

# [11 March 2024] Agenda Pack / Audit and Risk Assurance Committee

MEETING

11 March 2024 10:30 GMT

PUBLISHED

7 March 2024

# Agenda

Location	Date	Time
Hybrid / Meeting Room G1/2, British Transport Police Force Headquarters, 25 Camden Road, London, NW1 & Microsoft Teams	11 Mar 2024	10:30 GMT

	Item	Owner	Time	Page
1	Apologies	Chair		-
2	Declarations	All		-
3	Minutes	Chair	10:30	4
4	Actions	Chair	10:35	15
5	Joint Risk Management Update Q3 2023/24	Chief Financial Officer / Deputy Chief Constable	10:40	18
5.1	Joint Strategic Risk Register Q3 2023/24	Chief Financial Officer / Deputy Chief Constable		23
5.2	Legitimacy Strategic Risk Deep Dive	Chief Financial Officer / Deputy Chief Constable		37
5.3	Risk Management Strategy Progress Report	Chief Financial Officer / Deputy Chief Constable		55
6	Chief Financial Officer's Report Q3 2023/24	Chief Financial Officer	11:00	59
7	Going Concern Assessment	Chief Financial Officer	11:10	71
8	Counter-Fraud Update Q3 2023/24	Risk and Assurance Manager	11:20	91
9	Management Assurance Return 2023/24	Chief Financial Officer	11:25	99
10	Functional Standards	Chief Financial Officer	11:40	107
11	Deputy Chief Constable's Report Q3 2023/24	Deputy Chief Constable	11:55	110
12	Internal Audit Progress Report Q3 2023/24	GIAA	12:10	122
12.1	Internal Audit Final Report / Estates Programme	Deputy Director of Estates	12:15	134
12.2	[Background Pack] Internal Audit Final Report / Major Incidents Planning and Response	GIAA		-
12.3	[Background Pack] Internal Audit Final Report / Contract Management	GIAA		-
12.4	Internal Audit Plan 2024/25	GIAA	12:25	155
12.5	[Background Pack] Internal Audit Charter and Memorandum of Understanding	GIAA		-
12.6	[Background Pack] GIAA Report Supplement	GIAA		-

	Item	Owner	Time	Page
13	External Audit Progress Report Q3 2023/24	NAO/KPMG	12:30	192
13.1	Ways of Working for FY2024 / February 2024 Update	NAO/KPMG		195
13.2	External Audit Planning Report on 23-24 Annual Statements	NAO/KPMG		200
14	HMICFRS Inspection Plan 2024/2027	Deputy Chief Constable	12:45	230
15	Committee Effectiveness Action Plan Q3 2023/24	Board Secretary		233
16	Committee Training Plan 2024/25	Risk and Assurance Manager	12:50	239
17	Workplan	Risk and Assurance Manager	12:55	241
18	Any Other Business	All		-
19	Meeting Evaluation	All		-

WEBSITE

## AUDIT AND RISK ASSURANCE COMMITTEE - ACTIONS

Item Ref	Date	Action	Owner	Due Date
22/2023	8 September 2023	Force Information Security Policy and Use and Management of IT and Communications Systems Policy to be shared with Members.	Deputy Chief Constable	<b>Completed</b> Policies are provided in Background Pack.
26/2023	8 September 2023	A Member commented that, given the current lack of an action plan – which was in development – for Biometrics it would be worthwhile considering the inclusion of a standalone item on this issue at a future meeting. The Chief Financial Officer noted the relevance of National Cyber Security Centre guidance in this area.	BTPA Executive	<b>In Progress</b> To be included in member engagement opportunities.
27/2023	17 November 2023	In response to a question, the Risk Management Lead noted he could brief the Chair offline on the rationale underpinning the change in risk appetite and how likelihood was scored against risk controls.	Risk Management Lead	<b>Completed</b> See material provided in Background Pack.
28/2023	17 November 2023	A National Audit Office attendee committed to sharing the NAO Good Practice Guide on Cyber and Information Security outside of the meeting	Board Secretary	<b>Completed</b> NAO Cyber and Information Security: Good Practice Guide is <a href="#">available here</a> .  NAO also note their case study of an actual cyber-attack and impact on public services in their <a href="#">Investigation: WannaCry Cyber Attack and the NHS</a>
29/2023	17 November 2023	In response to a question, the Deputy Director – Financial Control committed to confirming the cumulative figure for fraud and error over the last five years	Risk and Assurance Manager	<b>Completed</b> See material provided in Background Pack.
30/2023	17 November 2023	The Chair requested a further update on mitigation of salary overpayments (including deconflicting separate	Risk and Assurance Manager	<b>Completed</b> Update to be provided as part of Chief Financial Officer's Report (March 2024).

