

Transport for London

Minutes of the Audit and Assurance Committee

Conference Rooms 1 and 2, Ground Floor, Palestra,
197 Blackfriars Road, London, SE1 8NJ
10.00am, Wednesday 18 June 2014

Members

Keith Williams	Chair
Steve Wright	Member, Vice Chair
Richard Barnes	Member
Charles Belcher	Member
Brian Cooke	Member
Baroness Grey-Thompson DBE	Member

Present

Sarah Bradley	Head of Group Financial Accounting
Rob Brooker	Fraud Investigations Manager, General Counsel (for part)
Howard Carter	General Counsel
Vernon Everitt	Managing Director, Customer Experience, Marketing and Comms (for part)
David Goldstone	Chief Finance Officer
Mohammed Kazi	Senior Financial Accountant (for part)
Clive Walker	Director of Internal Audit

In Attendance

Robert Brent	Audit Partner, KPMG
Malcolm Footer	Senior Manager, KPMG
Ian Griffiths	Audit Partner, KPMG
Rebecca Pett	Manager, KPMG
Sue Riley	Secretariat Officer

110/06/14 Apologies for Absence

An apology for absence was received from Steve Allen, Managing Director, Finance.

111/06/14 Declarations of Interest

Charles Belcher declared an interest as a member of Atos Origin Advisory Council on Transport. Baroness Grey-Thompson declared an interest as a member of the London Legacy Development Corporation.

112/06/14 Minutes of the Meeting of the Audit and Assurance Committee Held on 5 March 2014

The minutes of the meeting held on 5 March 2014 were approved as a correct record and signed by the Chair.

113/06/14 Matters Arising and Actions List

It was agreed that Steve Wright would meet with the Head of Engineering at Dial-A-Ride to discuss the vehicle maintenance schedule (98/03/14). **[Action: Clive Walker]**

The Committee noted the Actions List.

114/06/14 KPMG Report to Those Charged with Governance

David Goldstone introduced the report by KPMG on key issues identified during the course of their audit of the Statement of Accounts for the Transport for London Group for the year ended 31 March 2014.

It was noted that there were no adjusted or unadjusted audit differences, or any outstanding actions from the previous report. The Committee commended the Chief Finance Officer, with the support of his staff, in his robust oversight and leadership in providing an improved and rigorous control environment.

The Committee noted the report.

115/06/14 Letter on Independence and Objectivity

David Goldstone introduced the paper on the independence and objectivity of KPMG.

The Committee noted the paper.

116/06/14 KPMG Report on Non-Audit Fees for Six Months Ended 31 March 2014

David Goldstone presented the report on fees billed by KPMG for non-audit services.

The Committee noted the report.

117/06/14 Annual Audit Fee 2014/15

David Goldstone presented the Annual Audit Fee proposed by KPMG for the audit of the Corporation and Group Financial statements for the year ending 31 March 2015, which showed a reduction on the previous year, partly due to the efficient working relationship between TfL and the External Auditors.

The Committee noted the paper.

118/06/14 Management Actions Report

Clive Walker introduced the report informing Members of those recommendations to management which have not been actioned and are more than 60 days overdue.

The Committee noted the report.

119/06/14 Internal Audit Quarter 4 Report 2013/14

Clive Walker presented the report informing the Committee of the audit work completed in the fourth quarter of 2013/14, the work in progress and work planned for Q1 of 2014/15.

It was agreed that title and risk category of Taxi and Private Hire – Taxi Inspectors audit would be reviewed.

A report on TfL's Make A Difference employee recognition scheme was requested for the next meeting. **[Action: Tricia Riley]**

The Director of Internal Audit agreed to find out whether UKAS accreditation was a contractual requirement for potential suppliers under the TfL procurement process. **[Action: Clive Walker]**

The Committee noted the report.

120/06/14 Internal Audit Annual Report 2013/14

Clive Walker presented the report summarising Internal Audit activity for the year ended 31 March 2014, to account for the use of resources and provide an opinion on the internal controls as required by the Public Sector Internal Audit Standards.

The Report concluded that TfL's control environment was adequate for its business needs and operated in an effective manner, with no matters arising identified by Internal Audit.

The Committee noted the report.

121/06/14 Crossrail Audit Committee

Clive Walker introduced the paper on matters discussed at the Crossrail Audit Committee meeting held on 17 March 2014.

KPMG welcomed the improvements within Crossrail in terms of controls and processes and had no areas of concern.

The Committee noted the paper.

