

Board

Date: 27 June 2012

**Item 13: Report of the Audit and Assurance Committee held on
15 June 2012**

This paper will be considered in public

1 Summary

- 1.1 To report to the Board on the meeting of the Audit and Assurance Committee held on 15 June 2012.

2 Recommendation

- 2.1 **That the Board note the report.**

3 Background

- 3.1 The main matters considered by the Committee were:
- (a) KPMG Report to those charged with Governance;
 - (b) KPMG Letter on Independence and Objectivity;
 - (c) KPMG Report on Non-Audit Fees for Six Months ended 31 March 2012;
 - (d) Management Actions Report;
 - (e) Internal Audit Quarter 4 Audit Report 2011/12;
 - (f) Internal Audit Annual Report 2011/12;
 - (g) KPMG Review of Internal Audit Effectiveness;
 - (h) Crossrail Audit Committee;
 - (i) Review of Governance and the Annual Governance Statement for Year Ended 31 March 2012;
 - (j) TfL Statement of Accounts for the Year Ended 31 March 2012;
 - (k) TfL's Annual Report;
 - (l) Legal Compliance Report (October 2011 – March 2012);
 - (m) Half Yearly Fraud Report; and

(n) National Fraud Initiative Update.

4 Issues Discussed

KPMG Report to those charged with Governance

- 4.1 The Committee noted the key issues identified by KPMG during the course of its audit of the Statement of Accounts for the Transport for London Group for the year ended 31 March 2012.

KPMG Letter on Independence and Objectivity

- 4.2 The Committee noted the letter on the independence and objectivity of KPMG, which was an annual requirement.

KPMG Report on Non-Audit Fees for Six Months ended 31 March 2012

- 4.3 The Committee noted the fees billed by KPMG for non-audit services covering the period 1 April 2011 to 31 March 2012.

Management Actions Report

- 4.4 The Committee noted information on recommendations to management that had not been actioned and were more than 60 days overdue.

Internal Audit Quarter 4 Audit Report 2011/12

- 4.5 The Committee noted the interim and final audit reports issued in quarter 4 of 2011/12, the work in progress and the work planned for quarter 1 of 2012/13.

Internal Audit Annual Report 2011/12

- 4.6 The Committee noted the summary of Internal Audit activity for the year ended 31 March 2012, which accounted for the use of resources. The summary also provided an opinion on the internal controls as required by the CIPFA Code of Practice for Internal Audit in Local Government.

KPMG Review of Internal Audit Effectiveness

- 4.7 The Committee noted the proposed terms of reference for KPMG's forthcoming review of Internal Audit effectiveness. The review would be carried out in July 2012 and reported to the next meeting.

Crossrail Audit Committee

- 4.8 The Committee noted the matters discussed at the Crossrail Audit Committee meeting held on 19 March 2012.

Review of Governance and the Annual Governance Statement for Year Ended 31 March 2012

- 4.9 The Committee approved the review of compliance with the TfL Code of Governance in 2011/12. The Annual Governance Statement is included in the 2011/12 Annual Report and Statement of Accounts, which appears as a separate item elsewhere on the agenda.

TfL Statement of Accounts for the Year Ended 31 March 2012

- 4.10 The Committee reviewed the draft Statement of Accounts, and noted that the Chief Finance Officer would make any adjustments arising from the ongoing audit work prior to submission to the Board. The 2011/12 Annual Report and Statement of Accounts appear as a separate item elsewhere on the agenda.

TfL's Annual Report

- 4.11 The Committee reviewed the Annual Report and delegated to the Managing Director, Marketing and Communications the ability to make any adjustments prior to submission to the Board. The 2011/12 Annual Report and Statement of Accounts appear as a separate item elsewhere on the agenda.

Legal Compliance Report (October 2011 – March 2012)

- 4.12 The Committee noted the Legal Compliance report for the period 1 October 2011 – 31 March 2012.

Half Yearly Fraud Report

- 4.13 The Committee noted the half yearly Fraud Report for the period 1 October 2011 – 31 March 2012.

National Fraud Initiative Update

- 4.14 This Committee noted an update on the 2010 National Fraud Initiative (NFI), including progress made in relation to open matches since the last report and a summary of the overall results and the impact of the 2010 NFI exercise.

List of appendices to this report:

None

List of Background Papers:

Papers for the meeting of the Audit and Assurance Committee held on 15 June 2012.

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