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 8 October 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

Steve Allen	Managing Director, Finance
Sarah Bradley	Head of Group Financial Accounting
Howard Carter	General Counsel
Brian Davey	Head of Financial Services Centre (for part)
Michele Hanson	CISO, Finance (for part)
Andrew Pollins	Interim Chief Finance Officer
Peter Robinson	Reward and Recognition Officer (for part)
Steve Townsend	Chief Information Officer (for part)
Clive Walker	Director of Internal Audit
Sue Riley	Secretariat

In Attendance

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

137/10/14 Apologies for Absence

There were no apologies for absence.

138/10/14 Declarations of Interest

Charles Belcher declared an interest as a member of Atos Origin Advisory Council on Transport. Baroness Grey-Thompson, DBE declared an interest as a member of the London Legacy Development Corporation. Steve Wright declared an interest as Chair of the Licensed Private Hire Car Association regarding any matters concerning private hire vehicles.

139/10/14 Minutes of the Meeting of the Audit and Assurance Committee Held on 18 June 2014

The minutes of the meeting held on 18 June 2014 were approved as a correct record and signed by the Chair.

140/10/14 Matters Arising and Actions List

Steve Wright confirmed that he was in the process of arranging a meeting with the Dial a Ride Head of Engineering (113/06/14).

It was agreed that Steve Wright would raise the issue of UKAS accreditation for potential suppliers at the next Rail and Underground Panel (119/06/14).   **[Action: Steve Wright]**

It was agreed that consideration would be given in advance of the drafting of the accounts for next year on the presentation aspects of the accounts including remuneration (123/06/14).   **[Action: Andrew Pollins]**

The Committee noted the Actions List.

141/10/14 Annual Audit Letter 2013/14

Robert Brent presented the Annual Audit Letter 2013/14 prepared by KMPG, summarising their conclusions on the Annual Statement of Accounts and Value for Money.

The Committee noted the report.

142/10/14 External Audit Plan TfL, TTL and Subsidiaries – Year Ending 31 March 2015

Robert Brent and Rebecca Pett presented KPMG's plan for the audit of the financial statements of TfL, TTL and its subsidiaries for the year ending 31 March 2015.

Contactless payments had been identified by KPMG as one of the new audit areas of focus and Members requested that the Director of Customer Experience attend the next meeting to discuss issues of security and data compliance.   **[Action: Shashi Verma]**

The Committee noted the paper.

143/10/14 KPMG Report on Non-Audit Fees for Six Months Ended 30 September 2014

Andrew Pollins presented the report on fees billed by KPMG for non-audit services.

The Committee noted the report.

144/10/14   Update on the Procurement of External Audit Services

Sarah Bradley presented the paper updating the Committee on the process for selecting and appointing external auditors for TfL and TTL Limited and its subsidiaries for the two years ending 31 March 2017.

The Committee noted the paper.

145/10/14   Effectiveness Review of the External Auditors

KPMG left the meeting for the discussion of this item.

Sarah Bradley presented the paper and the related exempt supplemental information Part 2 of the agenda on external audit effectiveness.

Feedback from staff had been positive overall. The introduction of Wi-Fi at the Windsor House building had helped improve efficiency of the external auditors when working on site and the separation of the auditing of accounts of the London Transport Museum from the rest of the Group accounts had also helped improve the process and reduced delays.

The Committee noted the paper and the exempt supplemental information on Part 2 of the agenda

146/10/14   Management Actions Report

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

It was noted that the report included, for the first time, actions arising out of HSE and Technical audits.

While timely compliance with agreed actions remained good, it was agreed that Clive Walker would reiterate to officers the importance of all actions being completed within 60 days, and that any outstanding actions would require the attendance of the relevant Director at a meeting of the Committee.

The Committee noted the report.

147/10/14   Internal Audit Quarter 1 Report 2014/15

Clive Walker presented the report advising the Committee of the audit work completed in the first quarter of 2014/15, work in progress and work planned for Q2.

Members discussed the issues around staff travel concessions for Bus Operating Companies highlighted in the report.

The Committee welcomed the inclusion of conclusions for HSE and Technical audit reports. Any poorly controlled HSE and Technical reports were sent to the Commissioner and the Chair of the Audit and Assurance Committee in the same way as other audit reports. HSE and Technical audit reports were also reported to the Safety, Accessibility and Sustainability Panel.

The Committee noted the report.

148/10/14 Crossrail Audit Committee

Clive Walker introduced the paper on matters discussed at the Crossrail Audit Committee meeting held on 9 June 2014.

The Committee noted the paper.

149/10/14 Cyber Security

Steve Townsend and Michele Hanson presented the paper and the related exempt supplemental information on Part 2 of the agenda providing an update regarding data security and the allocation and tracking of IT equipment and virus definition updates.

A risk based analysis was being undertaken with a view to reporting internally by December 2014. Resources had been allocated in the TfL Business Plan to ensure adequate provision to address any problems highlighted, although no immediate concerns had been identified.

A further report would be submitted to a future meeting of the Committee.

[Action: Steve Townsend]

The Committee noted the paper and the related exempt supplemental information on Part 2 of the agenda.

150/10/14 Freedom of Information and Transparency

Howard Carter presented a review of compliance with the Freedom of Information Act (FOP)and the Environmental Information Regulations (EIR) and an update on related transparency initiatives.

The pro-active release of information and data by TfL meant that requests could be directed to the website, which it was hoped would reduce overall enquiry numbers in the long term. The Committee noted that TfL's FOI and EIR performance remained good. Officers had met with the Information Commissioner and requested that a proportional assessment be made by the Information Commissioner's Office in relation to the high volume of requests received by TfL.

The Committee noted the paper.

151/10/14 Strategic Risk Management Update – Quarter 1

Andrew Pollins introduced the paper updating the Committee on TfL's Strategic Risk Register and the related exempt supplemental information on Part 2 of the agenda on the status of TfL's Non Project Strategic Risks and proposed mitigations at Quarter 1, 2014/15. The paper also sought approval for TfL's Risk Policy.

It was agreed that the weighting given to the high impact risks would be more clearly reflected in future reports.   **[Action: Andrew Pollins]**

The Committee noted the Strategic Risk Register and approved the TfL Risk Policy.

152/10/14   Make a Difference Recognition Scheme

Peter Robinson presented the paper providing an update on the Make a Difference Recognition Scheme.

The Committee noted the paper.

153/10/14   Savings and Efficiencies Update

Andrew Pollins introduced the paper updating the Committee on TfL's Savings and Efficiencies Programme.

The Committee noted the progress.

154/10/14   National Fraud Initiative 2012/13 Update

Brian Davey presented the update on the National Fraud Initiative exercise for 2012/13.

Members requested further information on the figures for Blue Badge Congestion Charge exceptions.   **[Action: Brian Davey]**

Benchmarking information on the National Fraud Initiative was also requested for inclusion in future reports.   **[Action: Brian Davey]**

The Committee noted the paper.

155/10/14   Any Other Business the Chair Considers Urgent

The Chair reported that he had been asked to authorise a request by KPMG to bid for a non-audit assignment at TfL and the Committee agreed that there were no conflicts of interest.

The Committee agreed to authorise KPMG to bid for non-audit work at TfL.

156/10/14   Date of Next Meeting

The next meeting would be held on Wednesday 17 December 2014 at 10.00am.

157/10/14   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 exempt information in relation to the items on: Matters Arising; Effectiveness Review of the External Auditors; Cyber Security and Strategic Risk Management Update – Quarter 1. These papers 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.

The meeting closed at 11.50am.

Chair: _____

Date: _____