

## **Transport for London**

### **Minutes of the Audit and Assurance Committee**

**Conference Rooms 1 and 2, Ground Floor, Palestra,  
197 Blackfriars Road, London, SE1 8NJ  
10.00am, Tuesday 1 October 2013**

#### **Members**

Keith Williams	Chair
Charles Belcher	Member
Baroness Tanni-Grey Thompson DBE	Member

#### **Present**

Steve Allen	Managing Director, Finance
Simon Bicknell	Head of Financial Services Centre (for part)
Howard Carter	General Counsel
Alan Day	Senior Audit and Investigations Manager – Fraud & Security
David Goldstone	Chief Finance Officer
Clive Walker	Director of Internal Audit

#### **In Attendance**

Robert Brent	Audit Partner, KPMG
Ian Griffiths	Audit Partner, KPMG
Sarah Ward	Senior Manager, KPMG

Sue Riley	Secretariat Officer
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#### **44/10/13 Apologies for Absence**

Apologies for absence had been received from Richard Barnes, Brian Cooke, Steve Wright and Sarah Bradley.

#### **45/10/13 Declarations of Interest**

Baroness Grey-Thompson DBE declared an interest as a member of the London Legacy Development Corporation and Charles Belcher as a member of Atos Origin Advisory Council on Transport.

#### **46/10/13 Minutes of the Meeting of the Audit and Assurance Committee Held on 19 June 2013**

The minutes of the meeting held on 19 June 2013 were approved as a correct record and signed by the Chair.

#### **47/10/13 Matters Arising and Actions List**

The Committee noted the Actions List.

## **48/10/13 Annual Audit Letter 2012/13**

David Goldstone presented the Annual Audit Letter prepared by KPMG on the Annual Statement of Accounts.

KPMG had identified no unadjusted audit differences and issued unqualified opinions on the Annual Statement of Accounts and the Whole of Government Accounts return. Management actions had been agreed in relation to all key audit recommendations throughout the year, and were either completed or in progress. This would help formulate the Audit Plan for next year.

An explanation for the overrun in audit fees was clearly set out in the paper and plans were in place to ensure that information flows were improved to reduce the need for additional auditing time next year.

Officers confirmed that the cashflow monitoring and reconciliations had been further improved, and Finance was looking to reduce and simplify the number of bank accounts managed across the organisation.

**The Committee noted the report.**

## **49/10/13 Annual Audit Fee for TfL Group – Year Ending 31 March 2014**

David Goldstone introduced the report informing the Committee of the Annual Audit Fee proposed by KPMG for the audit of the TfL Group for year ending 31 March 2014.

**The Committee noted the paper.**

## **50/10/13 Policy on External Audit and Non Audit Services to Safeguard the Independence of External Auditors**

David Goldstone presented the draft Policy on external audit and non-audit services, which had been updated since it was last approved in 2009, in line with good practice. The policy included services that would require the approval of the TfL Audit and Assurance Committee and Group and had been agreed with KPMG.

**The Committee approved the revised Policy.**

## **51/10/13 Management Actions Report**

Clive Walker introduced the report which sets out recommendations to management which have not been actioned. There were no recommendations more than 60 days overdue.

**The Committee noted the report.**

## **52/10/13 Internal Audit Quarter 1 Report 2013/14**

Clive Walker introduced this report, informing the Committee of the audit work completed in the first quarter of 2013/14 and the work in progress and planned for Q2 2013/14.

The integration of the HSE and Technical audit team within Internal Audit meant there was a greater visibility of such issues. Internal Audit had submitted the first Quarter 1

report on safety and sustainability issues for consideration at the Safety and Sustainability Panel meeting of 9 October 2013.

**The Committee noted the report.**

### **53/10/13 Crossrail Audit Committee**

Clive Walker introduced the paper reporting on matters discussed at the Crossrail Audit Committee meetings held on 10 June and 9 September 2013.

