

# 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, Wednesday 1 December 2021

### Members

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

### Other Members

Anurag Gupta	Member (Observer – via Teams)
Mark Phillips	Member (Observer)

### Executive Committee

Howard Carter	General Counsel
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### Staff

Emily Clark	Direct Tax Manager (Minute Reference 77/11/21)
Neale Clarke	Senior Divisional Financial Controller (Minute Reference 75/11/21)
Patrick Doig	Group Finance Director and statutory Chief Finance Officer
Jill Elliot	Head of Internal Audit
Charles Frost	Indirect Tax Manager (Minute Reference 77/11/21)
Lorraine Humphrey	Interim Director of Risk and Assurance
David Jones	Interim Deputy to Chief Procurement Officer (Minute Reference 76/11/21)
Stacey Kalita	Head of Finance, Crossrail (Minute Reference 75/11/21)
Sam Longman	Head of Corporate Environment (Minute Reference 72/11/21)
Richard Mullings	Head of Counter-Fraud and Corruption
James Norris	Interim Head of Project Assurance
Rachel Shaw	Head of Financial Accounting and Tax
Mike Shirbon	Head of Integrated Assurance
Sue Riley	Secretariat

### Also In Attendance

Janet Dawson	Partner, Ernst & Young
Doug Johnston	Associate Partner, Climate Change and Sustainability, Ernst & Young (Minute Reference 72/11/21)
Toby McKean	Manager, Climate Change and Sustainability, Ernst & Young (Minute Reference 72/11/21)
Caroline Mulley	Partner, Ernst & Young
Alison Munro	Independent Investment Programme Advisory Group Member
Elina Nebezheva	Manager, Ernst & Young

## **65/11/21 Apologies for Absence and Chair's Announcements**

The Chair welcomed everyone to the meeting. 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 apologised for the technical difficulties with the sound quality of the meeting.

The Chair welcomed the recently appointed TfL Board Member Anurag Gupta, who was observing the meeting via Teams, and Mark Phillips, who would be taking over as Chair of the Committee once the new Committee and Panel appointments had been agreed at the TfL Board meeting on 8 December 2021. The Chair thanked Committee Members and staff for their hard work and valuable contributions during her tenure as Chair, particularly the Vice-Chair Dr Lynn Sloman MBE.

The Chair also welcomed Jill Elliot, the recently appointed Head of Internal Audit, to her first meeting of the Committee.

Apologies had been received from Dr Nelson Ogunshakin OBE. Simon Kilonback, Chief Finance Officer and Rachel McLean, Chief Finance Officer, Crossrail, were also unable to attend the meeting and were deputised by Neale Clarke and Stacey Kalita (respectively).

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.

Following the meeting Members were scheduled to meet with the Director of Risk and Assurance for the annual informal meeting.

## **66/11/21 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 75/11/21) 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](https://www.tfl.gov.uk), were up to date and there were no additional interests that related specifically to items on the agenda.

The declarations of interests for the recently appointed Board Members would be posted on the TfL website shortly.

## **67/11/21 Minutes of the Meeting of the Committee held on 15 September 2021**

**The Committee approved the minutes of the meeting held on 15 September 2021 and authorised the Chair to sign them.**

## **68/11/21 Matters Arising and Actions List**

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

**The Committee noted the Actions List.**

## **69/11/21 EY Annual Audit Report**

Patrick Doig introduced the EY Annual Audit Report, which was presented by Janet Dawson, EY.

Patrick Doig confirmed that areas of improvement within procurement, identified by management and Internal Audit, had been addressed and Internal Audit continued to provide assurance on the changes.

The Chair highlighted that the lack of a long-term funding agreement was impacting EY's Value for Money judgement.

It was agreed that the Finance Directorate should capture, where possible, the impact of a lack of a long-term funding on TfL's ability to achieve value for money.

**[Action: Patrick Doig]**

**The Committee noted the report.**

## **70/11/21 External Audit Plan TfL, TTL and Subsidiaries – Year Ending 31 March 2022**

Janet Dawson, EY presented EY's plans for the audit of the financial statements for TfL, Transport Trading Limited and its subsidiaries for the year ending 31 March 2022.

The thresholds for performance materiality were kept under constant review.

**The Committee noted the paper.**

## **71/11/21 EY Report on Non-Audit Fees for the Period of 1 April – 30 November 2021**

Patrick Doig introduced the report setting out the details of fees billed by EY for non-audit services.

**The Committee noted the report.**

## **72/11/21 Task Force on Climate-related Financial Disclosures**

Doug Johnston and Toby McKean, EY, presented the Task Force on Climate-related Financial Disclosures (TCFD) reporting requirements and next steps to make the relevant

climate-related disclosures in future reporting cycles. Sam Longman was also present for this item.

A considerable amount of work had already been initiated by TfL and the impact of COP26 targets on TfL's transport systems and energy sourcing were being considered. Infrastructure resilience, financial risks of climate changes and impacts and stakeholder interest were all critical factors.

The Mayor's aspiration for London to be a centre of excellence in this area meant that climate change adaptation was a strategic issue for TfL and an integral part of the organisation and its risk management approach and governance. Monitoring of progress, scenario analysis and future modelling were all highlighted.

