

## **AGENDA ITEM 7**

### **TRANSPORT FOR LONDON**

#### **AUDIT COMMITTEE**

**SUBJECT: KPMG REPORT ON NON-AUDIT FEES FOR  
THE YEAR ENDED 31 MARCH 2008**

**MEETING DATE: 11 JUNE 2008**

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#### **1. PURPOSE**

- 1.1 To report to the Audit Committee on fees billed by KPMG for non-audit services. The Audit Committee is requested to note this report.

#### **2. BACKGROUND**

- 2.1 Under TfL's policy on external audit services KPMG is required to report to the Audit Committee every six months on fees billed for non-audit services. KPMG's report is attached for the Audit Committee's review.

#### **3. RECOMMENDATION**

- 3.1 The Audit Committee is recommended to NOTE the content of this report.



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Audit Committee  
Transport for London  
Company Secretariat  
14th Floor  
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2 June 2008

Dear Sirs

**Non-Audit Fees – for the year to 31 March 2008**

Under TfL's policy on external audit services we are required to provide to the Audit Committee, on a six monthly basis, a report on fees we have billed for non-audit services. We tabled our last report at the meeting of the Audit Committee in November 2007, when we provided a summary of non-audit fees for the six months to 30 September 2007. Appendix 1 to this letter includes a summary of our audit fees, non-statutory audit fees (A) and non-audit fees (B) billed during the year from 1 April 2007 to 31 March 2008.

Yours faithfully

June Awty  
*Partner, KPMG LLP*

Enc. Summary of Audit Fees



## TRANSPORT FOR LONDON

## FEES FOR NON-AUDIT SERVICES – 1 APRIL 2007 TO 31 MARCH 2008

Entity	Statutory Audit Fee 2007/08 £	Non- Statutory Audit Fee 2007/08 (A) £	Non-Audit Fees 2007/08 (B) £	Comments
TfL Corporation	28,000			Fee in respect of Data Quality Review
	82,000			Fee in respect of Use of Resources assessment
	265,500			Fee in respect of Accounts audit
	4,500			Fee in respect of 2006/07 WGA Audit
	17,750			Fee in respect of 2005/06 IT additional audit work
	14,000			Fee in respect of 2006/07 IT additional audit work
		4,775		Audit of 2006/07 ERDF Grant Claim
		7,055		Audit of 2006/07 LSCP Grant Claim
		3,000		Audit of Connected Cities Grant Claim for period 01/07/07 – 31/12/07
		8,147		Audit of Tour de France Grant Claims for period 02/01/07 – 08/07/07
		5,000		Audit of 2006/07 Community Infrastructure Fund grant claims



Appendix 1

Entity	Statutory Audit Fee 2007/08 £	Non- Statutory Audit Fee 2007/08 (A) £	Non-Audit Fees 2007/08 (B) £	Comments
			15,000	Review of 2006/07 Efficiencies Programme
			14,000	Fee in respect of VAT helpline
	2,075			Audit of Financial Instruments (Debt Contracts)
	24,070			Audit of Financial Instruments (PFI/PPP Contracts)
			6,140	Training seminar for Audit Committee
	3,940			Responses to Electors' Enquiries
		15,000		Preparation of Accountants' Reports on Bond Issues
<b>TfL Corporation subtotal</b>	<b>441,835</b>	<b>42,977</b>	<b>35,140</b>	<b>Maximum allowable without prior agreement of the Audit Commission for non-audit fees billed to TfL Corporation in any financial year is the higher of 20% of the total statutory audit fee for TfL Corporation only – £88,367 or £30,000.</b>
<b>Transport Trading Limited</b>	529,800			Proposed 2007/08 audit fee for all subsidiaries
		7,250		Fee in respect of OTRA revenue allocation (periods 1-7)
		7,250		Fee in respect of OTRA revenue allocation (periods 8-13)
		14,950		Fee in respect of RSP audit fee for 2005/06



Appendix 1

<b>Entity</b>	<b>Statutory Audit Fee 2007/08</b> £	<b>Non- Statutory Audit Fee 2007/08</b> (A) £	<b>Non-Audit Fees 2007/08</b> (B) £	<b>Comments</b>
<b>London Buses Limited</b>		5,000		Audit of the 2006/07 European Community grant claim
<b>London Underground Limited</b>			180,000	Contracting structures and approaches for capital and maintenance work – review of models used by other organisations
<b>London Transport Insurance (Guernsey)</b>	12,285			Proposed 2007/08 fee - audited by KPMG's Channel Islands practice
<b>TOTAL</b>	<b>983,920</b>	<b>77,427</b>	<b>215,140</b>	<b>Maximum allowable without prior agreement of TfL's Audit Committee is 20% of the total group statutory audit fee £196,784.</b>



## Appendix 1

- (1) The statutory audit fee for TfL Corporation for 2007/08 has been taken from the TfL Audit Plan, presented to the Audit Committee in March 2007. All fees shown are net of VAT.
- (2) Statutory audit services are, for TfL, services required to meet the Audit Commission's Code of Audit Practice requirements and, for TfL and its subsidiaries, services required to enable the external auditor to issue an audit opinion on the annual accounts in accordance with the Companies Act. KPMG pays a proportion of the total statutory audit fees billed to TfL Corporation to the Audit Commission to support the Audit Commission's services to audited bodies.
- (3) Non statutory audit work (A) is audit work performed outside the definition of statutory audit services, such as work on grant claims and returns where an audit certificate is required as a condition of the grant scheme. Under TfL's policy, external auditors may be engaged to carry out non-statutory audit services without restriction as to the fees that may be charged for such services.
- (4) Non-audit work (B) represents work other than statutory and non-statutory audit services. The overall maximum allowable without prior agreement of the Audit Commission on non-audit fees billed to TfL Corporation for each financial year is the higher of (i) 20% of the statutory audit fee for the TfL Corporation only and (ii) £30,000. The overall maximum non audit fees for the TfL group allowable without prior agreement of TfL's Audit Committee is 20% of the statutory audit fee for the TfL group.
- (5) Agreement was sought from the Chair of the Audit Committee before we were engaged by London Underground to carry out a review of contracting structures and approaches for capital and maintenance work used by other organisations.
- (6) The fees for 2007/08 set out above exclude fees for two items which are still under discussion – costs in respect of the response to the London Assembly on payments made to the former Commissioner, and costs in respect of additional audit work relating to Metronet.