

Transport for London

Minutes of the Audit and Assurance Committee

**Committee Rooms 1 and 2, Ground Floor, Palestra,
197 Blackfriars Road, London, SE1 8NJ
2.00pm, Friday 14 September 2018**

Members

Anne McMeel	Chair
Dr Lynn Sloman	Vice Chair
Kay Carberry CBE	Member
Dr Nelson Ogunshakin OBE	Member

Executive Committee

Howard Carter	General Counsel
Simon Kilonback	Chief Finance Officer

Staff

Richard Bevins	Head of Information Governance and Data Protection Officer (Minute Reference 61/09/18)
Sarah Bradley	Group Financial Controller and Statutory Chief Finance Officer
Michael Bridgeland	Head of TfL Project Assurance (Minute Reference 56/09/18 & 57/09/18)
Rob Brooker	Fraud Investigation Manager (Minute References 53/09/18 & 55/08/18)
Patrick Doig	Finance Director, Surface Transport
Carl Eddleston	Head of Asset Operations, Surface Transport (Minute Reference 53/09/18)
Nico Lategan	Head of Enterprise Risk
Dili Origbo	Head of Internal Audit
Andrew Pollins	Director of Transformation (Minute Reference 63/09/18)
Sue Riley	Secretariat
Clive Walker	Director of Risk and Assurance

Also In Attendance

Karl Havers	Partner, Ernst & Young (EY)
Colin Porter	Chair of Independent Investment Programme Advisory Group (IIPAG)

47/09/18 Apologies for Absence and Chair's Announcements

An apology for absence was received from Dr Mee Ling Ng OBE.

The Chair noted the recent announcement of the delay of the opening of the Elizabeth line. The role of the Committee was to oversee assurance of the transitional arrangements and operation of Crossrail and not the delivery of the Crossrail project which was the responsibility of Crossrail Limited. In the light of recent developments, the Crossrail Sponsors had commissioned a number of independent reviews of key areas of the project including financial, governance and capital programme and dynamic testing.

A copy of the Terms of Reference of the Governance Review would be circulated to Committee Members once available and the Committee would have the opportunity to discuss the outcome of the Review.
[Action: Howard Carter]

An update report on Crossrail Transition would be considered at the next meeting.
[Action: Howard Smith]

Members also requested a paper on Crossrail's assurance framework.
[Action: Clive Walker]

The Chair congratulated Nico Lategan on his permanent appointment as Head of Enterprise Risk.

48/09/18 Declarations of Interest

Members confirmed that their declarations of interests, as published on tfl.gov.uk, were up to date and there were no interests that related specifically to items on the agenda.

Dr Nelson Ogunshakin OBE informed the meeting that he would be updating the register to reflect his appointment as Chief Executive Officer of the International Federation of Consulting Engineers and a change from Chair to Vice-Chair of the Association of Consultancy and Engineering Advisory Board.

49/09/18 Minutes of the Meeting Held on 7 June 2018

The minutes of the meeting held on 7 June 2018 were approved as a correct record and signed by the Chair.

50/09/18 Matters Arising and Actions List

The Committee noted the Actions List.

51/09/18 Annual Audit Letter

Sarah Bradley presented the Annual Audit Letter issued by EY.

The definition of significant risks referred to under Value for Money section in the Letter would be clarified in future reports.
[Action: Karl Havers]

The Committee noted the Letter.

52/09/18 Effectiveness Review of the External Auditors

Sarah Bradley introduced the annual report on the effectiveness of the external auditors.

Karl Havers left the room for the discussion of this item.

Overall the review of the service provided by the external auditors was very positive and feedback on two areas for improvement was provided. Committee Members welcomed the plain English approach adopted by EY at meetings in presenting information.

The Committee noted the paper and the supplementary information on Part 2 of the agenda.

53/09/18 Risk and Assurance Quarter 1 Report 2018/19

Clive Walker introduced the Risk and Assurance report for Quarter 1 2018/19.

The Committee welcomed the new reporting format, and noted that this would develop further over the course of the year. The approach to reporting on management actions had changed with a new focus on actions not completed by the due date. There was also a more strategic overview with actions broken down by Directorate, to identify any clear trends and to drive cultural change across the organisation.

Carl Eddleston was in attendance to answer questions regarding management actions within his area which were more than 100 days overdue. The Committee received assurance that all actions would be fully completed by the date of the next meeting.

The Chair highlighted the importance of ensuring adequate resources, and welcomed the fact that the Fraud and Risk teams were now fully staffed. The Committee also welcomed the overall positive impact of the integration of Risk and Assurance functions, as a result of Transformation.

In relation to control environment trend indicators, considerable work was in hand to improve control processes in both Finance and Commercial Directorates but this would take some time.

