

BTP/A Finance Protocol

1. Clear Roles and Responsibilities:

- The key responsibilities of the BTPA Treasurer (as laid down in legislation/central government guidance and focused on assurance/oversight) and the BTP Director of Corporate Development (focused on enabling operational delivery) are set out in the respective job descriptions, approved by Appointments & Remuneration Committee and will be reviewed on any change in postholder.
- As the senior financial professionals for BTP, the Deputy Director Financial Control and Deputy Director Decision Support report directly to BTP Director of Corporate Development whilst retaining a close working relationship with the BTPA Treasurer. In relation to activities where the BTPA Treasurer has ultimate authority, there will be unrestricted access to them.

2. Financial management:

- BTP to ensure expenditure remains within the agreed MTFP budget and DfT delegated budgets including managing any unbudgeted pressures/overprogramming identified at the beginning of the financial year.
- BTPA Treasurer to sign off financial reporting timetable at the beginning of each financial year. Where exceptional and unforeseen circumstances result in a forecast overspend, the BTP Director of Corporate Development will inform the BTPA Treasurer immediately to determine impact and agree an appropriate income route or internal controls, as applicable.
- As part of regular reporting to FLP, BTP to identify areas of significant overspend or underspend (pay 1% variance - non-pay 20% or £0.5m variance (whichever is smaller)) and to set out proposals for how these should be managed.
- To allow proper application of the Virements process as detailed within the Code of Governance, BTPA Treasurer to be helped to understand the budget load, including but not limited to projects, prior to the start of the financial year.
- Accurate, timely and transparent period end *outturn reporting* (against budget/forecast to date) to be available to the BTPA Treasurer by working day 6 through PowerBI and period end *forecast reporting* by working day 13 with description of actions to be decided by FEB before formal forecast released.
- Accurate, timely and transparent period end *forecast reporting* to the Members and Accounting Officer should be approved by the Additional Accounting Officer (AAO) and FEB prior to release. Once approved, full FEB report should be released to BTPA the same day or the next working day.
- BTPA Treasurer to provide BTP with any questions regarding FEB approved period end reporting up to COP 3 working days after receiving the report (dependent on sickness and leave though best endeavours will be taken to find nominee if sickness or leave lasts more than 5 working days). BTP Director of Corporate Development (or delegate) to provide answers to questions up to COP 3 working days after the date they the questions are received.
- Once BTPA questions have been addressed, monthly FEB pack (or agreed alternative) to be shared with by BTPA with Members within 1 working day for information only with outturn and forecast narrative and if necessary, an accompanying note from BTPA Treasurer.

- Hold monthly BTP/A meetings following FEB to discuss financial performance and risks. Attendees at this meeting to include Accounting Officer, Additional Accounting Officer, BTPA Treasurer, BTP Director of Corporate Development and others as appropriate.
- BTP to provide BTPA Treasurer an agreed product based on the FEB pack as an agenda item for discussion at the quarterly FLP Committee and Full Authority packs, in line with the Committees' Terms of Reference.
- BTPA Treasurer to report to Members through FLP Committee in line with the committee's Terms of Reference.

3. Economy, efficiency, effectiveness, and value for money:

- .Work together to ensure regularity, propriety, economy, efficiency and effectiveness are central to decision making.
- Where financial governance and reporting is not deemed proportionate by either BTPA or BTP, ARAC to act as arbitrator.
- BTP to adopt government guidance on reporting of efficiencies and value for money.

4. Accountability and Transparency:

- BTPA Treasurer (or delegate) to have read only access to BTP financial systems, budget and forecast loads and other financial models e.g. MTFP financial planning model, to support oversight and transparency of underlying financial data.
- BTPA Treasurer to provide clear timely guidance to BTP Director of Corporate Development to allow them to fulfil their role. The guidance will include information on the involvement of BTPA and Members.
- BTPA Treasurer to attend Force Executive Board financial performance item and/or Chief Officer Group for in-year financial monitoring by exception e.g. where a material overspend is forecast and FLP have asked for greater oversight.
- BTP will be held to account for in-year financial performance on a quarterly basis at the Finance, Legitimacy and Performance Committee.
- To promote transparency in financial management and control, BTPA Treasurer (or agreed representative) to be invited to observe BTP Force level Boards, including Finance Assurance Board, Audit, Risk, Inspection and Compliance Board, Portfolio, Change and Investment Board, and any other Force level boards as agreed useful, following discussion with the Director of Corporate Development.
- BTP Director of Corporate Development (or delegate) to be invited, where appropriate, to observe any relevant BTPA / DfT meeting where funding is discussed to promote transparency of the broader operating environment BTP/A exists within.

5. Audit, Risk Management and internal control:

- Jointly identify, assess, and manage the strategic financial risk, ensuring appropriate mitigation strategies and controls are in place.
- Where weaknesses are identified in BTP's internal control framework, ensure equal consideration is given to proportionality, operational agility and financial control when deciding what action to take whilst providing assurance to the BTPA Treasurer that the action taken is effective.
- BTPA Treasurer to take lead role in relationship with NAO and the Annual Report and Accounts process, providing guidance to BTP on accounting treatment in areas of uncertainty with BTPA Treasurer having final authority.
- BTPA Treasurer and BTP Director of Corporate Development to jointly approve management responses and actions to financial GIAA reports and to findings as part of the NAO Audit Completion Report.

6. Compliance and Governance:

- BTPA Treasurer to be the ultimate authority on the application of DfT and HMT guidance such as Managing Public Money and must be consulted if the BTP has any doubts regarding its application, where BTP have not had prior experience in the area or where DfT/HMT need to be approached.
- BTPA Treasurer to be made aware of any meetings the BTP Director of Corporate Development attends with DfT on financial matters before the meeting. This includes discussions of bids for funding. BTP Finance Deputy Directors not to approach DfT on financial matters without BTPA knowledge and attendance (or approval if BTPA attendance deemed unnecessary).
- All external reporting to DfT, Cabinet Office, HMT or other parts of government to be approved by BTPA Treasurer.
- Matters relating to cash or reserves management linked to the reserves policy to be owned by BTPA Treasurer.
- Arbitration process to be in place with Members, if the Accounting Officer and Additional Accounting Officer cannot agree on the treatment of any financial risk to BTP/A. Whilst ARAC will be the default Committee, other committees may be involved dependant on the area.

7. Continuous Improvement and Professional Development:

- Jointly feed into continuous improvement to enhance financial management, reporting, oversight, sustainability and efficiency outcomes. This includes but is not limited to, learning from other central government entities.
- BTP Director of Corporate Development to consider BTPA Treasurer feedback on ongoing professional development of BTP/A finance professionals as part of the annual performance and development report to ensure they stay current with central government guidance, financial standards, and best practice.

Other formal governance documents

The following governance documents should be read alongside this protocol:

- Railways and Transport Safety Act 2003 (Schedule 4)
- BTPA/DfT Framework document
- BTPA Code of Governance (especially Annex 1 and Annex 3)
Annual Additional Accounting Officer Letter of Delegation including government guidance as mentioned therein.