

**Date: 8 October 2014**

**Item 8: Update on the Procurement of External Audit Services**

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**This paper will be considered in public**

**1 Summary**

1.1 The purpose of this paper is to update the Committee on the process for selecting and appointing external auditors for TfL and for Transport Trading Limited (TTL) and its subsidiaries for the two years ending 31 March 2016 and 2017.

**2 Recommendation**

2.1 **The Committee is asked to note the paper.**

**3 Background**

3.1 KPMG were reappointed by the Audit Commission as TfL's auditors in 2012 for a period of five years, up to and including the year ending 31 March 2017.

3.2 However, in 2013, the Audit Commission announced that they were retendering those local government audits that were not subject to a formal tendering process in 2012, including the audit of TfL. The current appointment is therefore being terminated early and a new auditor will be appointed with effect from the year ending 31 March 2016.

3.3 The Audit Commission's procurement process does not extend to TfL's subsidiaries. Although the cost of the audit of TTL has fallen significantly over the last few years due to efficiencies and use of a statutory audit exemption, a decision was taken to run a tender for the TTL audit with the aim of ensuring the most efficient and effective audit of the whole Group's Accounts.

3.4 The overall objective has been to achieve value for money in the audit arrangements for the whole Group.

**4 Auditor Appointment Process Update**

4.1 The Audit Commission Board meets on 4 December 2014 to confirm appointments and following that meeting, the Commission will notify all audited bodies of their new Appointed Auditor.

4.2 It is anticipated that the outcome of the external audit tender for the TTL audit will also be announced in December.

**List of appendices to this report:**

None

**List of Background Papers:**

None

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