729	Health, Safety and Wellbeing	I = 5 L = 4 20	I = 5 L = 3 15	I = 3 L = 3 9
2	1708	Technology Strategy & Delivery Plan	I = 5 L = 5 25	I = 4 L = 4 16	I = 3 L = 3 9
3	1707	Cyber and Data Security	I = 5 L = 5 25	I = 4 L = 3 12	I = 1 L = 3 3
4	1709	People	I = 5 L = 4 20	I = 4 L = 3 12	I = 3 L = 2 6
5	1712	Change Management	I = 5 L = 4 20	I = 4 L = 3 12	I = 2 L = 3 6
6	1711	Securing Income	I = 5 L = 4 20	I = 4 L = 3 12	I = 2 L = 3 6
7	1713	Major Incidents	I = 5 L = 4 20	I = 3 L = 4 12	I = 2 L = 2 4
8	1714	Legitimacy	I = 5 L = 4 20	I = 3 L = 3 9	I = 3 L = 2 6
9	1710	Partnership Working	I = 4 L = 4 16	I = 3 L = 3 9	I = 2 L = 3 6

- 3.2. The table above takes each strategic risk showing the Inherent risk rating (score when identified) residual risk rating (current score with existing controls) and the target risk score (level to which additional controls aims to mitigate risk down to).

4. RISK IMPLEMENTATION PLAN

- 4.1. The new Risk Management Lead started in Force on 20 December 2022. A plan is in place to conduct a maturity assessment of the risk management process using the Management of Risk (MoR) Maturity Model criteria; this will address one of the actions from the Risk Management Audit.
- 4.2. Progress remains on track to address the actions from the Risk Management Audit, currently three recommendations remain to be implemented around the provision of training. These are as follows:
- 1274: To carry out an assessment to identify where greater risk management training / support is needed to help inform the prioritisation, sequencing and nature of the activities delivered across this action plan.

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- 1279: To work with L&D to incorporate risk management into induction training for all individuals at all levels.
- 1281: To identify and train SPOCs in risk management to provide greater support and advice to SROs.

3.2 These outstanding actions will be informed by the maturity assessment to develop appropriate training and support targeted to the gaps identified as part of the assessment process.

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Report to: BTPA Audit & Risk Assurance Committee
Date: 10 March 2023
Subject: Strategic Risk Deep Dive Proposal
For: Agreement

1. PURPOSE OF PAPER

- 1.1 This paper sets out the proposals to improve the Strategic Risk Deep Dive process for 2023/24 to allow BTPA to undertake their oversight duties effectively.

2. CONTEXT

- 2.1. The purpose of the deep dive process is to provide assurance to BTPA that BTP is operating an effective risk management process and to allow BTPA to gain assurance that controls are in place to manage the critical strategic risks facing the Force.
- 2.2. Each deep dive process is an intensive exercise for the Force, involving workshops with risk owners to provide insight and development of the risk profile for submission to BTPA. Each risk is also reviewed by the board that owns it as part of the deep dive process; as the board that reviews the areas of business relating to the strategic risk, this enables the committee to understand the wider context and therefore provide more meaningful challenge on the deep dive. The deep dive also provides value for the risk owners to unpick all aspects of the strategic risk and identify if there are any additional controls that can be put in place as well as assess the current position effectively. The whole process provides assurance both internally and externally on the management of strategic risks.
- 2.3. The process in 2022/23 saw the deep dive of two strategic risks per quarter developed and presented to the relevant committees for review and action as required. Feedback was sought from the BTPA executives, members and risk owners and they agreed with the value that the process has brought. They did highlight some feedback which has been taken into consideration for the development of the deep dive process for 2023/24, including:
- Requirement for provision of training for risk owners and BTPS Members on the deep dive process to.
 - Identify purpose of process and focus questions at Committee meetings.
 - Allow members to provide greater challenge of information presented.

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- Make good use of committee time through focusing discussions to relieve pressure on agenda.

2.4. In addition, having reflected on the risk deep dives that have taken place, the following areas have been identified for development:

- balance of input from risk owners and Head of Audit & Assurance (acting in risk role)
- planning schedule to conduct the deep dives
- number of deep dives conducted per quarter
- linking the deep dive process into existing processes more e.g., ARIC

2.5. With the start of the Risk Management Lead in December, he has also raised some helpful questions about the purpose of the risk deep dives and need to repeat the process for 2023/24.

