

# 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, Thursday 14 December 2017

### Members

Anne McMeel	Chair
Dr Lynn Sloman	Vice Chair
Kay Carberry CBE	Member
Dr Mee Ling Ng OBE	Member
Dr Nelson Ogunshakin OBE	Member

### Executive Committee

Howard Carter	General Counsel
Simon Kilonback	Interim Chief Finance Officer

### Staff

Sarah Bradley	Group Financial Controller
Michael Bridgeland	Head of TfL Project Assurance
Robert Brooker	Fraud Investigations Manager (Minute Reference 65/12/17)
Brian Davey	Head of Financial Services Centre
Justin Kennedy	Project Manager, Finance (Minute Reference 68/12/17)
Howard Smith	Director of Operations – Crossrail (Minute Reference 68/1/2/17)
Clive Walker	Director of Internal Audit

### Also In Attendance

Karl Havers	Partner, Ernst & Young (EY)
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Sue Riley	Secretariat Officer
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### 60/12/17 Apologies for Absence

There were no apologies for absence.

### 61/12/17 Declarations of Interest

Members confirmed that their declarations of interests, as published on [tfl.gov.uk](http://tfl.gov.uk), were up to date and there were no interests that related specifically to items on the agenda.

### 62/12/17 Minutes of the Meeting Held on 11 October 2017

The minutes of the meeting held on 11 October 2017 were approved as a correct record and signed by the Chair, subject to a minor typing amendment.

## **63/12/17 Matters Arising and Actions List**

Brian Davey updated Members on firefighter user access (49/10/17). Issues around risk and controls had largely been addressed through updated software, which meant user access was now time limited, as well as monitored and reviewed on a monthly basis. The software provided a complete audit trail of users and any changes made. The reduction in the number of users was more difficult to achieve, partly due to the volume of changes and maintenance work required due to Transformation and other organisational changes.

It was agreed that EY would review progress to date and report back, including appropriate benchmarking data, if possible. **[Action: Karl Havers]**

The Committee welcomed the assurance provided in terms of risk and controls.

**The Committee noted the Actions List.**

## **64/12/17 Internal Audit Quarter 2 Report 2017/18**

Clive Walker presented the update on audit work completed in Quarter 2, work in progress and work planned for Quarter 3.

It was reported that the Chair now attended the London Transport Museum Audit and Risk Committee meetings as a regular observer.

In relation to the procurement controls lessons learnt review, staff were setting up a programme to review and improve financial and commercial controls on contracts, with both short term and long term measures.

It was noted that progress with the management actions arising from the poorly controlled HSE and Technical audit report of London Underground premises inspections was being monitored by the Managing Director of London Underground. The report had been discussed in detail at the Safety, Sustainability and Human Resources Panel.

The outstanding management actions in Surface Transport, which were more than 60 days overdue, were being adequately progressed, and therefore the responsible Director had not been required to attend the Committee by the Director of Internal Audit.

An interim Head of Risk was being recruited and a suitable candidate had recently been identified.

**The Committee noted the report.**

## **65/12/17 Half Yearly Fraud Report 2017/18**

Clive Walker and Rob Brooker introduced the Half Yearly Fraud Report.

**The Committee noted the report and the supplementary information on Part 2 of the agenda.**

## **66/12/17 National Fraud Initiative Update**

Brian Davey presented the National Fraud Initiative update.

Good progress had been made in all areas since the previous report. Upgraded software had improved detection rates of duplicated creditor payments. The Amberhill database continued to be dependent on the engagement and response times of other counterparties.

**The Committee noted the paper.**

## **67/12/17 Crossrail Audit Committee**

Clive Walker presented the paper on matters discussed at the Crossrail Audit Committee meeting held on 30 October 2017.

**The Committee noted the paper.**

## **68/12/17 Crossrail Transition Governance**

Howard Smith introduced the paper on Crossrail transition governance arrangements. Justin Kennedy was also in attendance for this item.

A detailed integration transition programme was being developed which divided activities into individual work streams, with each activity having a clearly defined handover date with a responsible owner in TfL. A separate work stream on Human Resources and staff being transferred was also being built into a forward process for TfL. There was a risk assessment against each of the work streams.

The Committee sought assurances that critical staff and key personnel were not being lost during the process and that the transfer of support services, as well as operational activities, was managed appropriately.