## AUDIT AND RISK ASSURANCE COMMITTEE - ACTIONS

		Human Resources and Payroll systems) at the next meeting		
31/2023	17 November 2023	In response to a query from the Chief Executive, the Chief Financial Officer noted that she and the Deputy Director – Financial Control could review whether there was scope to amend the current methodology on Reserves given the amount currently held, based on prudent reporting and retaining the minimum cover required for one period	Chief Financial Officer	<b>Recommended for Closure</b> Reserves policy agreed at last ARAC, will be reviewed again in Nov 24. Consideration will be given to any opportunity to reduce the threshold. Level of prudence in policy deemed appropriate at this time given ongoing utilisation of reserves.
32/2023	17 November 2023	Reserves Policy to be recommended to Full Authority for approval.	Board Secretary	<b>Completed</b> Policy approved at December 2023 Full Authority Meeting.
33/2023	17 November 2023	The Chair queried whether there were any future accounting standards that were applicable for the 2023/24 external audit, and noted she would welcome sight of any workplan underpinning delivery of Appendix 5 (Task Force on Climate Related Financial Disclosure)	KPMG/NAO	<b>In Progress</b> An update is included in the training schedule – workplan to follow.
34/2023	17 November 2023	A Professional Standards Department representative noted that vetting refusals were at 12%. They committed to providing an update on the vetting data wash outside of the meeting	Professional Standards Department	<b>Recommended for Closure</b> See update provided as an endnote <sup>1</sup> .
35/2023	17 November 2023	The Chair commented that in her view the Committee did not get a clear impression from the Vetting and Counter-Corruption Follow-Up Review: Final Report of the issues involved – she requested, outside of the meeting, a direct assessment against recommendations made.	Head of Professional Standards	<b>In Progress</b> Chair reviewed on 5 February 2024 an update provided to DfT detailing BTP position on HMICFRS Inspection and welcomed its content. This update is provided in the Background Pack. The Chair has requested confirmation from the Deputy Chief Constable that all of the actions that were noted as Partially complete by the BTP's own assurance

Report to: Audit and Risk Assurance Committee  
Date: 11 March 2024  
Subject: Committee Effectiveness Programme 2023/24 Dashboard Q3  
Sponsor: Head of Governance and People / Chief Financial Officer  
Author: Board Secretary  
For: Comment

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## 1. Purpose of paper

- 1.1 To provide Members with an update on progress against the Committee Effectiveness Action Plan 23/24.

## 2. Background

- 2.1 Audit and Risk Assurance Committee considered a report on [its Committee Effectiveness Evaluation exercise at its meeting in July 2023](#).
- 2.2 At its September 2023 meeting, the Committee agreed that it should receive a quarterly dashboard on progress against the plan.

## 3. Recommendations

- 3.1 That Members note the report.

## 4. Annexes

- 4.1 Annex 1: Audit and Risk Assurance Committee Effectiveness Programme 23/24 Dashboard Q3 [March 2024]

