

**Date:** 18 December 2013

**Item 6: KPMG Report on Non Audit Fees for Six Months Ended  
30 September 2013**

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**This paper will be considered in public**

**1 Summary**

1.1 To report to the Audit and Assurance Committee on fees billed by KPMG for non-audit services.

**2 Recommendation**

2.1 **The Committee is asked to note this report.**

**3 Background**

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

**List of appendices to this report:**

Appendix 1 – letter from KPMG

**List of Background Papers:**

None

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Our ref **rb/588**

9 December 2013

Dear Sirs

**Non-Audit Fees –Six months to 30 September 2013**

Under Transport for London's policy on external audit services we are required to provide to the Audit and Assurance Committee, on a six monthly basis, a report on fees for all services. Appendix 1 to this letter includes a summary of our audit fees, non-statutory audit fees (column A) and non-audit fees (column B) during the period 1 April 2013 to 30 September 2013.

Yours faithfully

Robert Brent  
*Partner, KPMG LLP*

Enc. Summary of Fees



**Appendix 1**

**SUMMARY OF FEES – 1 APRIL 2013 TO 30 SEPTEMBER 2013**

<b>Entity</b>	<b>Statutory Audit Fee 2013/14 £</b>	<b>Non- Statutory Audit Fee 2013/14 (A) £</b>	<b>Non-Audit Fees 2013/14 (B) £</b>	<b>Comments</b>
<b>TfL Corporation</b>	£222,800			Proposed statutory audit fee 2013/14 (including Use of resources and Whole of Government Accounts (WGA)).
	£13,000			Agreed overruns in relation to 2012/13 Audit.
	£5,200			Agreed overruns in relation to 2012/13 WGA.
		£5,000		Fee in relation to potential bond issue: May 2013.
		£33,265		Fee in respect of bond issue: September 2013.
			£3,950	Fee in respect of Payroll Solutions Software Licence.
			£370	Fee in respect of the increased P11D Solutions 2013 licence by 1,000 forms.
<b>TfL Corporation subtotal</b>	<b>£241,000</b>	<b>£38,265</b>	<b>£4,320</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 £18,000 or 20% of the total statutory audit fee for TfL Corporation only, £48,200.
<b>Transport Trading Limited</b>	£1,068,000			Proposed fee in respect TTL Group subsidiaries.
	£29,750			Agreed overruns in relation to 2012/13 Audit.
		£53,076		Fee in respect of PAYG controls assurance.
		£24,805		Fee in respect of the PAYG Settlement Discrepancies work with RSP.



## Appendix 1

<b>Entity</b>	<b>Statutory Audit Fee 2013/14</b> £	<b>Non- Statutory Audit Fee 2013/14</b> (A) £	<b>Non-Audit Fees 2013/14</b> (B) £	<b>Comments</b>
		£14,000		Fee in respect of JFT revenue apportionment - agreed upon procedures.
		£23,562		Fee in respect of 2013 Franchise Performance Assurance Engagement (DLR)
		£2,600		Fee for the Report on the Franchise Fee for the period ended 31 March 2013 (not previously reported) (DLR)
<b>London Transport Museum</b>	£29,355			Proposed fee for 2013/14 – audited by KPMG’s Charities Unit
	£10,000			Agreed overruns in relation to 2012/13 Audit
<b>London Transport Insurance (Guernsey)</b>	£16,000			Proposed Fee for 2013/14 - audited by KPMG’s Channel Islands practice.
<b>TTL sub total</b>	<b>£1,153,105</b>	<b>£118,043</b>	<b>£0</b>	
<b>TOTAL</b>	<b>£1,394,105</b>	<b>£156,307</b>	<b>£4,320</b>	

### Notes

(1) 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 TTL 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.



## Appendix 1

(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) £18,000. For the TfL group approval is needed for any item exceeding the greater of £150,000 and 10% of the Group fee.