3. PROPOSALS

3.1 Noting that there are changes which are required to the deep dive process from the feedback received, regardless of the proposal that is endorsed by ARAC, the following changes will be made:

- Training will be developed for Strategic Risk Owners and BTPA executive and members on the purpose of a deep dive and their roles within the process.
- A crib sheet will be developed that will be sent to Strategic Risk Owners and BTPA executive and members to refer to before the review of a Strategic Risk Deep Dive.
- A more detailed plan will be developed for each deep dive to ensure there is sufficient time for development. Workshops appear to have been one of the best ways of conducting the deep dives but getting the right people in the room has sometimes been a challenge.
- Greater time will be allocated to the review of Strategic Risk Deep Dives at committee meetings – where this is not possible, a separate meeting will be set up to discuss these.
- We will retain the model of the Strategic Risk Deep Dives being reviewed at the most appropriate committee meeting, but we will reinforce the need for the chairs of those committees to provide a formal brief to ARAC on their discussion and findings. This has happened in the last year for some deep dives, but this has not been consistent.

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- The cover report for the strategic risk register will be amended to highlight areas for consideration and note, so that discussions around the risk profile can be targeted on the changes contained within the main report more easily.
- The Risk Management Lead is reviewing the risk structure to provide greater alignment with each level of risk register; this will allow for greater insight into the performance of lower-level risks and how these will impact on the strategic risk/s they relate to.
- In addition, there is wider work underway to review the strategic & business planning processes and governance processes, and as part of this there will be a strengthening of the information provided to committees and alignment of this, with the aim of providing greater oversight of the strategic risks and assurance of these.

Option 1: Focus Review

- 3.2 This proposal aims to focus the reviews on the highest scoring risks first; that is those that are red. There would be a deep dive on the red risks in the first quarter by the relevant committee. Once the red risks have been reviewed, the Amber risks would then be reviewed at the relevant committees starting with the highest scoring risks coming after the red risks. Should there be more than one red risk to review, then two risks will be reported in the first quarter and each quarter afterwards until all red risks have been reviewed.
- 3.3 The benefit of this approach means that there is a focus for the Committee on a single risk per meeting to allow more time for discussion. By focussing on one risk at a time, it will also mean that more time can be given to planning and carrying out the deep dive, there is less burden on the risk owner and Risk Management Lead, and we are able to better engage with the right people are engaged as part of this process. The only downside to this proposal is the time it will take to deliver the deep dive process which will be two years.
- 3.4 The prioritised deep dive schedule would be as follows:

Risk	Current Score	Deep Dive Submission Time
Technology Strategy & Delivery Plan	16 (Red)	QTR 1 2023/24
Health, Safety and Wellbeing	15 (Amber)	QTR 2 2023/24
Cyber & Data Security	12 (Amber)	QTR 3 2023/24
People	12 (Amber)	QTR 4 2023/24
Change Management	12 (Amber)	QTR 1 2024/25*
Securing Income	12 (Amber)	QTR 2 2024/25
Major Incidents	12 (Amber)	QTR 3 2024/25
Legitimacy	9 (Amber)	QTR 4 2024/25
Partnership Working	9 (Amber)	QTR 1 2025/26*

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*Plus, any risks that is scored red, so if Technology remains red it will be re-reviewed by BTPA.

- 3.5 The schedule can be reviewed each quarter by ARAC and if risks change in scoring the review schedule can be amended to reflect changing priorities.

Option 2: Risks requiring most scrutiny/focus only (Recommended Option)

- 3.6 This option would provide the committees with oversight of one risk each quarter focusing on the highest four risks only, those which the BTP/A deem to present the highest threat and / or require the greatest scrutiny.
- 3.7 This approach would allow more time to be spent reviewing the highest scoring risks within year and providing assurance on them. Oversight would be retained of the wider risk profile and if requested an additional deep dive on another risk could be provided should the focus need to be adjusted within year. This option would allow the committees to focus on one risk per meeting and give more time to reviewing the highest scoring risks within the BTP/A strategic Risk Register.
- 3.8 No schedule of risk review is proposed, this will be determined by BTP/A as to what they deem to be the risks posing the most threat to the Force so that one can be reviewed each quarter. Each year, this will be reset to allow BTP/A to prioritise the risks they feel require the most attention. It is proposed that the Strategic Risk Workshop planned for May could be used to identify the risks that require greater scrutiny / assurance.