Annex 1: Audit and Risk Assurance Committee Effectiveness Programme 23/24 Dashboard Q1 [September 2023]						
	ARAC Effectiveness Evaluation 22/23 Areas for Improvement	ARAC Effectiveness Programme 23/24 Workstream	September 2023	November 2023	March 2024	June 2024
1	There could be more engagement with DfT audit function in the work of the committee.	Committee Member Engagement Plan	BTPA CFO to establish whether Sponsor interested/can recommend a recipient for meeting digests/committee annual report.	BTPA CFO to establish whether Sponsor interested/can recommend a recipient for meeting digests/committee annual report.	<b>NO CHANGE</b> BTPA CFO to establish whether Sponsor interested/can recommend a recipient for meeting digests/committee annual report.	
2	Issues considered by the committee were complex and deserved more time.	Committee Workplan	Amber pending delivery of workstream during 23/24. To be referenced in Member meeting evaluations at each meeting.	Amber pending delivery of workstream during 23/24. To be referenced in Member meeting evaluations at each meeting.	<b>NO CHANGE</b> Amber pending delivery of workstream during 23/24. To be referenced in Member meeting evaluations at each meeting.	
3	A finance representative from the Force could either receive papers/attend meetings.	Committee Workplan	Director of Corporate Development invited to nominate standing Force finance attendee. Force finance function will receive all papers irrespective of meeting attendance. NB P14 report goes to June 2024 meeting.	Agenda pack shared with Deputy Director (Financial Control)	<b>UPDATE</b> Director of Corporate Development is now a core attendee of ARAC meetings (albeit on annual leave 11 March 2024)  Agenda pack shared with Deputy Director (Financial Control).	
4	Members could receive more effective induction to assist them in performing their roles on ARAC / committee induction can be improved	Committee Induction Plan	Committee Induction Plan developed and reported to ARAC September 2023 meeting.	Amber pending delivery of agreed committee induction plan for new Members.	<b>UPDATE</b> Risk and Assurance Briefing provided at Board Development Day 30 January 2024.  Members signposted to GIAA New ARAC Member event on 7 March 2024.	

					<p>Revised Member Engagement options (inc those relevant to ARAC remit) circulated to Members on 1 March 2024. NB this is a developing product.</p> <p>Targeted briefing sessions for new Members to be convened following 11 March 2024 meeting to satisfy the Committee Induction Plan.</p>	
5	The blend of Member skills and experience on the committee could be better understood.	Committee Induction Plan	Committee Skills Audit to be conducted to confirm skills/skills gaps and influence composition of committee once new Members join BTPA	Amber pending arrival of new Members.	<p><b>UPDATE</b></p> <p>Committee membership refreshed on 30 January 2024. <b>Members are invited to advise on their willingness to complete a Skills Audit prior to Q4</b></p>	
6	It was felt the committee lacked digital, commercial and finance skills	Committee Induction Plan	Committee Skills Audit to be conducted to confirm skills/skills gaps and influence composition of committee once new Members join BTPA	Amber pending arrival of new Members.	<p><b>UPDATE</b></p> <p>Committee membership refreshed on 30 January 2024. <b>Members are invited to advise on their willingness to complete a Skills Audit prior to Q4</b></p>	
7	Member lead responsibility for whistleblowing was unclear	Committee Workplan	ARAC Chair is lead Member for BTPA Whistleblowing Policy albeit that policy is due for refresh and revision – to be reported to November 2023 meeting.	BTPA Whistleblowing Policy presented for approval.	<p><b>UPDATE</b></p> <p>BTPA Whistleblowing Policy adopted in November 2023 and available <a href="#">online here</a>.</p> <p>BTPA ARAC Chair is Lead Member for Whistleblowing.</p>	
8	Member understanding of the Force's control	Committee Induction Plan	Amber pending delivery of Committee Induction activity /	Amber pending delivery of Committee Induction activity /	<b>UPDATE</b>	



