

Board

**Transport
for London**



Date: 12 December 2012

Item 16: Report of the meeting of the Audit and Assurance Committee held on 7 December 2012

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 7 December 2012.

2 Recommendation

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

3 Background

- 3.1 The main matters considered by the Committee were:

- (a) External Audit Plan Update TfL, TTL and Subsidiaries – Year Ending 31 March 2013;
- (b) KPMG Report on Non-Audit fees for Six Months Ended 30 September 2012;
- (c) Internal Audit Quarter 2 Report 2012/13;
- (d) Management Actions Report;
- (e) KPMG Review of Internal Audit Effectiveness;
- (f) Annual Report on Personal Data Disclosed by TfL to the Police and Other Law Enforcement Agencies;
- (g) Risk Management Update;
- (h) Legal Compliance Report (April 2012 – September 2012); and
- (i) Half Yearly Fraud Report.

4 Issues Discussed

External Audit Plan Update TfL, TTL and Subsidiaries – Year Ending 31 March 2013

- 4.1 The Committee noted the update to the Audit Plan that had been considered at the previous meeting, including the annual Audit Fee proposed by KPMG for the audit of the financial statements of TfL and its subsidiary companies for the year ending 31 March 2013.

KPMG Report on Non-Audit fees for Six Months Ended 30 September 2012

- 4.2 The Committee noted the fees billed by KPMG for its services to TfL.

Internal Audit Quarter 2 Report 2012/13

- 4.3 The Committee noted the work completed by Internal Audit in the second quarter of 2012/13, the work in progress and work planned for Quarter 3 of 2012/13.
- 4.4 The Committee discussed how the volume of audit work had been affected in the run up to, and during the Games 2012 period.
- 4.5 The Committee noted the work of the Crossrail Integrated Assurance Group which provides a useful forum for sharing assurance information and ensuring efficiency and that the transfer of London Underground Health, Safety and Environment auditors into Internal Audit would take effect on 1 January 2013.

Management Actions Report

- 4.6 The Committee noted there were no recommendations to management that had not been actioned and were more than 60 days overdue.

KPMG Review of Internal Audit Effectiveness

- 4.7 The Committee noted the findings from the review of Internal Audit effectiveness. The review had identified a number of areas of good practice. The recommendations focused on further development of integrated assurance and strategic risk management, and performance evaluation of Internal Audit.
- 4.8 A detailed action plan for taking forward these recommendations would be presented to the next meeting of the Committee.

Annual Report on Personal Data Disclosed by TfL to the Police and Other Law Enforcement Agencies

- 4.9 The Committee noted the operation of TfL's Policy on the Disclosure of Personal Data to the Police and other Law Enforcement Agencies. TfL had been working with the police on improvements to the process.

- 4.10 Work was being taken forward to meet the Mayor's manifesto commitment to make the data collected by Congestion Charging Automatic Number Plate Recognition cameras available to the Metropolitan Police for use in crime prevention and detection.

Risk Management Update

- 4.11 The Committee noted details of TfL's approach to risk, the quantified details of the strategic risks in the Strategic Risk Register (SRR) and the mitigation around minimising the impact of potential risks. The intention was to develop common principles and a comprehensive reporting framework for the strategic risk management process, to deliver a single, consistent methodology to enable more effective identification, management and reporting of all strategic and significant risks across the business.
- 4.12 Members proposed some improvements to the format of the report, which was welcomed as a clear and comprehensible document.

Legal Compliance Report (April 2012 – September 2012)

- 4.13 The Committee noted the legal compliance issues for the period from 1 April 2012 to 30 September 2012.

Half Yearly Fraud Report

- 4.14 The Committee noted the report.

List of appendices to this report:

None

List of Background Papers:

Papers for the meeting of the Audit and Assurance Committee held on 7 December 2012.

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