Crossrail had a three month look ahead for all leavers and skills were matched against those in TfL for any opportunities. Critical staff would be retained where possible.

Members requested a Crossrail transition risk register as part of regular future reporting to the Committee. **[Action: Howard Smith]**

Concerns about potential commercial claims in the future were also discussed. A digital archive was being developed to capture as much organisational memory as possible, allow the review of assets, and to mitigate against any future claims. This would be owned by TfL Archives as part of its document management systems. Sir Terry Morgan's tenure as Chairman of the Crossrail Board had been extended to 31 May 2019 as part of the legacy arrangements.

Members discussed issues around the transfer of risk. Crossrail Limited would continue to exist as a TfL subsidiary after handover. The Project Sponsors, TfL and the Department for Transport had responsibility for deciding the final handover date and strategic arrangements and responsibilities.

The Committee was also keen for any lessons learnt to be passed on in the future.

**The Committee noted the paper.**

### **69/12/17 Independent Investment Programme Advisory Group (IIPAG) – Review Implementation**

Howard Carter presented the update on progress against the actions required to implement the IIPAG review recommendations. Michael Bridgeland was also in attendance for this item.

It was agreed that all Board Members would be provided with details of the role and person specifications for the recruitment of the IIPAG Chair, members and Pool of Experts so that they could pass on the details to any appropriate potential applicants, or make suggestions. **[Action: Howard Carter]**

A further update would be provided at the next meeting.

**The Committee noted the update on the implementation of the Independent Investment Programme Advisory Group (IIPAG) review recommendations and endorsed the revised IIPAG Terms of Reference for submission to the Board.**

### **70/12/17 Reporting of Control Environment Trend Indicators to the Audit and Assurance Committee**

Clive Walker presented the proposed approach to developing a set of indicators to show trends in the effectiveness of TfL's control environment.

A set of trend indicators would be submitted to the meeting of 6 March 2018, with a view to avoiding duplication with other Committees and Panels but aligning with the strategic risk register and the TfL scorecard.

Individual Members would contact Clive Walker with any suggestions or ideas, outside of the meeting.

**The Committee noted the report and endorsed the proposed next steps.**

### **71/12/17 Risk Appetite Update**

Clive Walker introduced the report on Risk Appetite.

**The Committee approved the risk appetite themes and levels, and the proposed approach to reporting and next steps, as set out in the report.**

## **72/12/17 Strategic Risk Management Update**

Clive Walker presented the update on strategic risk management.

A joint workshop with the Executive Committee would be held before the next meeting of the Committee and the Chair and Vice Chair would meet with the interim Head of Risk, once appointed, to discuss this issue in more detail. **[Action: Clive Walker]**

**The Committee noted the paper.**

## **73/12/17 Legal Compliance Report (1 April – 30 September 2017)**

Howard Carter presented the report summarising the information provided by each TfL Directorate for the Legal Compliance Report for the period 1 April to 30 September 2017.

It was reported that Eventech Limited (a subsidiary of Addison Lee), had withdrawn its appeal against the decision of the judicial review in relation to the London Borough of Camden's Parking Adjudicator's decision not to allow Private Hire Vehicles the same rights as Hackney licensed vehicles to use bus lanes.

A further judicial review had subsequently been commenced by the Licensed Private Hire Car Association in relation to the increase in licence fees and an update would be included in the next report.

**The Committee noted the report.**

## **74/12/17 Register of Gifts and Hospitality for Members and Senior Staff**

Howard Carter introduced the paper setting out the details of gifts and hospitality declared by the Board and senior staff.

**The Committee noted the paper.**

## **75/12/17 Members' Suggestions for Future Discussions Items**

Howard Carter presented the current forward programme for the Committee.

**The Committee noted the forward programme.**

## **76/12/17 Date of Next Meeting**

The next meeting would be held on Tuesday 6 March 2018 at 10.00am

## **77/12/17 Exclusion of Press and Public**

**The Committee agreed to exclude the press and public from the meeting, in accordance with paragraphs 5 & 7 of Schedule 12A to the Local Government Act 1972 (as amended), in order to consider the exempt information in relation to the item on Half Yearly Fraud Report 2017/18.**

The meeting closed at 12.10pm.

Chair: \_\_\_\_\_

Date: \_\_\_\_\_