	environment could be improved.	Committee Training Plan  Committee Member Engagement Plan	training activity / Member engagement activity	training activity / Member engagement activity	Revised Member Engagement options (inc those relevant to ARAC remit) circulated to Members on 1 March 2024. NB this is a developing product that can incorporate this workstream.  Targeted briefing sessions for new Members to be convened following 11 March 2024 meeting to satisfy the Committee Induction Plan.	
9	It was unclear whether the committee provided sufficient attention to financial management and reporting issues.	Committee Workplan	Committee receives P14 finance report at its June meeting in anticipation of signing-off annual report and accounts. <b>Any Member insight on comparative practice welcome.</b>	Committee receives P14 finance report at its June meeting in anticipation of signing-off annual report and accounts. <b>Any Member insight on comparative practice welcome.</b>	<b>UPDATE</b> Following Board Development Day 30 January 2024, BTPA now has enhanced financial oversight measures in place.  Committee receives P14 finance report at its June meeting in anticipation of signing-off annual report and accounts. <b>Any Member insight on comparative practice welcome.</b>	
10	It was unclear to what extent the committee reviewed the Cabinet Office's Counter-Fraud Standards.	Committee Workplan	Amber pending confirmation to what extent standing quarterly report on Counter-Fraud is based on Cabinet Office Standards.	Amber pending confirmation to what extent standing quarterly report on Counter-Fraud is based on Cabinet Office Standards.	<b>UPDATE</b> See Functional Standards Update on March 2024 agenda. Continuous Improvement Assessment Framework for FS013 (Counter fraud) was undertaken in 2022/23 – a revised template has been received.	
11	Cybersecurity deserved more scrutiny by the committee.	Committee Training Plan	Committee Members received the first of two training sessions on the National Cybersecurity	Committee has completed two training sessions on NCCSC Toolkit albeit there is scope to	<b>UPDATE</b>	

		Committee Member Engagement Plan	<p>Centre Toolkit in June 2023. The second session is scheduled to be delivered on 8 September 2023.</p> <p>There is scope to invite a representative of National Cybersecurity Centre to a future meeting.</p>	embed NCSC toolkit further into Committee reporting / Workplan.	Cybersecurity is now embedded in Committee Training Plan as an annual item.	
12	It was unclear how any external audit recommendations in particular were reported into the BTPA committee structure.	Committee Workplan	External Auditor has been asked to provide the External Audit Management Letter 2022/23 to the September 2023 meeting. Committee will then have opportunity to refer any matters to peer BTPA Committees.	Provision of External Audit Management Letter as annual standing item at September meeting will allow BTPA Executive to recommend referral of any recommendations to peer committees.	<p><b>NO CHANGE</b></p> <p>Provision of External Audit Management Letter as annual standing item at September meeting will allow BTPA Executive to recommend referral of any recommendations to peer committees.</p>	
13	Committee terms of reference should be cross-referenced against HMT ARAC Handbook.	Committee Workplan	Cross-referencing exercise was completed in June 2023 to confirm ARAC terms of reference reflect best practice guidance in HMT ARAC Handbook.	Cross-referencing exercise was completed in June 2023 to confirm ARAC terms of reference reflect best practice guidance in HMT ARAC Handbook.	<p><b>NO CHANGE</b></p> <p>Cross-referencing exercise was completed in June 2023 to confirm ARAC terms of reference reflect best practice guidance in HMT ARAC Handbook.</p>	
14	Member challenge of Executive, Force, internal and external audit could be more rigorous.	<p>Committee Induction Plan</p> <p>Committee Workplan</p> <p>Committee Member Engagement Plan</p>	Amber pending delivery of Committee Induction activity / Member engagement activity.	Amber pending delivery of Committee Induction activity / Member engagement activity.	<p><b>UPDATE</b></p> <p>Amber pending delivery of Committee Induction activity / Member engagement activity.</p> <p>Revised Member Engagement options (inc those relevant to ARAC remit) circulated to Members on 1 March 2024. NB this is a developing product that can incorporate this workstream.</p>	

15	It was queried whether the committee should offer an annual report to the Full Authority.	Committee Workplan	This can be added to ARAC Workplan for June 2024. Members should in due course take a view on whether this is worthwhile or just additional layer of reporting.	ARAC agreed at its September 2023 meeting that an annual report was not necessary.	<b>NO CHANGE</b>  ARAC agreed at its September 2023 meeting that an annual report was not necessary.	
16	ARAC Chair meetings could be broadened beyond BTPA CFO and Head of Internal Audit.	Committee Member Engagement Plan	Suggested ARAC Chair engagement incorporated into Committee Member Engagement Plan	Committee Engagement Plan to be implemented prior to March 2024 meeting.	<b>UPDATE</b>  Committee Engagement Plan is in place for the Chair: quarterly meetings with Internal Audit (1 March) and External Audit (8 March) and BTPA Executive (7 February). Optimal meeting tempo with BTP Audit function is being determined.  Committee Engagement Plan for ARAC Members is being met for time being as part of revised Member Engagement options (inc those relevant to ARAC remit) circulated to Members on 1 March 2024. NB this is a developing product.	
17	A view should be taken on whether the committee proactively communicated its work beyond BTP/A (i.e. to DfT audit lead(s)).	Committee Member Engagement Plan	ARAC Chair can highlight work of the Committee as part of engagement activity. NB synergy with Area of Improvement (1).	ARAC Chair can highlight work of the Committee as part of engagement activity. NB synergy with Area of Improvement (1).	<b>NO CHANGE</b>  ARAC Chair can highlight work of the Committee as part of engagement activity. NB synergy with Area of Improvement (1).	

