

Transport for London

Minutes of the Audit and Assurance Committee

**Meeting Rooms 1 and 2, Ground Floor, Palestra,
197 Blackfriars Road, London, SE1 8NJ
10.00am, Friday 7 December 2012**

Members

Keith Williams	Chair
Patrick O'Keeffe	Vice Chair
Richard Barnes	Member
Charles Belcher	Member
Baroness Grey-Thompson	Member
Steve Wright	Member (from minute 47/12/12)

Present

Steve Allen	Managing Director, Finance
Sarah Bradley	Head of Group Financial Accounting
Howard Carter	General Counsel
Alan Day	Senior Audit and Investigations Manager (for minute 57/12/12)
David Goldstone	Chief Finance Officer
Siwan Hayward	Deputy Director, Community Safety, Enforcement and Policing (for minute 50/12/12)
Tracey McOgg	Principal Analyst - Financial Analysis (for minutes 51/12/12 and 58/12/12)
Neil Perrins	Head of Group Business Planning and Performance (for minutes 51/12/12 and 58/12/12)
Clive Walker	Director of Internal Audit

In Attendance

Robert Brent	Audit Partner, KPMG
Wayne Southwood	Audit Partner, KPMG
Tamas Wood	Audit Director, KPMG
David Burgh	Secretariat Officer

41/12/12 Apologies for Absence

There were no apologies for absence.

42/12/12 Declarations of Interest

The following interests were declared: Richard Barnes as a councillor for the London Borough of Hillingdon; Charles Belcher as a member of Atos Origin Advisory Council on Transport; Baroness Grey-Thompson as a Member of the London Legacy Development Corporation; Patrick O'Keeffe as a Trustee of Ealing Community Transport Charity; and Steve Wright on matters relating to private hire vehicles.

43/12/12 Minutes of the Meeting Held on 4 October 2012

The minutes of the meeting held on 4 October 2012 were approved as a correct record and signed by the Chair.

44/12/12 Matters Arising and Actions List

Clive Walker reported that the follow up review of the Managing Attendance audit had been undertaken, and this work was now complete.

The Committee noted the Actions List.

45/12/12 External Audit Plan Update TfL, TTL and Subsidiaries – Year Ending 31 March 2013

Wayne Southwood and Robert Brent of KPMG presented an update to the Audit Plan that had been considered at the previous Committee meeting, including the annual Audit Fee proposed by KPMG for the audit of the financial statements of Transport for London and its subsidiary companies for the year ending 31 March 2013.

The Committee noted that the proposed total fee for the audit of the TfL Group for the year ended 31 March 2013 was £1,464k, a reduction of £121k compared with 2011/12.

KPMG indicated that there was a potential change in audit materiality, imposed by the auditor of the GLA, Ernst & Young, due to TfL's inclusion in GLA Group accounts. KPMG had indicated that they may seek additional fees if materiality was changed. The Committee took the view that this change, suggesting that risk was related to TfL's costs and not assets, was not appropriate. In addition, this would impose additional costs which were not in the public interest. The Managing Director, Finance would write to the GLA on this matter.

[Action: Steve Allen]

The Committee noted the report.

46/12/12 KPMG Report on Non-Audit fees for Six Months Ended 30 September 2012

Wayne Southwood of KPMG presented the letter, reporting KPMG's fees billed for their services to TfL for the six months ended 30 September 2012.

The Committee noted the paper.

47/12/12 Internal Audit Quarter 2 Report 2012/13

Clive Walker introduced this report, informing the Committee of the Internal Audit work completed in the second quarter of 2012/13, the work in progress and work planned for Quarter 3 of 2012/13.

The Committee noted that the volume of audit work had been reduced in the run up to, and during the Games 2012 period, as anticipated in the programme for 2012/13.

The transfer of London Underground Health, Safety and Environment staff into Internal Audit would take effect on 1 January 2013.

The Committee noted that the Crossrail Integrated Assurance Group is still operative, providing a useful forum for sharing assurance information and coordinating assurance activity.

