

# Transport for London

## Minutes of the Audit Committee

Boardroom, 14<sup>th</sup> Floor, Windsor House, London  
10.00am, Wednesday 16 December 2009

### Members

Judith Hunt	Chair, Member
Charles Belcher	Member
Patrick O’Keeffe	Member
Steve Wright	Member

### Present

Steve Allen	Managing Director, Finance
Howard Carter	General Counsel
Stephen Critchley	Chief Finance Officer
Alan Day	Senior Audit and Investigations Manager (for part)
Ellen Howard	Director of Corporate Governance
Clive Walker	Interim Director of Internal Audit

### In Attendance

June Awty	Senior Statutory Auditor, KPMG
Andrew Marshall	Engagement Partner, KPMG
Ken Davis	Comprehensive Area Assessment London Co-ordinator, Audit Commission (for part)
Sue Riley	Secretariat Officer

### **50/12/09     Apologies for Absence and Declarations of Interest**

Apologies for absence had been received from Daniel Moylan and Keith Williams.

Steve Wright declared an interest in matters relating to private hire vehicles.

### **51/12/09     Minutes of the Meeting Held on 29 September 2009**

The minutes of the meeting held on 29 September 2009 were approved as a correct record and signed by the Chair.

### **52/12/09     Matters Arising and Actions List**

**The Committee noted the Actions List.**

**53/12/09      Comprehensive Area Organisational Assessment Outcome for TfL**

Stephen Critchley introduced the report on the outcome of the Comprehensive Area Organisational Assessment (CAA) process as it has been applied to TfL by the Audit Commission.

Members were advised that the Audit Commission would shortly be publishing a report "Auditing the Accounts" where TfL would be congratulated on the early publication of the accounts, an notable achievement, bearing in mind the complex and changing nature of the organisation.

A series of local authority flagship case studies were due to be published, following which a meeting with officers would be held to consider whether any good practice could be applied to TfL. It was agreed that a summary list of the case studies would be sent to Committee Members for information. **[ACTION: Stephen Critchley]**

The Commissioner had expressed his concern to the Audit Commission that the new managing performance regime inadequately reflected the unique nature of TfL as an organisation, with little meaningful comparative data against which to benchmark. Ken Davis confirmed that on-going discussions were being held with TfL on this issue, with a view to making the process as effective as possible by including the use of international comparators. The outcome of any discussions would be included in the regular Audit Commission update to the Committee.

The Chair suggested that it would have been helpful if these discussions had been reflected in the Audit Commission's final report before publication. It was agreed that the Audit Commission would consult on the wording of the final report before the publication of next year's report. **[ACTION: Ken Davis]**

It was agreed that officers would circulate to the Committee a comparison of TfL's assessment with that achieved by other major metropolitan areas. **[ACTION: Stephen Critchley]**

**The Committee noted the report.**

**54/12/09      External Audit Plan TfL – Year Ending 31 March 2010**

June Awty introduced the report informing the Committee of KPMG's plan for the audit of the financial statements of TfL for the year ending 31 March 2010.

This was the first time that the audit plan for TfL had been presented alongside that for TTL and its subsidiaries, and it was hoped that this would provide a more co-ordinated approach.

**The Committee noted the External Audit Plan.**

**55/12/09**      **External Audit Strategy for TTL and Subsidiaries – Year Ending 31 March 2010**

Andrew Marshall introduced the report informing the Committee of KPMG's external audit strategy for the audit of the financial statements of TTL and its subsidiaries for the year ending 31 March 2010.

Members were advised that Robert Brent would be replacing Andrew Marshall as the audit engagement partner to TTL for the year ending 31 March 2011, and shadowing arrangements were in place to ensure a smooth transition. It was agreed that Robert Brent be invited to attend the meeting of the Audit Committee on 15 June 2010.

**[ACTION: Secretariat]**

**The Committee noted the strategy.**

**56/12/09**      **KPMG Report on Non-Audit Fees for 6 Months Ended 30 September 2009**

Stephen Critchley introduced the report on fees billed by KPMG for non-audit services.

It was noted that in respect of VAT refund assistance, officers might need to seek approval from the Chair if the fee was above the capped limit. It had not originally been anticipated that a fee would be payable until 2010/11. Other additional fees might also be included in that approval.

**The Committee noted the report.**

**57/12/09**      **Final Internal Audit Reports – Quarter 2 2009/10**

Clive Walker introduced the report informing the Committee of the final audit reports issued in the second quarter of 2009/10. All outstanding actions were now closed.

**The Committee noted the report.**

**58/12/09**      **Quarter 2 Productivity and Resources Report**

Clive Walker introduced the report informing the Committee of the outputs of, and the use of resources by, the Internal Audit team in the second quarter of 2009/10.

**The Committee noted the report.**

**59/12/09**      **Management Actions Report**

Clive Walker introduced the report informing the Committee of those recommendations to management which had not been actioned and were more than 60 days overdue, of which there were none.

The Committee was advised that a number of the outstanding actions that were overdue by less than 60 days largely reflected the timing of the running of the report and that there were no areas of concern.

**The Committee noted the report.**

**60/12/09      Changes in Legislation and Accounting Standards Impacting on TfL**

Stephen Critchley introduced the report updating the Committee on the Group's critical accounting policies to be applied in deriving the form and content of TfL's Statement of Accounts for the year ending 31 March 2010.

**The Committee noted the report.**

**61/12/09      Draft Information Security Policy**

Howard Carter introduced the report setting out a draft Information Security Policy for TfL.

**The Committee approved the draft Information Security Policy.**

**62/12/09      Protecting the Public Purse**

Clive Walker introduced the report providing an update on TfL's compliance with the Audit Commission's checklist contained within its 'Protecting the Public Purse' report.

**The Committee noted the report.**

**63/12/09      Best Practice for Audit Committees in Government Conference**

The Chair introduced the report on 'The Best Practice for Audit Committees in Government Conference', a joint event between the National School of Government and HM Treasury, which she had attended on 16 November 2009.

It was agreed that a report would be submitted to a future meeting of the Audit Committee setting out TfL's requirements in relation to Declarations of Interest and the Code of Conduct, compared to other authorities. Work had been undertaken on possible changes to the legislation applicable to TfL on declarations of interests and this would included in the report. **[ACTION: Howard Carter]**

An audit of TfL's Declarations of Interest arrangements would also be included in the Audit Plan for 2010/11. **[ACTION: Howard Carter]**

**The Committee noted the contents of the report.**

**64/12/09     Any Other Business**

There being no other business the meeting closed at 11.20am.

The next scheduled meeting would be held on Thursday 4 March 2010 at 10.00am.

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

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