Report to: Audit & Risk Assurance Committee  
Date: 11 March 2024  
Subject: ARAC Training  
Author: Risk & Assurance Manager  
For: Endorsement

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## 1. Purpose of paper

- 1.1 This paper recommends a 2024-25 training plan for ARAC members.

## 2. Background

- 2.1 Best practice for Audit Committees is to ensure training is provided to members. In addition to these training sessions, relevant materials will be shared with Members through Board Intelligence.

## 3. Training Plan

- 3.1 In order to maximise impact for members, short and sharp training sessions are delivered. These were scheduled directly before an ARAC meeting to enable the best use of time, since members were generally available, and it could be noted in the subsequent minutes that the training was delivered. It is proposed to follow a similar format for 2023-24. A maximum of 45 minutes per session should be sufficient to provide training and offer a Q&A for members.
- 3.2 For this year, it is suggested the following training is delivered:
- June 2024: Internal Audit – an overview from GIAA of new Internal Audit standards; an opportunity to understand the Annual Audit Opinion.
  - September 2024: Cyber security. Given this is one of the highest risks across UK Government, members should receive an annual refresh on cyber security. Members may want to understand the cyber security implications of new technology being considered by BTP e.g. Drones, and technology that could be used in the future e.g. AI
  - November 2024: Whistleblowing, Counter-Fraud, Bribery & Corruption. One of the roles of ARAC is to ensure that the organisation is operating appropriate and effective whistleblowing practices and whistleblowing should be regularly considered by the

Committee. It would be worthwhile for Members to be reminded of the key information. In addition, the publication of the NAO report on protecting propriety during emergency spending (a post-Covid report) could be used to evaluate lessons learned and ensure BTP/A have mitigated similar causes of these.

- March 2025: Overview of accounting changes and any best practice learnings.

**3.3 Additional training is encouraged to be requested by members. BTPA will endeavour to facilitate any requests, whether replacing an item on the indicative plan above or in addition.**

3.4 There will be additional training opportunities offered to other Members e.g. risk management training. In addition, where relevant, the wider Members may attend the ARAC training sessions too.

#### 4. Risk assessment

4.1 The risks relating to this decision have been assessed as follows. Inherent risk (IR: no controls or mitigations) has been scored with impact and likelihood; residual risk (RR: current risk, after applying controls or mitigations) the same. Rationale for the residual score included.

IR	Risk	Mitigation / Controls	RR
I:4 L:2 8	There is a risk that members may not be able to fully execute their duties as an ARAC member, to the best of their ability, if they don't have the requisite knowledge and training. This includes a basic understanding of Audit Committee best practice and ongoing development to cover emerging issues.	The plan above has been suggested in conjunction following review of upcoming issues to ensure members have a full toolkit of information.	I:2 L:1 2 <i>Impact is 2 (low) since there will still be emerging issues</i>
I:3 L:4 12	There is a risk that turnover in the Audit Committee may lead to new members not being trained or those who have received the training going to other committees.	All training materials will be held on Board Intelligence such that current members may revisit the training and new members may review.	I:2 L:1 2 <i>Impact is 2 (low) in case of any timing gaps for new members to be trained or non-attendance</i>

#### 5. Recommendation

5.1 ARAC is recommended to endorse this plan.

**Audit and Risk Assurance 2024-25 Workplan**

Changes from previous year have been highlighted in yellow.

