

Appendix 1

Audit and Assurance Committee
Company Secretariat
Transport for London
11th Floor Yellow Zone
Palestra
London
SW1H 0BD

23 May 2022

Ref: Fee Letter/22-23

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Dear Sirs

Annual Audit 2022/23

We are writing to confirm the audit that we propose to undertake for the 2022/23 financial year at Transport for London (TTL and Crossrail fees are covered by separate engagement letters and contained within those documents).

From 2018/19, local government and police bodies have been responsible for making their own arrangements for the audit of the accounts and reporting on the housing benefit subsidy claim.

The Secretary of State for Housing, Communities and Local Government has specified Public Sector Audit Appointments (PSAA) as an appointing person under provisions of the Local Audit and Accountability Act 2014. PSAA has appointed auditors for bodies that opted into the national scheme. Appointments were made for the duration of the five-year appointing period, covering the audits of the accounts for 2018/19 to 2022/23.

Indicative audit fee

For the 2022/23 financial year, PSAA has set the scale fee for each opted in body. Following consultation on its Work Programme and Scale Of Fees, PSAA has maintained scale audit fees at the same level as for 2021/22, unless there are specific circumstances which require otherwise.

The fee reflects the risk-based approach to audit planning set out in the National Audit Office's Code Of Audit Practice for the audit of local public bodies.

The audit fee covers the:

- Audit Of the financial statements;
- Value for money conclusion; and
- Whole of Government accounts

At this stage, the indicative fee is set at the scale fee.

This indicative fee is based on certain assumptions, including:

- The overall level of risk in relation to the audit of the financial statements is not significantly different to that of the prior year;

- Officers meet the agreed timetable of deliverables;
- The operating effectiveness of the internal controls for the key processes identified within our audit strategy;
- Our accounts opinion and value for money conclusion are unqualified;
- Appropriate quality of documentation is provided by Officers;
- There is an effective control environment; and
- Prompt responses are provided to our draft reports.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee which is set out in the table below.

As we have not yet completed our audit for 2021/22, our audit planning process for 2022/23 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract.

Summary of fees

	Indicative fee 2022/23	Planned fee 2021/22	Actual fee 2020/21
Scale Fee	120,062	120,062	120,062
Total Code audit fee	120,062	120,062	120,062

Any additional work that we may agree to undertake (outside of the Code of Audit Practice) will be separately negotiated and agreed with you in advance. All variations to the scale fee will be subject to PSAA approval.

Billing

The scale fee will be billed in 4 quarterly instalments of £30,016.

Audit plan

Our plan is expected to be issued in December 2022. This will communicate any significant financial statement and value for money risks identified, planned audit procedures to respond to those risks and the estimated fee implications of these additional procedures. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Group Financial Controller and acting Statutory Chief Finance Officer and communicate the revised fee and the matters giving rise to any adjustments to the scale fee in our Audit Results Report which we will present to the Audit and Assurance Committee Chair.

For a high level overview of our approach and further information on how we intend to work with you under the PSAA contract, please refer to our leaflet 'EY working with you' which is enclosed.

We remain committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me. If you prefer an alternative route, please contact Hywel Ball, our Managing Partner, by writing to him at 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Janet Dawson', written in a cursive style.

Janet Dawson
Partner
For and on behalf of Ernst & Young LLP