

# Transport for London

## Minutes of the Audit and Assurance Committee

### Teams Virtual Meeting

10.00am, Wednesday 15 September 2021

#### Members

Anne McMeel	Chair
Dr Lynn Sloman MBE	Vice-Chair
Cllr Julian Bell	Member
Dr Mee Ling Ng OBE	Member

#### Executive Committee

Howard Carter	General Counsel
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#### Staff

Patrick Doig	Interim statutory Chief Finance Officer
Siwan Hayward OBE	Director of Compliance, Policing, Operations and Security (Minute Reference 60/09/21)
Lorraine Humphrey	Interim Director of Risk and Assurance
Maureen Kirk	Senior Internal Audit Manager
Nico Lategan	Head of Enterprise Risk
Rachel McLean	Chief Finance Officer, Crossrail and Finance Director, London Underground
Richard Mullings	Head of Counter-Fraud and Corruption
James Norris	Interim Head of Project Assurance
Raj Sachdeva	Interim Group Finance Director
Rachel Shaw	Head of Financial Accounting and Tax
Mike Shirbon	Head of Integrated Assurance
Stuart Westgate	Head of Programme Assurance, Crossrail
Sue Riley	Secretariat

#### Also In Attendance

Janet Dawson	Partner, Ernst & Young
Karl Havers	Partner, Ernst & Young
Doug Johnston	Associate Partner, Ernst & Young (Minute Reference 49/09/21)
Caroline Mulley	Partner, Ernst & Young Senior Consultant, Ernst & Young (Minute Reference 49/09/21)
Alison Snellen	
Jonathan Simcock	Independent Investment Programme Advisory Group, Member (Minute Reference 53/09/21)

#### 46/09/21 Apologies for Absence and Chair's Announcements

The Chair welcomed everyone to the meeting, including any press or public. This was the first meeting of the Committee being held in person since March 2020 due to the coronavirus pandemic. Due to space restrictions, some staff were also attending the meeting through Teams and the discussions in public were being webcast to TfL's YouTube channel to ensure that public and press could observe the proceedings and decision making without the need to attend.

The Chair also welcomed James Norris, the recently appointed Interim Head of Project Assurance, to his first meeting of the Committee.

This was Karl Haver's last meeting as the Ernst & Young (EY) external audit partner for TfL, and the Chair thanked him, on behalf of the Committee, for his frank and honest contributions when reporting to Members and assisting the Committee in carrying out its important role. Karl had been TfL's engagement partner since the appointment of EY as TfL's external auditors for the 2015/16 financial year. At the Committee's request he had stayed on an extra year beyond the standard five-year term for lead partners to assist TfL through the extraordinary operational and funding challenges of 2020/21. Janet Dawson, Karl's successor, was then welcomed to the meeting and she looked forward to working with TfL

The Chair also thanked Stuart Westgate, who was attending his last meeting, for his valued contribution in helping to shape TfL and Crossrail's integrated assurance approach.

Patrick Doig was congratulated on his recent appointment as permanent TfL Group Finance Director.

Apologies had been received from Kay Carberry CBE and Dr Nelson Ogunshakin OBE. Apologies had also been received from Simon Kilonback, Chief Finance Officer and from Alison Munro and Joanne White, IIPAG, for whom Jonathan Simcock was deputising.

The Chair reminded those present that safety was paramount at TfL and encouraged Members to raise any safety issues during discussions on a relevant item or with TfL staff after the meeting. No matters were raised.

## **47/09/21    Declarations of Interest**

The Chair noted that, as Vice-Chair of the Elizabeth Line Committee, she would not Chair the meeting for the discussion on the Elizabeth line item (Minute 52/09/21) and the Vice-Chair of the Audit and Assurance Committee would Chair the meeting.

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 additional interests that related specifically to items on the agenda.

## **48/09/21    Minutes of the Meeting of the Committee held on 7 June 2021**

**The Committee approved the minutes of the meeting held on 7 June 2021, subject to Janet Dawson's job title being amended to "Partner" and Jeanne-Marie van Coller's job title being amended to "Senior Manager" and authorised the Chair to sign them.**

The Chair advised the Committee that she had also signed all of the minutes of the meetings held since June 2020.

## **49/09/21 Matters Arising and Actions List**

Howard Carter introduced the paper, which set out progress against actions agreed at previous meetings of the Committee and use of delegated authority.

Doug Johnston and Alison Snellen provided a summary of EY's work on sustainability and climate change on behalf of TfL in implementing the requirements of the Task Force on Climate-Related Financial Disclosures, which were mandatory from January 2021. The Vice-Chair welcomed the update and was interested to know how broadly the requirements would be interpreted and how that would reflect in TfL's interactions with its contractors and service providers. Weather changes and events due to climate change were also critical in their impact on transport. A detailed report was scheduled for the next meeting of the Committee.

Action 14/03/21, in relation to the Chair's visit to Finance and Business Services, would be updated to early 2022.

**The Committee noted the Actions List.**

## **50/09/21 Annual Audit Letter**

Patrick Doig presented the Annual Audit Letter issued by EY.

The Chair noted that due to the lack of a long-term funding solution for TfL, EY's Value for Money assessment identified significant weaknesses in TfL's arrangements for securing economy, efficiency and effectiveness in the use of resources.