Meetings	Items	Output
<b>Standing Items</b>	<ul style="list-style-type: none"> <li>Welcome, introductions and conflict declaration</li> <li>Minutes of previous meeting</li> <li>Matters arising/actions outstanding</li> <li>Risk Register</li> <li>Fraud report</li> <li>BTPA CFO Quarterly Update, <i>to include pensions, income, cash flow, financial oversight and any other financial areas to raise</i></li> <li>BTP DCC Quarterly Update, <i>to include inspection results, crime &amp; incident audit exceptions and escalations from ARIC / other Force oversight boards</i></li> <li><del>Manchester Arena Inquiry Update</del></li> <li>Internal audit update &amp; reports, <i>including SLAs and monitoring completion of GIAA agreed actions</i></li> <li>HMICFRS Inspection Reports</li> <li>Reflection on effectiveness of meeting</li> <li><del>Workplan</del></li> </ul> <p><b>Background reading:</b></p> <ul style="list-style-type: none"> <li>Assurance Map</li> <li>Strategic Risk Deep Dives</li> </ul>	<ul style="list-style-type: none"> <li>Minutes</li> <li>Summary for Authority meeting</li> </ul>
<b>June 2024</b>	<ul style="list-style-type: none"> <li>Draft 2023-24 Annual Report and Accounts</li> <li>Governance statement (included in the ARA)</li> <li>Code of Governance amendments and Board Effectiveness Evaluation</li> <li>Internal Audit Annual Report and Opinion</li> <li>Draft External Audit Completion Report</li> <li>Report on committee effectiveness self-assessment, including oversight and ToR</li> <li>Revised ARAC ToR</li> </ul>	<ul style="list-style-type: none"> <li>Approval of draft 2023-24 Annual Report and Accounts to Authority</li> <li>Approval of any Code of Governance amendments to Authority</li> <li>Remedial actions for effectiveness from self-assessment</li> <li>Approval of ARAC ToR changes to the Authority</li> </ul>
<b>July 2024 - Extraordinary</b>	<ul style="list-style-type: none"> <li>Final approval of 2023-24 Annual Report and Accounts</li> <li>Final 2023-24 NAO Audit Completion Report</li> </ul>	<ul style="list-style-type: none"> <li>Approval of Annual Report and Accounts to Authority</li> </ul>

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<b>September 2024</b>	<ul style="list-style-type: none"> <li>• Half year review of 2023-24 GIAA plan</li> <li>• Assurance Framework</li> <li>• Update on information and data related issues and assurance (as per Governance Statement)</li> </ul>	<ul style="list-style-type: none"> <li>• Approval of any changes to Internal Audit Plan</li> </ul>
<b>November 2024</b>	<ul style="list-style-type: none"> <li>• Reserves Policy</li> <li>• Anti-fraud and whistleblowing policies/processes review</li> <li>• 2023-24 Management Assurance Return (MAR) process</li> <li>• Statutory appointment of the Comptroller and Auditor General as External Auditor endorsed</li> <li>• <b>Draft</b> External Audit Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Approval of updated reserves policy</li> <li>• Approval of updated fraud and whistle-blowing policies</li> <li>• Approval of external audit plan</li> </ul>
<b>March 2025</b>	<ul style="list-style-type: none"> <li>• 2024-25 Management Assurance Return (MAR)</li> <li>• Functional Standards Review</li> <li>• GIAA Plan 2025-26</li> <li>• HMICFRS Plan 2025-26</li> <li>• Preliminary External Audit findings from interim work</li> <li>• <b>Approval of Going Concern</b></li> <li>• Risk Deep Dive Schedule 2025-26</li> <li>• Work plan for 2025-26</li> <li>• Training plan for 2025-26</li> </ul>	<ul style="list-style-type: none"> <li>• Approval of work plan</li> <li>• Approval of training plan</li> <li>• Approval of MAR submission</li> <li>• Approval of Internal Audit Plan</li> <li>• Approval of HMICFRS Plan</li> </ul>
<b>Other responsibilities to be programmed or for the future</b>	<ul style="list-style-type: none"> <li>• HMICFRS Inspection Reports – as received</li> <li>• Assurance Map reviews – TBC</li> <li>• Annual strategic risk workshop</li> <li>• AO assessment of how committees support his oversight of MPM and other responsibilities – to ARAC or full Auth? March in time for YE could be a good time; otherwise June.</li> </ul>	