

Transport for London

Minutes of the Audit Committee

Boardroom, 14th Floor, Windsor House, London
2.00pm, Tuesday 15 June 2010

Members

Judith Hunt	Chair
Charles Belcher	Member
Steve Wright	Member

Present

Steve Allen	Managing Director, Finance
Sarah Bradley	Head of Group Financial Accounting (for part)
John Burton	Head of Corporate Governance and Risk Management (for part)
Howard Carter	General Counsel
Stephen Critchley	Chief Finance Officer
Ellen Howard	Director of Corporate Governance
Clive Walker	Interim Director of Internal Audit

In Attendance

June Awty	Group Audit Partner, KPMG
Robert Brent	Audit Partner, KPMG
Andrew Marshall	TTL Audit Partner, KPMG
Wayne Southwood	Audit Partner, KPMG
Ross Tudor	Audit Senior Manager, KPMG
Sue Riley	Secretariat Officer

13/06/10 Apologies for Absence and Declarations of Interest

Apologies for absence had been received from Daniel Moylan, Patrick O’Keeffe and Keith Williams.

Steve Wright declared an interest on matters relating to private hire vehicles.

14/06/10 Minutes of the Meeting Held on 4 March 2010

The minutes of the meeting held on 4 March 2010 were approved as a correct record and signed by the Chair.

15/06/10 Matters Arising and Actions List

Stephen Critchley reported that in relation to the item on Budgetary Control (Minute Reference 08/03/10) the 'Barometer' report produced for the Commissioner would be circulated to Chairs of the Audit and Finance and Policy Committee, and the Deputy Chairman, shortly.

The Committee noted the Actions List.

16/06/10 Strategic Risk Management Annual Report 2009/10

John Burton introduced the report summarising Risk Management Activity for the year ended 31 March 2010.

The Chair congratulated the Corporate Governance and Risk Management team for their recent award for the Best Risk Management Approach in the Public Sector at the 2010 European Risk Management Awards organised by StrategicRISK magazine.

The Committee noted the report.

17/06/10 KPMG Letter on Independence and Objectivity

June Awty introduced the report on the independence and objectivity of KPMG.

Members were introduced to Wayne Southwood and Robert Brent, who would be replacing June Awty and Andrew Marshall respectively as TfL's group audit partners. The Chair thanked the outgoing auditors on behalf of the Committee for their helpful and professional work over the years.

The Committee noted the report.

18/06/10 KPMG Report on Non-Audit Fees for Six Months Ended 31 March 2010

June Awty introduced the report informing the Committee on fees billed by KPMG for non-audit services.

The fee in respect of VAT refund assistance as set out in the report included the cost of the VAT helpline and, to date, TfL had received over £2.2m in VAT refund. The Chair confirmed that she had received notification from Stephen Critchley regarding the payment of the VAT fees to KPMG and in future any additional fee payment would be agreed in advance either by the Audit Committee or by the Chair of the Committee.

Work was currently in progress in relation to VAT payments which would potentially benefit the Pension Fund, and the Committee requested that officers enquire as to whether the fee could be reimbursed to TfL directly from the Pension Fund.

[ACTION: Stephen Critchley]

It was reported that in future TfL would not be expecting to use the VAT helpline as the Finance Directorate had recently employed an appropriately qualified member of staff who would be able to provide this advice.

The Committee noted the report.

19/06/10 Audit Commission Update

Stephen Critchley introduced the report updating the Committee on changes to the Audit Commission's budget, which had resulted in the Comprehensive Area Assessment process being abolished.

The Committee noted the report.

20/06/10 Management Actions Report

Clive Walker introduced the report on recommendations to management which had not yet been actioned. There were no actions to report that were more than 60 days overdue.

The Committee noted the report.

21/06/10 Final Internal Audit Reports – Quarter 4 2009/10

Clive Walker introduced the report on the final audit reports issued in the fourth quarter of 2009/10.

The Committee noted the report.

22/06/10 Quarter 4 Productivity and Resources Report

Clive Walker introduced the report which set out the outputs of, and the use of resources by, the Internal Audit team in Quarter 4 2009/10.

The Committee noted the report.

23/06/10 Internal Audit Annual Report 2009/10

Clive Walker introduced the report summarising the Internal Audit activity for the year ended 31 March 2010.

The Committee noted the report.

24/06/10 Strategic Review of Internal Audit

Clive Walker introduced the report on the forthcoming strategic review of Internal Audit to be carried out in liaison with the Cost Reduction Team.

The Chair requested that a copy of the report be sent to Audit Committee Members who were absent, for their comments. **[ACTION: Clive Walker]**

25/06/10 Quarterly Progress Update: The International Financial Reporting Standards Project

Stephen Critchley presented the quarterly progress update on the International Financial Reporting Standards project and the impact of the changes in accounting policies applicable for the year ending 31 March 2011.

The Committee noted the report.

26/06/10 Review of Governance and the Annual Governance Statement for Year Ended 31 March 2010

Howard Carter introduced the report reviewing compliance with the TfL Code of Governance in 2009/10.

The Committee approved the Annual Governance Statement as set out in Appendix 1 of the report for signing by the Chair of TfL and the Commissioner for inclusion in the 2009/10 accounts.

27/06/10 Implementation of the Review of Committees and Panels

Ellen Howard introduced the report on the review of Committees and Panels. The report gave an update on developments since the Review of the Committees and Panels undertaken by the Deputy Chairman, Daniel Moylan, last summer and proposed further changes.

The Committee noted the report and endorsed the changes to Standing Orders and other practices for approval at the meeting of the Board on 23 June 2010.

28/06/10 Guidance on Members' Interests

Ellen Howard presented the guidance note setting out the rules that apply to Members in relation to the declaration of interests, which had been requested at the previous meeting of the Committee.

It was noted that the guidance note would be distributed to all Members.

The Committee noted the report.

29/06/10 Any Other Business

There being no other business the meeting closed at 2.50pm.

The next scheduled meeting would be held on 28 September 2010 at 10.00am.

Chair: _____

Date: _____