She thanked EY and staff for the efficient completion of the annual accounts during a challenging and difficult period.

**The Committee noted the letter.**

## **51/09/21 Risk and Assurance Quarter 1 Report 2021/22**

Lorraine Humphrey presented the quarterly update on the work of the Risk and Assurance Directorate. Mike Shirbon, Richard Mullings and Nico Lategan also presented for this item.

Internal Audit would continue to monitor any identified trends in increases in poorly controlled and requires improvement reports.

A number of departmental key appointments had recently been made and plans were in place to ensure staffing gaps were being addressed.

The three critical reviews within Project Assurance had been rectified. Issues related to the upward trend in control environment indicators within the technology and data group had been raised with the Chief Technology Officer and Director of Strategy and an internal audit was scheduled.

Members requested further information on the action TfL was taking to progress a temporary site for Seven Sisters Market. **[Action: Secretariat]**

It was reported that the Safety, Sustainability and Human Resources Panel had agreed to receive a quarterly report on second line safety, health and environment assurance, summarising audit activity, thematic trends over time and by strategic risk and TfL team.

It was confirmed that the poorly controlled audit of the bus service delivery model had been discussed with the Managing Director of Surface Transport and all the audit recommendations had been accepted. The number of overdue outstanding actions within Surface Transport were now reviewed at Surface Executive meetings on a regular basis, to help drive improvements.

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

### **52/09/21 Elizabeth Line Programme Assurance Quarter 1 Report 2021/22**

The Vice-Chair chaired the meeting for this item.

Rachel McLean and Stuart Westgate introduced the overview of assurance activity for the Quarter 1 Report 2021/22.

It was confirmed that second line assurance was carried out on a four-weekly basis and considered by the Elizabeth Line Committee. Crossrail Trial Operations performance was being closely monitored by the Elizabeth Line Delivery Group, the Independent Investment Programme Advisory Group's Elizabeth line sub-group and the Elizabeth Line Committee.

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

### **53/09/21 Independent Investment Programme Advisory Group Quarterly Report**

Jonathan Simcock presented the Independent Investment Programme Advisory Group (IIPAG) quarterly report.

It was agreed that IIPAG would consider TfL's Value for Money in relation to the update to the UK Treasury Green Book and qualitative, non-monetised benefits.

**[Action: Michele Watson]**

Lessons learnt from the scrutiny and review of capital expenditure would also be applied in relation to operating expenditure, where explicable. Patrick Doig advised that an Executive level Change Steering Group had been established to oversee change and savings activity across the whole organisation, which would help share good practice.

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

## **54/09/21 TfL Statement of Accounts Year Ended 31 March 2021 – Changes Made Prior to Finalisation**

Patrick Doig introduced the paper, which set out the material changes to the Statement of Accounts after their presentation to the Committee on 7 June 2021.

**The Committee noted the paper.**

## **55/09/21 Effectiveness Review of the External Auditors**

Patrick Doig presented the annual report on the effectiveness of the external auditor.

Members noted the good relationships with staff, the robust and transparent relationship with Committee Members and welcomed the return of face to face activity, where appropriate.

Overall, Members and staff were satisfied with EY's performance during 2020/21, despite the challenges of remote working.

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

## **56/09/21 Appointment of the External Auditors**

Patrick Doig introduced the paper updating the Committee on arrangements for appointing external auditors for TfL and its subsidiaries.

**The Committee approved the proposal to opt in to the national scheme for the appointment of auditors for a period of five years commencing with the audit of the 2023/24 financial year.**

## **57/09/21 Freedom of Information Update**

Howard Carter presented the annual overview of TfL's performance in relation to Freedom of Information and Environmental Information Regulations.

The Committee noted the continued good performance in meeting statutory deadlines and thanked staff for their good work.

**The Committee noted the paper.**

## **58/09/21 Finance Control Environment Trend Indicators and Transformation Update**

Patrick Doig introduced the quarterly update on the finance control environment trend indicators and an update on the Finance and Business Services Transformation programme.

**The Committee noted the paper.**

**59/09/21 Register of Gifts and Hospitality for Members and Senior Staff**

Howard Carter presented the quarterly update on the register of gifts and hospitality for Board Members and senior staff.

**The Committee noted the paper.**

**60/09/21 Enterprise Risk Update – Major Security Incident (ER4)**

Siwan Hayward OBE introduced the annual update of Enterprise Risk 4.

The Committee was advised that a range of preventative controls by TfL had been implemented and a number of key risk improvements made, including the appointment of a Chief Information Security Officer. Cultural change across the organisation was also key to preventing cyber and security attacks.

**The Committee noted the paper.**

**61/09/21 Members' Suggestions for Future Discussion Items**

Howard Carter presented the current forward plan for the Committee.

**The Committee noted the paper.**

**62/09/21 Any Other Business the Chair Considers Urgent**

There was no urgent business.

**63/09/21 Date of Next Meeting**

The next scheduled meeting was due to be held on Wednesday 1 December 2021 at 10.00am.

**64/09/21 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 following items of business: Risk and Assurance Quarter 1 Report 2021/22; Elizabeth Line Programme Assurance Quarter 1 Report 2021/22; Effectiveness Review of the External Auditors; and Enterprise Risk Update – Major Security Incident (ER4).**

The meeting closed at 1.05pm.

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

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