

TRANSPORT FOR LONDON

BOARD

**SUBJECT: REPORT FROM THE MEETING OF THE AUDIT COMMITTEE –  
16 DECEMBER 2009**

**DATE: 3 FEBRUARY 2010**

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**1 PURPOSE AND DECISION REQUIRED**

- 1.1 To report to the Board on the meeting of the Audit Committee held on 16 December 2009.

**2 BACKGROUND**

- 2.1 The main matters considered were the Comprehensive Area Organisational Assessment Outcome for TfL, the External Audit Plan for TfL (Year Ending 31 March 2010), the External Audit Strategy for TfL and Subsidiaries (Year Ending 31 March 2010), Changes in Legislation and Accounting Standards Impacting on TfL, the Draft Information Security Policy, and the Protecting the Public Purse and Best Practice for Audit Committees in Government Conference. Papers were also considered on the KPMG Report on Non-Audit Fees for 6 Months Ended 30 September 2009, Final Internal Audit Reports – Quarter 2 2009/10, the Internal Audit Quarter 2 Productivity and Resources Report and the Management Actions Report.

**3 ISSUES DISCUSSED**

**Comprehensive Area Organisational Assessment Outcome for TfL**

- 3.1 The Committee considered a report on the outcome of the Comprehensive Area Assessment (CAA) process as it had been applied to TfL by the Audit Commission. A series of local authority flagship case studies were due to be published, following which a meeting with officers would be held to consider whether any good practice could be applied to TfL.
- 3.2 Members were advised that the Audit Commission would shortly be publishing a report “Auditing the Accounts” where TfL would be congratulated on the early publication of its audited accounts, a notable achievement bearing in mind the complex and changing nature of the organisation.
- 3.3 The Commissioner had expressed his concern to the Audit Commission that the new managing performance regime inadequately reflected the unique nature of TfL as an organisation with little meaningful comparative data against which to benchmark. On-going discussions were being held with TfL on this issue, with a view to making the process as effective as possible by including the use of international comparators. The outcome of any discussions would be included in the regular Audit Commission update to the Committee.

### **External Audit Plan TfL – Year Ending 31 March 2010**

- 3.4 The Committee noted the report setting out KPMG's plan for the audit of the financial statements of TfL for the year ending 31 March 2010.

### **External Audit Strategy for TTL and Subsidiaries – Year Ending 31 March 2010**

- 3.5 The Committee received a report on KPMG's external audit strategy for the audit of the financial statements of TTL and its subsidiaries for the year ending 31 March 2010.

### **KPMG Report on Non-Audit Fees for 6 Months Ended 30 September 2009**

- 3.6 The report informed the Committee of the fees billed by KPMG for non-audit services.

### **Final Internal Audit Reports – Quarter 2 2009/10**

- 3.7 The Committee noted the final audit reports issued in the second quarter of 2009/10. There were no outstanding actions.

### **Quarter 2 Productivity and Resources Report**

- 3.8 The Committee noted the outputs of, and the use of resources by, the Internal Audit team in Quarter 2 2009/10.

### **Management Actions Report**

- 3.9 The purpose of this paper was to inform the Committee of those recommendations to management which had not been actioned and were more than 60 days overdue, of which there were none. There were no areas of concern to report.

### **Changes in Legislation and Accounting Standards Impacting on TfL**

- 3.10 The Committee was updated on the Group's critical accounting policies to be applied in deriving the form and content of TfL's Statement of Accounts for the year ending 31 March 2010.

### **Draft Information Security Policy**

- 3.11 Members approved the report setting out a draft Information Security Policy for TfL.

### **Protecting the Public Purse**

- 3.12 This report updated the Committee on TfL's compliance with the Audit Commission's checklist contained within its 'Protecting the Public Purse' report.

## **Best Practice for Audit Committees in Government Conference**

- 3.13 The Committee reviewed a report by the Chair on the conference she had attended on 'The Best Practice for Audit Committees in Government, a joint event between the National School of Government and HM Treasury, held on 16 November 2009.
- 3.14 It was agreed that a report would be submitted to a future meeting of the Audit Committee setting out TfL's requirements in relation to Declarations of Interest and an audit of TfL's Declarations of Interest arrangements would also be included in the Audit Plan for 2010/11.
- 3.15 The next regular meeting of the Audit Committee is scheduled for 4 March 2010 at 10.00am.

## **4 RECOMMENDATION**

- 4.1 The Board is asked to NOTE the report.

## **5 CONTACT**

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