

## Board



**Date:** 30 January 2018

**Item:** Report of the meeting of the Audit and Assurance Committee held on 14 December 2017

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### **This item will be considered in public**

#### **1 Summary**

1.1 To report to the Board on the meeting of the Audit and Assurance Committee held on 14 December 2017.

#### **2 Recommendation**

2.1 **The Board is asked to note the report.**

#### **3 Committee Agenda and Summary**

3.1 The papers for the meeting of the Committee held on 14 December 2017 were published on 6 December 2017 and are available on the TfL website: <https://tfl.gov.uk/corporate/publications-and-reports/audit-and-assurance-committee>

3.2 The main matters considered by the Committee were:

- (a) Internal Audit Quarter 2 Report 2017;
- (b) Half Yearly Fraud Report 2017/18;
- (c) National Fraud Initiative Update;
- (d) Crossrail Audit Committee;
- (e) Crossrail Transition Governance;
- (f) Independent Investment Programme Advisory Group (IIPAG) – Review Implementation;
- (g) Reporting of Control Environment Trend Indicators to the Audit and Assurance Committee;
- (h) Risk Appetite Update;
- (i) Strategic Risk Management Update;
- (j) Legal Compliance Report (1 April – 30 September 2017); and

(k) Register of Gifts and Hospitality for Members and Senior Staff.

- 3.3 A summary of the discussions and decisions from the items on the agenda is provided below. The more detailed minutes of the meeting held on 14 December 2017 will be published ahead of the meeting of the Committee on 6 March 2018.

## **4 Issues Discussed**

### **Internal Audit Quarter 2 Report 2017**

- 4.1 The Committee noted the update on audit work completed in Quarter 2, work in progress and work planned for Quarter 3.
- 4.2 It was reported that the Chair now attended the London Transport Museum Audit Committee meetings as a regular observer.
- 4.3 It was noted that the poorly controlled HSE Technical audit report in terms of London Underground premises inspections was being progressed by the Managing Director of London Underground and had been discussed in detail at the Safety, Sustainability and Human Resources Panel.
- 4.4 The outstanding management actions in Surface Transport, which were more than 60 days overdue, were being adequately progressed, and therefore the responsible Director had not been required to attend the Committee.
- 4.5 A Head of Risk was being recruited an appointment would be made shortly.

### **Half Yearly Fraud Report 2017/18**

- 4.6 The Committee noted the summary of work undertaken by the Fraud team during the first half of 2017/18 (periods 1 to 6).

### **National Fraud Initiative Update**

- 4.7 The Committee noted the update on the National Fraud Initiative exercise for 2016. Good progress in all areas had been made against the previous report.

### **Crossrail Audit Committee**

- 4.8 The Committee noted the update on matters discussed at the Crossrail Audit Committee meeting held on 30 October 2017.

### **Crossrail Transition Governance**

- 4.9 The Committee received the paper with information on Crossrail transition governance arrangements.
- 4.10 A detailed integration transition programme was being developed which divided activities into individual work streams, with each activity having a

clearly defined handover date with a responsible owner in TfL and a risk assessment.

- 4.11 The Committee sought assurances that critical staff and key personnel were not lost during the process and that the transfer of support services, as well as operational activities, was managed appropriately.
- 4.12 Members requested a Crossrail transition risk register as part of regular future reporting to the Committee.
- 4.13 A digital archive was being developed to capture as much organisational memory as possible, allow the review of assets, and to mitigate against any future claims. This would be owned by TfL Archives as part of its document management systems. Sir Terry Morgan's tenure as Chairman of the Crossrail Board had been extended to 31 May 2019 as part of the legacy arrangements.
- 4.14 Members discussed issues around the transference of risk. Crossrail Limited would continue to exist as a TfL subsidiary after handover. The Project Sponsors, TfL and the Department for Transport had responsibility for deciding the final handover date and strategic arrangements and responsibilities.
- 4.15 The Committee was also keen for any lessons learnt to be passed on in the future.

#### **Independent Investment Programme Advisory Group (IIPAG) – Review Implementation**

- 4.16 The Committee noted the update on the implementation of the IIPAG review recommendations and endorsed the revised IIPAG Terms of Reference for submission to the Board. A report on this item is elsewhere on the agenda.
- 4.17 The Committee would continue to receive regular updates.

#### **Reporting of Control Environmental Trend Indicators to the Audit and Assurance Committee**

- 4.18 The Committee noted the report and endorsed the proposed next steps to developing a set of indicators to show trends in the effectiveness of TfL's control environment.
- 4.19 A set of trend indicators would be submitted to the Committee meeting of 8 March 2018, with a view to avoiding duplication with other Committees and Panels but aligning with the strategic risk register and the TfL scorecard.
- 4.20 Individual Members would submit any suggestions or ideas, outside of the meeting.

### **Risk Appetite Update**

- 4.21 The Committee approved the risk appetite themes and levels, and the proposed approach to reporting and next steps, as set out in the report.

### **Strategic Risk Management Update**

- 4.22 The Committee noted the update on strategic risk management. A joint workshop with the Executive Committee would be held before the next meeting on 8 March 2018.

### **Legal Compliance Report (1 April – 30 September 2017)**

- 4.23 The Committee noted the summary of the information provided by each TfL Directorate for the Legal Compliance Report for the period 1 April to 30 September 2017.
- 4.24 It was reported that Eventech Limited (a subsidiary of Addison Lee), had withdrawn its appeal against the decision of the judicial review in relation to the London Borough of Camden's Parking Adjudicator's decision not to allow Private Hire Vehicles the same rights as Hackney licensed vehicles to use bus lanes.
- 4.25 A further judicial review had subsequently been commenced by the Licensed Private Hire Car Association in relation to the increase in licence fees and an update would be included in the next report.

### **Register of Gifts and Hospitality for Members and Senior Staff**

- 4.26 The Members noted the paper setting out the details of gifts and hospitality declared by the Board and senior staff.

### **List of appendices to this report:**

None

### **List of Background Papers:**

Papers submitted to the Audit and Assurance Committee on 14 December 2017.

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