

TRANSPORT FOR LONDON

BOARD

**SUBJECT: REPORT FROM THE MEETING OF THE AUDIT COMMITTEE –  
15 JUNE 2010**

**DATE: 23 JUNE 2010**

---

**1 PURPOSE AND DECISION REQUIRED**

1.1 To report to the Board on the meeting of the Audit Committee held on 15 June 2010.

**2 BACKGROUND**

2.1 The Committee considered papers on the following:

- (a) Strategic Risk Management Annual Report 2009/10;
- (b) KPMG Letter on Independence and Objectivity;
- (c) KPMG Report on Non-Audit Fees for Six Months Ended 31 March 2010;
- (d) Audit Commission Update;
- (e) Management Actions Report;
- (f) Final Internal Audit Reports – Quarter 4 2009/10;
- (g) Quarter 4 Productivity and Resources Report;
- (h) Internal Audit Annual Report 2009/10;
- (i) Strategic Review of Internal Audit;
- (j) Quarterly Progress Update: The International Financial Reporting Standards Project;
- (k) Review of Governance and the Annual Governance Statement for Year Ended 31 March 2010;
- (l) Implementation of the Review of Committees and Panels; and
- (m) Guidance on Members' Interests.

### **3 ISSUES DISCUSSED**

#### **Strategic Risk Management Annual Report 2009/10**

- 3.1 The Committee noted the summary of 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.

#### **KPMG Letter on Independence and Objectivity**

- 3.2 The Committee noted 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.

#### **KPMG Report on Non-Audit Fees for Six Months Ended 31 March 2010**

- 3.3 The Committee noted the report on fees billed by KPMG for non-audit services.

#### **Audit Commission Update**

- 3.4 The Committee was updated on changes to the Audit Commission's budget, which had resulted in the Comprehensive Area Assessment process being abolished. All work on the area and organisational assessments had ceased, and the Commission is in discussion with the Government, the local Government Association and other representative bodies on the future approach to inspection.

#### **Management Actions Report**

- 3.5 The Committee noted the recommendations to management which had not yet been actioned. There were no actions to report that were more than 60 days overdue.

#### **Final Internal Audit Reports – Quarter 4 2009/10**

- 3.6 The Committee noted the report on the final audit reports issued in the fourth quarter of 2009/10.

#### **Quarter 4 Productivity and Resources Report**

- 3.7 The Committee noted the outputs of, and the use of resources by, the Internal Audit team in Quarter 4 2009/10.

## **Internal Audit Annual Report 2009/10**

- 3.8 The Committee noted a report which summarised the Internal Audit activity for the year ended 31 March 2010. The report accounted for the use of resources and provided an opinion on internal controls as required by the CIPFA Code of Practice for Internal Audit in Local Government.

### **Strategic Review of Internal Audit**

- 3.9 The Committee considered a report on the forthcoming strategic review of Internal Audit to be carried out in liaison with the Cost Reduction Team. The review was expected to be finalised by the end of September 2010. Committee Members were encouraged to submit any further comments on the proposed scope of the review outside of the meeting.

### **Quarterly Progress Update: The International Financial Reporting Standards Project**

- 3.10 The Committee noted the quarterly progress update on the International Financial Reporting Standards (IFRS) project and the impact of the changes in accounting policies applicable for the year ending 31 March 2011.

### **Review of Governance and the Annual Governance Statement for Year Ended 31 March 2010**

- 3.11 The Committee noted a review of compliance with the TfL Code of Governance in 2009/10 and approved the Annual Governance Statement for signing by the Chair of TfL and the Commissioner for inclusion in the 2009/10 accounts.

### **Implementation of the Review of Committees and Panels**

- 3.12 The Committee considered a report on the review of Committees and Panels and endorsed the changes to Standing Orders and other practices for approval by the Board. A paper on the Implementation of the Review of Committees and Panels appears as a separate item on the agenda for this meeting.

### **Guidance on Members' Interests**

- 3.13 The Committee welcomed 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. The guidance note will be distributed to all Board Members.

## **4 RECOMMENDATION**

- 4.1 The Board is asked to NOTE the report.

## **5 CONTACT**

- 5.1 Contact: Clive Walker, Interim Director of Internal Audit  
Number: 020 7126 3022  
Email: [CliveWalker@tfl.gov.uk](mailto:CliveWalker@tfl.gov.uk)