The Committee noted the report and the supplementary information on Part 2 of the agenda.

54/09/18 Strategic Risk Management Update

Nico Lategan presented the update on changes to the Enterprise Risk Management Framework, the Enterprise Risk Assessment Matrix and the TfL strategic risks.

The allocated strategic risks would be discussed at each Committee and Panel in the next cycle of meetings. An update on strategic risk management would continue to be provided to the Audit and Assurance Committee on a quarterly basis.

It was agreed that the next update report should include an explanation as to how pan-TfL interaction between risks were being managed. **[Action: Nico Lategan]**

The Committee welcomed progress to date.

The Committee noted the paper.

55/09/18 Anti-fraud and Corruption Policy and Procedure

Clive Walker introduced the update to the Anti-fraud and Corruption Policy and Procedure.

A definition of staff would be included in the Policy.

The Committee approved the updated Anti-fraud and Corruption Policy and Procedure.

56/09/18 Independent Investment Programme Advisory Group (IIPAG) – Review Implementation

Michael Bridgeland presented the progress report on actions required to implement the IIPAG review recommendations.

The Committee noted the update.

57/09/18 Management Response to the Independent Investment Programme Advisory Group (IIPAG) Quarterly Report

Michael Bridgeland introduced the management response to the IIPAG quarterly report. Colin Porter was also present and highlighted the main issues identified by IIPAG in the report.

Areas for improvement identified by IIPAG were being addressed, and enhanced assurance templates and information presentation had been developed by the Project Assurance team.

A handover document would be presented to the newly appointed Chair of IIPAG by Colin Porter.

In future reports, explanations would be provided in cases where IIPAG recommendations had not been accepted. **[Action: Michael Bridgeland/Clive Walker]**

The Committee thanked Colin Porter for all his hard work, and that of his colleagues, over the period they had been members of IIPAG.

The Committee noted the IIPAG Quarterly Report and the management responses.

58/09/18 Crossrail Audit Committee

Clive Walker presented the update on matters discussed at the Crossrail Audit Committee meeting on 8 June 2018. The Committee noted the decision by the Crossrail Board to disband its Audit Committee and that arrangements for audit and assurance would be included in the Terms of Reference for the Governance Review commissioned by the Crossrail Sponsors

The Committee noted the paper.

**59/09/18 TfL Statement of Accounts Year Ended 31 March 2018 –
Changes Made Prior to Finalisation**

Sarah Bradley presented the update on material changes to the Statement of Accounts subsequent to their presentation at the previous meeting. The updated accounts had been approved by the Board on 25 July 2018.

The Committee noted the paper.

**60/09/18 Freedom of Information Performance and General Data
Protection Regulation Compliance**

Richard Bevins provided an overview of TfL's performance in processing Freedom of Information (FOI) requests since 2017/18 and an update on compliance with the new data protection legislation.

TfL's FOI responses were now published on the website but the number of requests had continued to increase.

The Committee noted the paper.

**61/09/18 Register of Gifts and Hospitality for Members and Senior
Staff**

Howard Carter introduced the standing item on the register of gifts and hospitality.

The Committee noted the report.

62/09/18 Mayoral Directions Update

Howard Carter presented the first paper to the Committee setting out the current list of Mayoral Directions issued to TfL.

It was agreed that in future, Mayoral Directions would be included in the Risk and Assurance quarterly report and that any assurance required in relation to Mayoral Directions would be included in the Internal Audit Plan.

[Action: Clive Walker/Shamus Kenny]

The Committee noted the Mayoral Directions to TfL.

63/09/18 Transformation Programme Update

Andrew Pollins introduced the update on the Transformation Programme.

It was agreed that the Transformation team would liaise with Internal Audit to discuss future assurance over the ongoing Transformation Programme.

[Action: Andrew Pollins]

The Committee noted the paper.

64/09/18 Member Suggestions for Future Agenda Discussions

Howard Carter presented the Forward Programme.

The Committee noted the Forward Programme.

65/09/18 Any Other Business the Chair Considers Urgent

There was no urgent business.

66/09/18 Date of Next Meeting

The next scheduled meeting was due to be held on Thursday 29 November 2018 at 10.00am.

67/09/18 Exclusion of Press and Public

The Committee agreed to exclude the press and public from the meeting, in accordance with paragraphs 3 & 5 of Schedule 12A to the Local Government Act 1972 (as amended), in order to consider the following item of business: Effectiveness Review of External Auditors; Risk and Assurance Quarter 1 Report 2018/19; and Strategic Risk Management Update.

The meeting closed at 4.20pm.

Chair:

Amem Gmeel

Date:

29 November 2018