

Date: 7 December 2012

**Item 6: KPMG Report on Non-Audit Fees for Six Months ended
30 September 2012**

This paper will be considered in public

1 Summary

1.1 To report to the Audit and Assurance Committee on fees billed by KPMG for non-audit services.

2 Recommendation

2.1 **The Committee is asked to note this report.**

3 Background

3.1 Under TfL's policy on external audit services KPMG is required to report to the Audit and Assurance Committee every six months on fees billed for non-audit services. KPMG's report is attached for the Committee's review.

List of appendices to this report:

Appendix 1 – letter from KPMG

List of Background Papers:

None

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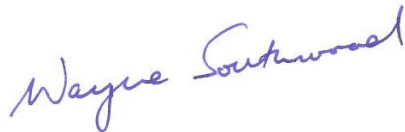
22 November 2012

Dear Sirs

Non-Audit Fees –Six months to 30 September 2012

Under Transport for London's policy on external audit services we are required to provide to the Audit and Assurance Committee, on a six monthly basis, a report on fees for all services. Appendix 1 to this letter includes a summary of our audit fees, non-statutory audit fees (column A) and non-audit fees (column B) during the period 1 April 2012 to 30 September 2012.

Yours faithfully



Wayne Southwood
Partner, KPMG LLP

Enc. Summary of Fees



Appendix 1

SUMMARY OF FEES – 1 APRIL 2012 TO 30 SEPTEMBER 2012

Entity	Statutory Audit Fee 2012/13 £	Non- Statutory Audit Fee 2012/13 (A) £	Non-Audit Fees 2012/13 (B) £	Comments
TfL Corporation	£207,900			Proposed fee in respect of Corporation audit 2012/13 (including Use of Resources and Whole of Government Accounts)
	£32,552			Fee in respect of additional work carried out on congestion charging to support the 2011/12 audit.
	£3,000			Additional fee charged in respect of WGA for 2011/12.
			£1,250	Fee in respect of VAT helpline for quarter three.
			£1,250	Fee in respect of VAT helpline for quarter four.
		£39,000		Fee in respect of a review of Internal Audit effectiveness
		£48,830		Fee in respect of the MTN programme update: July/August 2012
			£475	Fee in relation to the additional 2,000 forms to the P11D Solutions 2012 licence.
			£3,475	Fee in respect of the annual Payroll Solutions Software Licence
TfL Corporation subtotal	£243,452	£87,830	£6,450	Maximum allowable without prior agreement of the Audit Commission for non-audit fees billed to TfL Corporation in any financial year is the higher of £30,000 or 20% of the total statutory audit fee for TfL Corporation only, £48,690.50.



Appendix 1

Entity	Statutory Audit Fee 2012/13 £	Non- Statutory Audit Fee 2012/13 (A) £	Non-Audit Fees 2012/13 (B) £	Comments
Transport Trading Limited	£1,256,000			Fee in respect of TTL Group subsidiaries.
		£5,150		Fee in respect of FP7 grant claim for LBSL (awaiting PO)
		£46,800		Fee in respect of Controls assurance over the Oyster PAYG environment
			£50,130	Fee in respect of real estate advisory services from 20.03.12 to 14.09.12
London Transport Museum	£28,500			Proposed fee for 2012/13 - audited by KPMG's Charities Unit
	£1,000			Additional fee charged in respect of the LTM audit 2011/12.
London Transport Insurance (Guernsey)	£15,450			Fee for 2012/13 - audited by KPMG's Channel Islands Practice
TTL sub total	£1,300,950	£51,950	£50,130	
TOTAL	£1,544,402	£139,780	£56,580	Maximum allowable without prior agreement of TfL's Audit Committee is 20% of the total group statutory audit fee



Appendix 1

Notes

(1) All fees shown are net of VAT.

(2) Statutory audit services are, for TfL, services required to meet the Audit Commission's Code of Audit Practice requirements and, for TfL and its subsidiaries, services required to enable the external auditor to issue an audit opinion on the annual accounts in accordance with the Companies Act. The fee included above for TfL Corporation for 2012/13 is before taking into account scope changes due to the likely changes in materiality to be applied and also scope changes on the Whole of Government Accounts audit.

(3) Non-statutory audit work (A) is audit work performed outside the definition of statutory audit services, such as work on grant claims and returns where an audit certificate is required as a condition of the grant scheme. Under TfL's policy, external auditors may be engaged to carry out non-statutory audit services without restriction subject to the fees being agreed in advance with management.

(4) Non-audit work (B) represents work other than statutory and non-statutory audit services. The overall maximum allowable without prior agreement of the Audit Commission on non-audit fees billed to TfL Corporation for each financial year is the higher of (i) 20% of the statutory audit fee for the TfL Corporation only and (ii) £30,000. The overall maximum non-audit fees for the TfL group allowable without prior agreement of TfL's Audit and Assurance Committee is 20% of the statutory audit fee for the TfL group.

(5) KPMG carried out an update to 'Funding and Financing' for the Northern Line Extension. Total fees raised to TfL in the period 1 April to 30 September 2012 were £30,000 although these costs were subsequently passed to a 3rd party.

(6) KPMG charged a fee of £10,000 to the GLA in respect of group reporting required to support the preparation of the GLA Group Accounts for the year ended 31 March 2012.