

Board



Date: 1 July 2015

Item: Report of the meeting of the Audit and Assurance Committee held on 16 June 2015

This paper 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 16 June 2015.

2 Recommendation

- 2.1 **That the Board notes the report.**

3 Background

- 3.1 The main matters considered by the Committee were:
- (a) TfL Annual Report 2014/15;
 - (b) TfL Statement of Accounts for the Year Ended 31 March 2015;
 - (c) KPMG Report to Those Charged with Governance;
 - (d) KPMG Letter on Independence and Objectivity;
 - (e) KPMG Report on Non-Audit Fees for Six Months Ended 31 March 2015;
 - (f) Annual Audit Fee 2015/16;
 - (g) Management Actions Report;
 - (h) Internal Audit Quarter 4 Report 2014/15;
 - (i) Internal Audit Annual Report 2014/15;
 - (j) Review of Annual Governance and the Annual Governance Statement for the Year Ended 31 March 2015;
 - (k) Crossrail Audit Committee;
 - (l) Strategic Risk Management Update – Quarter 4;
 - (m) Strategic Risk Management and Assurance Annual Report 2014/15;

- (n) Legal Compliance Report (1 October 2014 – 31 March 2015);
- (o) Half Yearly Fraud Report;
- (p) National Fraud Initiative 2014;
- (q) Contactless – Security Controls Update; and
- (r) Cyber Security Update.

4 Issues Discussed

TfL Annual Report 2014/15

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

TfL Statement of Accounts for the Year Ended 31 March 2015

- 4.2 The Committee noted the draft Statement of Accounts and that the Interim Chief Finance Officer would make any adjustments arising from the ongoing audit work prior to submission to the Board. Any material adjustments would be reported to the next meeting of the Committee.
- 4.3 The Committee thanked officers for their work in producing the accounts.

KPMG Report to Those Charged with Governance

- 4.4 The Committee noted the key issues identified in the audit of the accounts for the year ended 31 March 2015 and thanked the auditors for the clarity and quality of the report.

KPMG Letter on Independence and Objectivity

- 4.5 The Committee noted the independence and objectivity letter.

KPMG Report on Non-Audit Fees for Six Months Ended 31 March 2015

- 4.6 The Committee noted the fees billed by KPMG for non-audit services.

Annual Audit Fee 2015/16

- 4.7 The Committee noted the proposed annual audit fee by Ernst and Young for the audit of the Corporation and Group Financial statements for the year ending 31 March 2016, which had continued to decrease year on year.

Management Actions Report

- 4.8 The Committee noted the report, which had no actions more than 60 days overdue and congratulated officers for continued good work in this area.

Internal Audit Quarter 4 Report 2014/15

- 4.9 The Committee noted the audit work completed in the fourth quarter of 2014/15, work in progress and work planned for Quarter 1 of 2015/16.
- 4.10 Members requested confirmation that the outstanding actions in relation to supplier bank accounts and control weaknesses were being addressed.

Internal Audit Annual Report 2014/15

- 4.11 The Committee noted the summary of internal audit activity for the year ended 31 March 2015.
- 4.12 Actions had been taken to address the poorly controlled reports related to staff travel concessions.

Review of Annual Governance and the Annual Governance Statement for the Year Ended 31 March 2015

- 4.13 The Committee approved the Annual Governance Statement, as set out in Appendix 1 of the paper, subject to a minor change, for signing by the Chair of TfL and the Commissioner, for inclusion in the 2014/15 Annual Report and Accounts.

Crossrail Audit Committee

- 4.14 The Committee noted the matters discussed by the Crossrail Audit Committee held on 16 March 2015.

Strategic Risk Management Update – Quarter 4

- 4.15 The Committee noted the update on the status of TfL's strategic risks and proposed mitigations at the end of Quarter 4.
- 4.16 It was agreed that future reports would also include mitigating measures when identifying risks.

Strategic Risk Management and Assurance Annual Report 2014/15

- 4.17 The Committee noted the summary of key strategic risk management activity undertaken within TfL up to March 2015.

Legal Compliance Report (1 October 2014 – 31 March 2015)

- 4.18 The Committee noted the legal compliance report for the period 1 October 2014 to 31 March 2015.
- 4.19 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.

- 4.20 The Committee requested that where possible individuals should be named in reports of enforcement action taken against employees in future reports.

Half Yearly Fraud Report

- 4.21 The Committee noted the half yearly fraud report providing a summary of the work undertaken by the Fraud Team for the second half of 2014/15 (periods 7 to 13).

National Fraud Initiative 2014

- 4.22 The Committee noted the National Fraud Initiative exercise for 2014.
- 4.23 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 licence matches be recorded, and escalated as appropriate.

Contactless – Security Controls Update

- 4.24 The Committee noted the paper providing an update on security controls in relation to contactless payments.
- 4.25 A paper containing detailed financial information would be submitted to a future meeting of the Finance and Policy Committee.

Cyber Security Update

- 4.26 The Committee noted an update on cyber security presented to the Committee at its meeting of 8 October 2015.
- 4.27 Cyber security would continue to be a standing item on future agendas.

List of appendices to this report:

None.

List of Background Papers:

Papers for the meeting of the Audit and Assurance Committee held on 16 June 2015.

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