122/06/14 Review of Annual Governance and the Annual Governance Statement for the Year Ended 31 March

Howard Carter presented the paper providing a review of compliance with the TfL Code of Governance in 2013/14 to be signed by the Chair of TfL and the Commissioner, for inclusion in the 2013/14 Annual Report and Accounts.

It was agreed that future reports would include an update on any incomplete actions from the previous year.

The Committee approved the Annual Governance Statement, as set out in Appendix 1, for signing by the Chair of TfL and the Commissioner, for inclusion in the 2013/14 Annual Report and Accounts.

123/06/14 TfL Statement of Accounts for the Year Ended 31 March 2014

David Goldstone and Sarah Bradley presented the draft TfL Group Statement of Accounts for the year ended 31 March 2014.

It was agreed that for future years officers would consider using graphical representations as part of Section 5 (Remuneration) and would review how operational expenditure across the business was represented, to provide further clarity on the differences between contractual arrangements within different areas of the business. **[Action: Sarah Bradley]**

Members requested that a review of the completeness of TfL's property asset list be added to the Audit Plan for 2015/16. **[Action: Clive Walker]**

The Committee noted the draft Statement of Accounts and that the Chief Finance Officer will make any adjustments arising from the ongoing audit work prior to submission to the Board. Any material adjustments arising therefrom will be reported to the next meeting of the Committee.

124/06/14 Annual Report 2013/14

Vernon Everitt presented the Annual Report 2013/14.

Members welcomed the clear and engaging presentation of the Annual Report.

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

125/06/14 Strategic Risk Management Update – Quarter 4

David Goldstone introduced the report providing an update on TfL's strategic risks and proposed mitigations as at Q4 2013/14.

It was noted that a detailed report on cyber security was scheduled to be submitted to the next meeting, which would include data security, allocation and tracking of IT equipment and virus definition updates.

The Committee noted the paper.

126/06/14 Strategic Risk Management and Assurance Annual Report 2013/14

David Goldstone presented the report summarising the key strategic risk management activity undertaken within TfL up to March 2014.

The Committee noted the report.

127/06/14 Legal Compliance Report (1 October 2013 – 31 March 2014)

Howard Carter introduced the report setting out information provided by each TfL Directorate regarding legal compliance issues for the period 1 October 2013 to 31 March 2014.

The Committee noted the report.

128/06/14 Half Yearly Fraud Report 2013/14

Clive Walker and Rob Brooker presented the report setting out the work undertaken by the Fraud Team for the second half of 2013/14 (Periods 7 to 13).

Members requested further detailed information to be included in future reports on the outcomes of closed cases of fraud activity. **[Action: Rob Brooker]**

The Committee noted the report.

129/06/14 National Fraud Initiative 2013/14

David Goldstone and Mohammed Kazi presented the paper providing an update on the National Fraud Initiative (NFI) exercise for 2012/13.

The Committee noted the paper.

130/06/14 Any Other Business the Chair Considers Urgent

There was no business that the Chair considered urgent.

131/06/14 Date of Next Meeting

The next meeting would be held on Wednesday 8 October 2014.

132/06/14 Exclusion of Press and Public

The Committee agreed to exclude the press and public from the meeting, in accordance with paragraphs 3, 5 and 7 of Schedule 12A to the Local Government Act 1972 (as amended), in order to consider the following items of business, which contained information relating to the financial or business affairs of a person or authority and contained issues where a claim to legal professional privilege could be made.

133/06/14 Matters Arising

There were no additional matters arising.

134/06/14 Strategic Risk Management Update – Quarter 4

David Goldstone presented the report updating the Committee on the status of TfL's Non Project Strategic Risks and proposed mitigations at Q4 through discussion of the Quantified Strategic Risk Schedule.

The Committee noted the paper.

135/06/14 Legal Compliance Report (1 October 2013 – 31 March 2014)

Howard Carter introduced the report containing supplementary information to the paper on Part 1 of the agenda comprising the Legal Compliance Report.

Appendix 1 had been omitted from the agenda and would be circulated immediately following the meeting. **[Action: Secretariat]**

An update report on Freedom of Information issues would be submitted to the next meeting. **[Action: Howard Carter]**

The Committee noted the report.

136/06/14 Half Yearly Fraud Report 2013/14

Clive Walker and Rob Brooker presented the report providing details regarding the new and open fraud cases investigated by the Fraud Team for the second half of 2013/14.

It was agreed that officers would investigate if TfL was liable to incur any costs for the use of stolen dye stained notes. **[Action: Rob Brooker]**

The Committee noted the report.

The meeting closed at 12.20pm

Chair: _____

Date: _____