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Dear *Len*

The Garden Bridge Design Procurement

Thank you for your letter of 22 March.

Our Internal Audit team conducted an extensive and independent review of the two procurement exercises. As was presented to the GLA Oversight Committee, we have published the findings of this review on our website, including a series of recommendations. We are putting a plan of management actions into effect in response to these recommendations and I would be happy to update the Committee on this in due course.

The GLA Oversight Committee's report makes a number of recommendations to TfL in particular. My response to these is below.

1 TfL's Audit and Assurance Committee should publish audit reports in full, not just the summary and conclusions as is now the case.

Our Internal Audit team has an extensive work programme that leads to the production of a large volume of work. It is because of the volume of this work that the content of reports is summarised to allow our Audit and Assurance Committee to focus on the most important findings including where activities are being run well, and where management action is required.

While all reports are not published as a matter of routine, we regularly publish summaries of the scope and findings of all reports produced by Internal Audit and will always share internal audit reports with the public on request unless there are specific legal or commercial grounds for confidentiality. These reports can be requested by emailing internalaudit@tfl.gov.uk.

- 2 TfL's Audit and Assurance Committee should carry out spot checks to monitor the nature and degree of changes by the audited department to internal audit drafts – with a view to assuring the independence of the function.**
- 3 TfL should consider which other officers or teams, besides the manager of the audited project, should comment on initial drafts of internal audit reports.**

I am wholly satisfied with our internal audit processes, which were highlighted in May 2015 by the Chartered Institute of Internal Auditors as a model of how to organise a successful internal audit function.

I have no concerns about the independence of our Internal Audit team and the way it carries out its function. I am satisfied that our current processes allow the right teams to comment on draft audit reports, helping to ensure the accuracy of reports while maintaining independence in line with best practice.

In light of the GLA Oversight Committee's concerns, our Audit and Assurance Committee requested at its meeting on 8 March that our External Auditors review how the internal audit of the Garden Bridge design procurements was carried out. The purpose of this review will be to confirm whether or not the audit was conducted in accordance with good audit practice and to identify any lessons which might be learned. We will publish the results of that review and I am sure that they will help our Audit and Assurance Committee to determine how they wish to carry out their oversight of our audit function in future.

In addition, in accordance with Public Sector Internal Audit Standards, the Internal Audit team are subject, every four years, to an external assessment by a qualified, independent assessor. The last such review was carried out in 2012, and the next external assessment will take place later this year. I have asked that the assessment specifically include this issue and the Internal Audit team will act on any recommendations that may emerge from that review.

- 4 TfL should report back to the GLA Oversight Committee on progress against all the recommendations of the published audit report around training, tender evaluation and enforcement.**

We are putting a plan of management actions into effect in response to the recommendations in our internal audit report and I would be happy to update the Committee on this in due course.

- 5 TfL should consider introducing a co-ordinated, cross-directorate approval process for the finalisation of procurement decisions. It could require a signature from each of the key directorates at the awarding of major contracts and would have the advantage of avoiding potential disputes between directorates.**

As I explained in my letter of 29 January, our major procurement decisions are reviewed and approved by the Board and its Committees in accordance with TfL's Standing Orders, which are available on our website and are in line with best practice for corporate governance.

I am satisfied that our processes for approving and finalising procurement decisions are appropriate and in line with best practice. Our structure of Boards and delegated procurement authorities encourages valuable input from across the organisation. It also provides senior officers with the authority they need to do their jobs efficiently and ensures the highest standards of openness, fairness and transparency are maintained.

- 6 TfL should consider reimbursing the unsuccessful bidders from the Garden Bridge design contract to compensate them for the time and expense incurred in preparing their proposals for a pedestrian bridge.**

I have given consideration to this issue as requested by the Committee. I consider that it was entirely appropriate for TfL to have invited bidders to participate in the design contract procurement and the outcome was appropriate and fair. In these circumstances I do not consider that it would be appropriate to compensate unsuccessful bidders for their costs in participating in that process.

I am grateful for the work that the GLA Oversight Committee has undertaken on this issue and I would like to assure you that I am committed to follow through on the actions that we have committed to take in the light of the internal audit report and the Committee's work.

Yours sincerely

David Regan

MB

Mike Brown MVO

cc. Keith Williams, Chair of the TfL Audit and Assurance Committee