

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, Thursday 4 October 2012**

Members

Keith Williams	Chair
Patrick O'Keeffe	Vice Chair
Charles Belcher	Member
Baroness Grey-Thompson	Member
Steve Wright	Member

Present

Steve Allen	Managing Director, Finance
Sarah Bradley	Head of Group Financial Accounting
Howard Carter	General Counsel
Andrew Pollins	Interim Chief Finance Officer
Clive Walker	Director of Internal Audit

In Attendance

Robert Brent	Audit Partner, KPMG
Rebecca Pett	Senior Manager, KPMG
Wayne Southwood	Audit Partner, KPMG

David Burgh	Secretariat Officer
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24/10/12 Apologies for Absence

There were no apologies for absence.

25/10/12 Declarations of Interest

The following interests were declared: Charles Belcher as a member of Atos Origin Advisory Council on Transport; Baroness Grey-Thompson as Vice Chair of the Athletes' Committee for the London Organising Committee of the Olympic Games; Patrick O'Keeffe as a Trustee of Ealing Community Transport Charity; and Steve Wright on matters relating to private hire vehicles.

26/10/12 Minutes of the Meeting Held on 15 June 2012

The minutes of the meeting held on 15 June 2012 were approved as a correct record and signed by the Chair.

27/10/12 Matters Arising and Actions List

The Committee noted the Actions List.

28/10/12 Audit and Assurance Committee Work Plan 2012/13

Clive Walker reported on the proposed work plan for the Committee for the next four meetings. The plan had been amended to reflect the revised Terms of Reference of the Audit and Assurance Committee.

The Committee noted the report.

29/10/12 Annual Audit Letter 2011/12

Wayne Southwood of KPMG presented the letter, reporting KPMG's conclusions to the Committee on the Annual Statement of Accounts and Value for Money.

Wayne Southwood indicated that KPMG set an efficiencies target to ensure that TfL obtained value for money from audits, while working closely with Internal Audit. This was reflected in the revised External and Internal Audit protocol, later on the agenda, which demonstrated how the auditors worked together to minimise duplication of coverage. The Committee noted that the fees had been reduced over the years as External Audit came to rely on Internal Audit assurances and generated efficiencies.

The Committee noted the paper.

30/10/12 External Audit plan TfL, TTL and Subsidiaries – Year Ending 31 March 2013

Wayne Southwood introduced this paper, informing the Committee of KPMG's plan for the audit of the financial statements of Transport for London, Transport Trading Limited and its subsidiaries for the year ending 31 March 2013.

KPMG confirmed that the key financial statement audit risks set out in the plan were similar to those in the previous year's plan. The high risks were discussed, and Members noted that, although funding arrangements for 2013/14 were under review, the Spending Review commitments were in place until March 2015.

The Committee noted the report.

31/10/12 External and Internal Audit Protocol

Clive Walker introduced this paper, presenting an updated External and Internal Audit protocol which outlined the working relationship between KPMG and TfL Internal Audit.

The protocol set out the arrangements by which KPMG place reliance on the work of Internal Audit for the purposes of its annual audit of TfL's financial statements, and replaced a previous version presented to the TfL Audit Committee in November 2008.

The Committee noted the paper.

32/10/12 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 report.

33/10/12 Internal Audit Quarter 1 Audit Report 2012/13

Clive Walker introduced this report, which informed the Committee of the audit work completed in the first quarter of 2012/13, the work in progress and work planned for Quarter 2 of 2012/13.

The Committee noted that in addition to audit reports issued, Internal Audit had undertaken other work. This had included a review of the role of the Independent Investment Programme Advisory Group (IIPAG), identifying benefits the Group had brought to TfL and noting improvements in working relationships.

The Committee requested future updates on the following:

- (a) Completion of management actions arising from the London Underground Health and Safety Audits noted in the report;
- (b) The outcome of the follow up review of the Managing Attendance audit due to be concluded in October: and
- (c) Follow up of the fraud assurance work on vendor master data in Crossrail.

[Action: Clive Walker]

The Committee noted the report.

34/10/12 Crossrail Audit Committee

Clive Walker introduced this paper, which informed the Committee of matters discussed at the Crossrail Audit Committee meetings held on 11 June and 3 September 2012.

The Committee noted the paper.

35/10/12 Draft Local Audit Bill

Andrew Pollins introduced this paper, which informed the Committee of the Department for Communities and Local Government's (DCLG's) publication of the draft Local Audit Bill and of TfL's response to the consultation on the draft Bill.

The Committee noted that the main consequence of the draft Bill for TfL was the proposed independent auditor panel, and this would not be required for some time. TfL had previously made representations, to a DCLG consultation, that this initiative would not add any value in governance terms, but would nevertheless create additional costs.

The Committee noted the paper.

36/10/12 Risk Management Update

Steve Allen introduced the paper, providing an update on the development of more effective risk reporting and management across TfL.

The intention was to quantify risks, especially financial, where possible, and to integrate the process into business planning and management processes. A more detailed report would be made to the next meeting of the Committee. The next TfL Board meeting would be considering the Board Effectiveness Review, and actions arising from that included recommendations regarding risk reporting to Members.

The Committee noted the paper.

37/10/12 Any Other Business the Chair Considered Urgent

New Chief Finance Officer

The Committee noted that David Goldstone, the new Chief Finance Officer, would take up the post on 1 November 2012.

38/10/12 Date of Next Meeting

The next meeting would be held on Friday 7 December, 2012 at 10.00am.

39/10/12 Exclusion of Press and Public


The Committee agreed to exclude the press and public from the meeting, in accordance with paragraphs 3 and 5 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.

40/10/12 Effectiveness Review of the External Auditors

Andrew Pollins introduced this paper, which informed the Committee about the performance of KPMG, the External Auditors.

The Committee noted the paper.

Chair:



Date:
