

# Transport for London

## Minutes of the Audit and Assurance Committee

Conference Rooms 1 and 2, Ground Floor, Palestra, 197 Blackfriars  
Road, London, SE1 8NJ  
10.00 am, Tuesday, 16 June 2015

### Members

Keith Williams (Chair)  
Steve Wright (Vice-Chair)  
Richard Barnes  
Charles Belcher  
Brian Cooke

### Present

Steve Allen	Managing Director, Finance
Sarah Bradley	Head of Group Financial Accounting
Rob Brooker	Fraud Investigations Manager (for Minute 35/06/15)
Howard Carter	General Counsel
Brian Davey	Head of Financial Services (for Minute 36/06/15)
Vernon Everitt	Managing Director of Customer Experience, Marketing and Communications (for Minute 21/06/05)
Michele Hanson	Chief Information Security Analyst (for Minute 38/06/15)
David Ho	Corporate Performance Specialist (for Minute 37/06/15)
Andrew Pollins	Interim Chief Finance Office
Steve Townsend	Chief Information Officer (for Minute 38/06/15)
Shashi Verma	Director of Customer Experience (for Minute 37/06/15)
Clive Walker	Director of Internal Audit
Sue Riley	Secretariat Officer

### In Attendance

Robert Brent	Partner, KPMG
Susan Harris	Senior Manager, KPMG
Rebecca Pett	Senior Manager, KPMG
Andrew Brittain	Partner, Ernst and Young (EY)
Neil Harris	Partner, EY

### 17/06/15 Apologies for Absence and Chair's Announcements

An apology for absence was received from Baroness Grey-Thompson DBE.

The Chair welcomed Ernst and Young to their first meeting of the Committee and thanked KPMG for their contribution.

## **18/06/15 Declarations of Interests**

Charles Belcher declared an interest as a member of Atos Origin Advisory Council on Transport. Steve Wright declared an interest as Chair of the Licensed Private Hire Car Association regarding any matters concerning private hire vehicles.

## **19/06/15 Minutes of the Meeting of the Audit and Assurance Committee held on 9 March 2015**

The minutes of the meeting held on 9 March 2015 were approved as a correct record and signed by the Chair.

## **20/06/15 Matters Arising and Actions List**

Further information would be provided on the effectiveness of the project peer review arrangements. **[Action: Steve Allen]**

**The Committee noted the Actions List.**

## **21/06/15 TfL Annual Report 2014/15**

Vernon Everitt presented the Annual Report.

The Committee welcomed the clarity and format of the report.

**The Committee noted the Annual Report and delegated to the Managing Director of Customer Experience, Marketing and Communications the task of making any adjustments prior to submission to the Board.**

## **22/06/15 TfL Statement of Accounts for the Year Ended 31 March 2015**

Andrew Pollins and Sarah Bradley presented the TfL Statement of Accounts for the year ended 31 March 2015.

The Committee discussed arrangements for managing the pension deficit and mitigation for the future.

The Committee thanked Sarah Bradley and her team for the production of an excellent set of accounts.

**The Committee noted the draft Statement of Accounts and that the Interim Chief Finance Officer will make any adjustments arising from the ongoing audit work prior to submission to the Board. Any material adjustments arising therefrom will be reported to the next meeting of the Committee.**

### **23/06/15 KPMG Report to Those Charged with Governance**

Rebecca Pett and Susan Harris presented the report on key issues identified in the audit of accounts for the year ended 31 March 2015.

The Committee welcomed the report which had improved in terms of presentation and clarity over the years.

**The Committee noted the report.**

### **24/06/15 KPMG Letter on Independence and Objectivity**

Robert Brent reported on the independence and objectivity of KPMG.

**The Committee noted the letter.**

### **25/06/15 KPMG Report on Non-Audit Fees for Six Months Ended 31 March 2015**

Robert Brent reported on the fees billed to TfL for non audit services.

**The Committee noted the report.**

### **26/06/15 Annual Audit Fee 2015/16**

Andrew Brittain and Neil Harris reported on the fee proposed by EY for the audit of the Corporation and Group financial statements for 2015/16. It was noted that the fees had reduced year on year.

**The Committee noted the report.**

### **27/06/15 Management Actions Report**

Clive Walker presented the paper on 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 congratulated officers on continued good work in this area.

**The Committee noted the report.**

### **28/06/15 Internal Audit Quarter 4 Report 2014/15**

Clive Walker introduced the report on audit work completed in Quarter 4 of 2014/15, work in progress and work planned for Quarter 1 of 2015/16.

Clive Walker confirmed that a further audit would review delivery against recommendations arising from the review of Taxi and Private Hire compliance, which had identified resourcing issues.

Members requested confirmation that the outstanding actions in relation to controls over supplier bank accounts were being addressed. **[Action: Clive Walker]**

**The Committee noted the paper.**

### **29/06/15 Internal Audit Annual Report 2014/15**

Clive Walker introduced the Internal Audit Annual Report for 2014/15.

Actions had been taken to address the issues raised in the poorly controlled report related to staff travel concessions.

**The Committee noted the report.**

### **30/06/15 Review of Governance and the Annual Governance Statement for the Year Ended 31 March 2015**

Howard Carter introduced the Review of Annual Governance and the Annual Governance Statement for the year ended 31 March 2015.

**The Committee approved the Annual Governance Statement, as set out in Appendix 1 of the report, subject to paragraph 4 of Appendix 1 being amended to read “The Chief Financial Officer is accountable to the Board...” for signing by the Chair of TfL and the Commissioner for inclusion in the 2014/15 Annual Report and Accounts.**

### **31/06/15 Crossrail Audit Committee**

Clive Walker presented the paper on matters discussed by the Crossrail Audit Committee on 16 March 2015.

**The Committee noted the paper.**

### **32/06/15 Strategic Risk Management Update - Quarter 4**

Andrew Pollins presented the paper updating the Committee on the status of TfL's Non Project Strategic Risks and proposed mitigations at the end of Quarter 4.

It was agreed that future reports would also include mitigating measures when identifying risks. **[Action: Andrew Pollins]**

**The Committee noted the paper.**

### **33/06/15 Strategic Risk Management and Assurance Annual Report 2014/15**

Andrew Pollins introduced the Strategic Risk Management and Assurance Annual Report for 2014/15, which would also be submitted to the Board.

**The Committee noted the report.**

### **34/06/15 Legal Compliance Report (1 October 2014 - 31 March 2015)**

Howard Carter introduced the Legal Compliance Report for 1 October 2014 to 31 March 2015.

TfL's compliance with the Data Protection Act 1989, the Freedom of Information Act 2000, Environmental Information Regulations 2004 and the Privacy and Electronic Communications Regulations 2003 continued to be good.

The Committee requested that where possible, individuals should be named in reports of enforcement action taken against employees in future reports. **[Action: Howard Carter]**

**The Committee noted the report.**

### **35/06/15 Half Yearly Fraud Report 2014/15**

Rob Brooker introduced the Half Yearly Fraud Report for 2014/15.

**The Committee noted the report.**

### **36/06/15 National Fraud Initiative 2014**

Brian Davey introduced the report on the National Fraud Initiative for 2014.

Members requested that their concern and dissatisfaction with the continuing poor quality data submitted by the Home Office for the checking and matching of taxi and private hire vehicle licence matches be recorded, and escalated as appropriate.

**[Action: Brian Davey]**

**The Committee noted the report.**

### **37/06/15 Contactless – Security Controls Update**

Shashi Verma and David Choi introduced the report on security controls for contactless payments.

Members were assured that there had been no breach of data security since the introduction of contactless payments. The PDA devices used by enforcement officers to check tickets and payments were designed to ensure that they had no value if stolen.

A report on the financial business case would be submitted to a future meeting of the Finance and Policy Committee.

**The Committee noted the report.**

### **38/06/15 Cyber Security Update**

Steve Townsend and Michele Hanson introduced the Cyber Security Update paper. A number of important recommendations had been agreed as the result of a recent review and would be actioned and reported back.

It was agreed that cyber security continue to be a standing item on future agendas.

[Action: Steve Townsend]

**The Committee noted the report.**

### **39/06/15 Any Other Business the Chair Considers Urgent**

There was no urgent business.

### **40/06/15 Date of Next Meeting**

The next meeting would be held on Thursday 8 October 2015 at 10.00am.

### **41/06/15 Exclusion of Press and Public**

The Committee agreed to exclude the press and public from the meeting, in accordance with paragraph 3, 5 & 7 of Schedule 12A to the Local Government Act 1972 (as amended), in order to consider the exempt information in relation to the items on: Half Yearly Fraud Report, Strategic Risk Management Update – Quarter 4 and Cyber Security Update. These papers contained information relating to the financial or business affairs of TfL and information likely to prejudice the prevention or detection of crime and the apprehension or prosecution of offenders.

The meeting closed at 12.25pm.

The meeting was followed by the annual private meeting with the external auditors.

Chair: \_\_\_\_\_

Date: \_\_\_\_\_