The Committee noted the report.

48/12/12 Management Actions Report

Clive Walker introduced this report, to inform the Committee of those recommendations to management which had not been actioned, and were more than 60 days overdue.

There were no actions more than 60 days overdue.

The Committee noted the paper.

49/12/12 KPMG Review of Internal Audit Effectiveness

Tamas Wood of KPMG introduced this paper, to inform the Committee of the findings from the review of Internal Audit effectiveness.

The review identified a number of areas of good practice and approved the direction of travel. The recommendations focused on further development of integrated assurance and strategic risk management and performance evaluation of Internal Audit. A detailed action plan for taking forward these recommendations would be presented to the next meeting of the Committee.

[Action: Clive Walker]

A Member suggested that increased details of the feedback, such as the percentage or number of stakeholders agreeing with a particular point, should be provided. KPMG agreed that this would be provided in future reports.

[Action: KPMG]

The Committee noted the paper.

50/12/12 Annual Report on Personal Data Disclosed by TfL to the Police and Other Law Enforcement Agencies

Siwan Hayward introduced this report, which informed the Committee of the operation of TfL's policy on the Disclosure of Personal Data to the Police and other Law Enforcement Agencies.

TfL's Community Safety, Enforcement and Policing Directorate (CSEP) had been working with the police to drive a number of improvements. By assisting police to make clear demands for information, they were now able to provide more timely information and reject less requests as inappropriate.

The Mayor had made a manifesto commitment to make the data collected by Congestion Charging's Automatic Number Plate Recognition (ANPR) cameras available to the Metropolitan Police for use in crime prevention and detection. It was currently only used for national security purposes. This work was being taken forward, and once a proposed framework has been prepared it would be subject to public consultation.

The Committee noted the report.

51/12/12 Risk Management Update

Steve Allen introduced this paper, which informed the Committee of TfL's approach to risk, the Strategic Risk Register (SRR) and the mitigation around minimising the impact of potential risks. The intention was to develop common principles and a comprehensive reporting framework for the strategic risk management process, to deliver a single, consistent methodology to enable more effective identification, management and reporting of all strategic and significant risks across the business.

The high level issues would be reported to the Committee on a regular basis, with an annual review of the detail within the SRR, actions arising and lessons learnt. Members proposed some improvements to the format of the report, which was welcomed as a clear and comprehensible document, and further comments would be provided outside the meeting.

The Committee noted the paper.

52/12/12 Any Other Business the Chair Considered Urgent

There was no business that the Chair considered urgent.

53/12/12 Date of Next Meeting

The next meeting would be held on Wednesday 6 March, 2013 at 10.00am.

54/12/12 Exclusion of Press and Public

The Committee agreed to exclude the press and public from the meeting, in accordance with paragraphs 3, 5 and 7 of Schedule 12A to the Local Government Act 1972 (as amended), in order to consider the following items of business, which contained information relating to the financial or business affairs of a person or authority and contained issues where a claim to legal professional privilege could be made.

55/12/12 Minutes of the meeting of the Audit and Assurance Committee held on 4 October 2012

The minutes of the meeting held on 4 October 2012 were approved as a correct record and signed by the Chair.

56/12/12 Legal Compliance Report (April 2012 – September 2012)

Howard Carter introduced the report, setting out legal compliance issues for the period from 1 April 2012 to 30 September 2012.

The Committee noted the report.

57/12/12 Half Yearly Fraud Report

Alan Day introduced the report.

The Committee noted that TfL was reviewing, with the police, lessons learnt from the construction phase of the 2012 Games. Most of the safeguards proposed as a result were already in place for the Crossrail project.

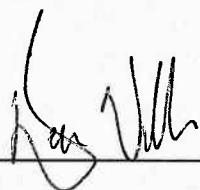
The Committee noted the paper.

58/12/12 Risk Management Update

The Committee considered the quantified details of the strategic risks. The intention was to seek to quantify the risks, where there was currently only qualitative data, in due course.

The Committee noted the paper.

Chair:



Date:
