

**Board**

**Transport  
for London**



**Date: 7 November 2012**

**Item 14: Report of the meeting of the Audit and Assurance Committee held on 4 October 2012**

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**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 4 October 2012.

## **2 Recommendation**

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

## **3 Background**

- 3.1 The main matters considered by the Committee were:

- (a) Audit and Assurance Committee Work Plan 2012/13;
- (b) Annual Audit Letter 2011/12;
- (c) External Audit Plan TfL, TTL and Subsidiaries – Year Ending 31 March 2013;
- (d) External and Internal Audit Protocol;
- (e) Management Actions Report;
- (f) Internal Audit Quarter 1 Report 2012/13;
- (g) Crossrail Audit Committee;
- (h) Draft Local Audit Bill;
- (i) Risk Management Update; and
- (j) Effectiveness Review of the External Auditors.

## **4 Issues Discussed**

### **Audit and Assurance Committee Work Plan 2012/13**

- 4.1 The Committee noted the proposed work plan for the Committee for the next four meetings, which had been amended to reflect the revised Terms of Reference of the Audit and Assurance Committee.

### **Annual Audit Letter 2011/12**

- 4.2 The Committee noted the letter reporting KPMG's conclusions to the Committee on the Annual Statement of Accounts and Value for Money.

### **External Audit Plan TfL, TTL and Subsidiaries – Year Ending 31 March 2013**

- 4.3 The Committee noted KPMG's plan for the audit of the financial statements of Transport for London, Transport Trading Limited and its subsidiaries for the year ending 31 March 2013. Members noted that, although funding arrangements for 2013/14 were under review, the Spending Review commitments were in place until March 2015.

### **External and Internal Audit Protocol**

- 4.4 The Committee noted the updated External and Internal Audit protocol which outlined the working relationship between KPMG and TfL Internal Audit. The protocol set out the arrangements by which KPMG place reliance on the work of Internal Audit for the purposes of its annual audit of TfL's financial statements.

### **Management Actions Report**

- 4.5 The Committee noted there were no recommendations to management that had not been actioned and were more than 60 days overdue.

### **Internal Audit Quarter 1 Report 2012/13**

- 4.6 The Committee noted the report of the audit work completed in the first quarter of 2012/13, the work in progress and work planned for Quarter 2 of 2012/13, and requested further information on some of the actions arising from these reviews.

### **Crossrail Audit Committee**

- 4.7 The Committee noted the matters discussed at the meetings of the Crossrail Audit Committee held on 11 June and 3 September 2012.

### **Draft Local Audit Bill**

- 4.8 The Committee noted the Department for Communities and Local Government's (DCLG's) publication of the draft Local Audit Bill and TfL's response to the consultation on the draft Bill. The main consequence of the draft Bill for TfL was the proposed independent auditor panel, and this would not be required for some time. TfL had previously made representations, to a DCLG consultation, that this

initiative would not add any value in governance terms, but would nevertheless create additional costs.

### **Risk Management Update**

- 4.9 The Committee noted an update on the development of more effective risk reporting and management across TfL. A more detailed report would be made to the next meeting of the Committee.

### **Effectiveness Review of the External Auditors**

- 4.10 The Committee noted a report regarding the performance of KPMG, the External Auditors and provided them with feedback on their performance.

### **List of appendices to this report:**

None

### **List of Background Papers:**

Papers for the meeting of the Audit and Assurance Committee held on 4 October 2012.

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