Option 3: Retain existing process

- 3.9 The existing process would be retained with two deep dives being provided each quarter to Committees to allow complete oversight of the risk profile for the Authority.
- 3.10 The current process has run for a year and has created a baseline of oversight for the strategic risks and a better understanding of what the causes and effects are, and importantly, providing assurance to the committees on how the risks are being managed. It was important to do this initial exercise, but now this has been done, there is a question of value in repeating this exercise every year, especially as it requires a significant amount of commitment from the risk owner and Risk Management Lead. In our view, this approach does not reflect a proportionate way to get assurance on the strategic risks. With the changes being made to the deep dive process from

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the feedback received, as well as areas identified by Audit & Assurance, it is believed that this will provide BTPA with sufficient oversight of risk management, without the need to review two strategic risks per quarter. The proposed schedule for these reviews is provided below.

Order	Strategic Risk to Deep Dive	Committee to report to	Deep Dive Report Date
1	Technology	ARAC	QTR 1 2023/24
2	Major Incidents	ARAC	QTR 1 2023/24
3	Cyber & Data	ARAC	QTR 2 2023/24
4	Partnership Working	Strategy and Planning	QTR 2 2023/24
5	Legitimacy	Performance and Delivery	QTR 3 2023/24
6	People	People	QTR 3 2023/24
7	Health, Safety & Wellbeing	People	QTR 3 2023/24
8	Financial Control and Planning	Performance and Delivery	QTR 4 2023/24
9	Change Management	Strategy and Planning	QTR 4 2023/24

7. RECOMMENDATIONS

- 7.1 With the changes from the feedback and lessons learnt on this year's process, all options would allow ARAC to retain oversight of the Strategic Risks
- 7.2 It is recommended that option 2 is agreed to allow a targeted review of the Strategic Risks that require that greatest scrutiny and assurance.

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Audit and Risk Assurance 2023-24 Workplan

Changes from previous year have been highlighted in yellow.

Meetings	Items	Output
Standing Items	<ul style="list-style-type: none"> Welcome, introductions and conflict declaration Minutes of previous meeting Matters arising/actions outstanding Risk Register Assurance Map Fraud report BTPA CFO Quarterly Update, <i>to include pensions, income, cash flow and any other Financial Control areas to raise</i> BTP DCC Quarterly Update, <i>to include inspection results, crime & incident audit exceptions and escalations from ARIC / other Force oversight boards</i> Manchester Arena Inquiry Update Internal audit update & reports, <i>including SLAs and monitoring completion of GIAA agreed actions</i> Reflection on effectiveness of meeting Workplan 	<ul style="list-style-type: none"> Minutes Summary for Authority meeting
June 2023	<ul style="list-style-type: none"> 2022-23 Annual Report and 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, including oversight and ToR Revise ARAC ToR 	<ul style="list-style-type: none"> Approval of 2022-23 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
July 2023 - Extraordinary	<ul style="list-style-type: none"> Final approval of 2022-23 Annual Report and Accounts Final 2022-23 NAO Audit Completion Report 	<ul style="list-style-type: none"> Approval of Annual Report and Accounts to Authority
September 2023	<ul style="list-style-type: none"> Half year review of 2023-24 GIAA plan Assurance Framework 	<ul style="list-style-type: none"> Approval of any changes to Internal Audit Plan

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	<ul style="list-style-type: none"> Update on information and data related issues and assurance (as per Governance Statement) 	
November 2023	<ul style="list-style-type: none"> Reserves Policy Anti-fraud and whistleblowing policies/processes review 2023-24 Management Assurance Return (MAR) process Statutory appointment of the Comptroller and Auditor General as External Auditor endorsed External Audit Plan 	<ul style="list-style-type: none"> Approval of updated reserves policy Approval of updated fraud and whistle-blowing policies Approval of external audit plan
March 2024	<ul style="list-style-type: none"> 2023-24 Management Assurance Return (MAR) Functional Standards Review (<i>if separate to the MAR</i>) GIAA Plan 2024-25 HMICFRS 2024-25 Preliminary External Audit findings from interim work Risk Deep Dive Schedule 2024-25 Work plan for 2024-25 Training plan for 2024-25 	<ul style="list-style-type: none"> Approval of work plan Approval of training plan Approval of MAR submission Approval of Internal Audit Plan
Other responsibilities to be programmed or for the future	<ul style="list-style-type: none"> Risk review (introduction of risk layer below Strategic Risks) – TBC Strategic Risk Deep Dives – TBC HMICFRS Inspection Reports – TBC Assurance Map reviews - TBC 	

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