**The Committee noted the paper.**

### **54/10/13 Update: Strategic Risk Management Q1 2013/14**

David Goldstone presented an update on the status of TfL's Non Project Strategic Risks and proposed mitigations at Q1. A more detailed paper was also considered in Part 2 of the meeting.

The Chair welcomed the work to date. Officers were looking at ways of embedding strategic risk effectively within the organisation, and a further report would be submitted to the Committee at its meeting on 18 December 2013.

In future an annual report on assurance and risk would be submitted to the TfL Board, and this report would be submitted to a future meeting of the Committee.

**[Action: David Goldstone]**

Next steps included the development and implementation of a pan TfL framework for the management of risks in respect of all strategic, tactical and operational activities, which would go live from 1 April 2014/15.

**The Committee noted the paper.**

### **55/10/13 Anti Fraud and Corruption Strategy and Policy**

David Goldstone introduced the TfL Anti Fraud and Corruption Strategy and proposed amendments to the Anti Fraud and Corruption Policy.

It was agreed that progress with implementation of the strategy would be reported regularly to the Committee as part of the Half Yearly Fraud Report considered by the Committee.

**[Action: Clive Walker]**

**The Committee noted the paper.**

### **56/10/13 National Fraud Initiative Update 2012/13**

Simon Bicknell presented the update on the National Fraud Initiative exercise for 2012/13. A detailed appendix to the report was considered on Part 2 of the agenda.

Officers agreed to provide more detailed information on the number of taxi and private hire cases still being identified as not eligible to work in the UK, despite new controls being introduced. **[Action: David Goldstone]**

**The Committee noted the paper.**

### **57/10/13 Effectiveness Review of the External Auditors**

David Goldstone introduced the paper on the effectiveness of the external auditors. A more detailed report was considered in Part 2 of the meeting, including detailed comments on KPMG's performance.

KPMG left the meeting during the discussion of this item.

Members welcomed the positive feedback from finance staff across the organisation in relation to the performance of the external auditors and the improvements made as a result of last year's comments and feedback was provided to the external auditors.

**The Committee noted the paper.**

### **58/10/13 Any Other Business the Chair Considered Urgent**

There was no business that the Chair considered urgent.

### **59/10/13 Date of Next Meeting**

The next meeting would be held on Wednesday 18 December 2013

### **60/10/13 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.

### **61/10/13 Minutes of the Meeting of the Audit and Assurance Committee Held on 19 June 2013**

The minutes of the meeting held on 19 June 2013 were approved as a correct record and signed by the Chair.

### **62/10/13 Fraud Update**

Alan Day updated the Committee on recent fraud activity. Following a review, additional checking mechanisms had been put in place and a supplier consolidation process was also underway.

An update on progress with the fraud investigation, and mitigating action being taken would be included in the Half Yearly Fraud Report at the next meeting.

**[Action: Clive Walker]**

**The Committee noted the paper.**

**63/10/13 National Fraud Update Initiative 2012/13 – Appendix**

Simon Bicknell presented the detailed supplementary information to the paper considered on Part 1 of the agenda.

**The Committee noted the paper.**

**64/10/13 Effectiveness Review of the External Auditors**

David Goldstone introduced the paper setting out detailed comments on KPMG's performance during the audit, detailing supplementary information to the paper considered on Part 1 of the agenda.

**The Committee noted the paper.**

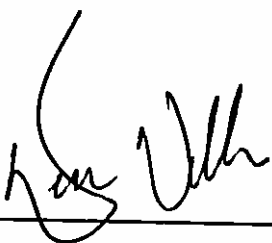
**65/10/13 Update: Strategic Risk Management Quarter 1 2013/14**

David Goldstone presented the paper containing supplementary information to the paper considered on Part 1 of the agenda.

**The Committee noted the paper.**

The meeting closed at 11.35am.

Chair:

  
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Date:

18/12/13  
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