The Chair welcomed the report and proposed that the National Audit Office guidance on TCFD be considered at a future meeting. **[Action: Patrick Doig]**

The Committee stressed the need for an integrated approach across all Committees and Panels and inclusion in the reporting of Risk and Assurance to the Committee, which was proportionate and achievable.

Sam Longman confirmed that the Mayor's Transport Strategy provided a comprehensive strategic approach for challenging TfL's operations on climate change. Supply chains, transition and impact risk all required maturing, within a financially challenging environment, alongside improved data collection and a London wide approach.

Members highlighted the importance of reducing uncertainty, appropriate scenario modelling and an implementation road map. Given the current resource constraints and funding uncertainty, the Committee considered the initial focus should be on developing TfL's gap analysis and identifying best practice within other organisations, as well as identifying funding opportunities. **[Action: Sam Longman]**

A briefing on TCFD for all Board Members would be arranged. **[Action: Secretariat]**

**The Committee noted the paper.**

## **73/11/21 Risk and Assurance Quarter 2 Report 2021/22**

Lorraine Humphrey introduced the report setting out work completed by the Risk and Assurance Directorate during Quarter 2 of 2021/22, work in progress and planned activities. Jill Elliot, Richard Mullings, James Norris and Mike Shirbon were also present.

A six-month rolling audit plan was being progressed as a more agile and responsive approach to the needs of the organisation. Under the current Audit Plan, all deferred audits would be reconsidered as part of the risk based planning process for the 2022/23 plan and added to the following year. Any cancelled audits had been agreed with stakeholders and had been assessed as not required or were being picked up in other planned audits as appropriate.

Discussions were ongoing as to how climate risk could be integrated within TfL's Enterprise Risk approach and an informal discussion with Board Members and the Executive Committee would be arranged. **[Action: Lorraine Humphrey/Secretariat]**

It was agreed that a baseline measurement would be added to the Control Environment Trend Indicators graph, especially in relation to technology.

**[Action: Lorraine Humphrey]**

A revised approach to management action extensions was being considered and an update would be provided at the next meeting.

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

### **74/11/21 Independent Investment Programme Advisory Group Quarterly Report**

Alison Munro presented the Independent Investment Programme Advisory Group (IIPAG) quarterly report.

It was agreed that IIPAG would consider how best TfL's asset information should be recorded and validated.

**[Action: Alison Munro]**

Many of the common themes identified in the IIPAG report had been and would continue to be discussed by the Programmes and Investment Committee.

**The Committee noted the report and the management response.**

### **75/11/21 Elizabeth Line Programme Assurance Quarter 2 Report 2021/22**

The Vice-Chair chaired the meeting for this item. Lorraine Humphrey introduced the overview of programme assurance activity in relation to the Elizabeth line during Quarter 2 of 2021/22. Neale Clarke and Stacey Kalita were also present for this item.

Details of the assurance activities to be undertaken by second and third line functions prior to Revenue Service were provided to the Committee to show how assurance was being carried out effectively and without impacting on key work being undertaken across the organisation.

The Director of Risk and Assurance agreed to consider how assurance on the migration of residual activities, prior to the final transfer from Crossrail into TfL, would be provided.

**[Action: Lorraine Humphrey]**

Assurance information on Trial Operations testing reporting would be reviewed.

**[Action: Joan Buszewska]**

It was noted that the assurance around readiness for Phase 1 of Trial Operations had been presented to the Elizabeth Line Committee, as would assurance of the subsequent phases.

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

## **76/11/21 Finance Control Environment Trend Indicators**

Patrick Doig presented the update on Finance Control Environment Trend Indicators. David Jones was also present for this item.

The Chair welcomed the progress to date.

**The Committee noted the paper.**

## **77/11/21 Annual Tax Compliance Update**

Patrick Doig presented the key policies and documents that form TfL's Tax Governance Framework. Rachel Shaw, Emily Clark and Charles Frost were also present for this item.

The Committee welcomed the good practice by TfL in this area.

**The Committee noted the Anti-Tax Evasion Policy and the Anti-Tax Evasion Statement, the TfL Annual Tax Strategy and the Senior Accounting Officer Policy.**

## **78/11/21 Legal Compliance Report (1 April – 30 September 2021)**

Howard Carter presented the summary of information provided by each TfL Directorate for the Legal Compliance Report for the period 1 April 2021 – 30 September 2021.

**The Committee noted the report.**

## **79/11/21 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.

Members would be sent the annual reminder to register any gifts or hospitality received.

**The Committee noted the paper.**

## **80/11/21 Members' Suggestions for Future Discussion Items**

Howard Carter presented the current forward plan for the Committee.

**The Committee noted the paper.**

## **81/11/21 Any Other Business the Chair Considers Urgent**

There was no urgent business.

## **82/11/21 Date of Next Meeting**

The next scheduled meeting was due to be held on Wednesday 16 March 2022 at 10.00am.

## **83/11/21 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 2 Report 2021/22; and Elizabeth Line Programme Assurance Quarter 2 Report 2021/22.**

The meeting closed at 12.30pm.

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

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