

# 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 21 September 2022

### Members

Mark Phillips	Chair
Anurag Gupta	Vice-Chair
Kay Carberry CBE	Member
Dr Mee Ling Ng OBE	Member

### Executive Committee

Howard Carter	General Counsel
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### Staff

Richard Bevins	Head of Information Governance (Minute Reference 50/09/22)
Joan Buszewska	Head of Elizabeth line Programme and Project Assurance
Patrick Doig	Group Finance Director and statutory Chief Finance Officer
Jill Elliott	Head of Internal Audit
Jules Gascoigne	Chief Information Security Officer (Minute Reference 52/09/22)
Lorraine Humphrey	Director of Risk and Assurance
Nico Lategan	Head of Enterprise Risk
Richard Mullings	Head of Counter-Fraud and Corruption
James Norris	Interim Head of Project Assurance
Chris Tann	Head of Financial Accounting and Tax
Mike Shirbon	Head of Quality, Safety and Security Assurance
Vicky Taylor	Senior Governance and Business Change Manager (Minute Reference 52/09/22)
Sue Riley	Secretariat Officer

### Also In Attendance

Janet Dawson	Partner, Ernst & Young
Caroline Mullings	Partner, Ernst & Young
Alison Munro	Chair, Independent Investment Programme Advisory Group

## 40/09/22 Apologies for Absence and Chair's Announcements

The Chair welcomed everyone to the meeting. There were no apologies for absence.

The Chair agreed to take Item 5, TfL Annual Report and Statement of Accounts for the Year Ended 31 March 2022, and Item 6, Annual Audit Letter 2022, which were marked to follow on the agenda, as late items, as information in the papers was being verified and finalised at the time of publication. There was no report for Item 19 (Annual Audit Letter Part 2 paper) and this had been withdrawn.

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 receive an annual security briefing.

#### **41/09/22 Declarations of Interest**

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 interests to declare that related specifically to items on the agenda.

#### **42/09/22 Minutes of the Meeting of the Committee held on 6 June 2022**

**The Chair, in consultation with the Committee, approved the minutes of the meeting held on 6 June 2022, subject to the fourth paragraph of Minute 28/06/22 being amended from £25,000 to £2,500.**

#### **43/09/22 Matters Arising, Actions List and Use of Delegated Authority**

Howard Carter introduced the paper, which set out progress against actions agreed at previous meetings and the use of Chair's Action in signing off the end of year results against the 2021/22 scorecards.

**The Committee noted the Actions List and the use of Chair's Action.**

#### **44/09/22 TfL Annual Report and Statement of Accounts for the Year Ended 31 March 2022**

This item was published as a late urgent item on 20 September 2022, as information in the report was not available when the papers for the meeting were published.

Patrick Doig introduced the report. He expressed his thanks to Board Members, and particularly the Chair of the Finance and Audit and Assurance Committees for their support during this challenging period.

While the level of uncertainty had significantly reduced with the funding settlement, uncertainty remained. He was confident that TfL would meet the funding conditions of the settlement, but in the interests of transparency and full disclosure, he highlighted to the Committee the continued risks and uncertainty.

The Board had agreed the draft Annual Report on 27 July 2022. The Foreword had been updated to reflect the agreed funding settlement and the recent death of HM Queen Elizabeth II.

The accounts would be signed by the Statutory Chief Finance Officer on 22 September 2022, and a copy sent to EY for final review ready for final signature by the Chair and publication on 27 September 2022.

**The Committee noted the paper and:**

- (a) approved the 2021/22 Statement of Accounts for the Year Ended 31 March 2022 and agreed that the Statutory Chief Finance Officer make any adjustments arising from the work prior to the auditors, Ernst & Young LLP, signing their opinion or from any comments made by the board of any Subsidiary company. Should any changes be required to the Statement of Accounts which, in the opinion of the Statutory Chief Finance Officer are material, he would seek approval of the Committee for these changes;**
- (b) noted that the TfL Board had authorised the Chief Customer and Strategy Officer to make any further design or editorial changes to the Annual Report as may be required;**
- (c) noted that the Chair of the Committee would sign and date the Statement of Accounts in due course.**

#### **45/09/22 Annual Audit Letter**

This item was published as a late urgent item on 20 September 2022, as information in the report was not available when the papers for the meeting were published.

Janet Dawson presented the Annual Audit Letter summarising EY's conclusions on the Annual Statement of Accounts and Value for Money. Key areas of focus and risks, as set out in the Audit Results Report, were highlighted.

At the time of issue of the report, EY were finalising their comments in relation to their assessment of TfL as a going concern, and a verbal update was provided.

**The Committee noted the Letter.**

#### **46/09/22 Risk and Assurance Quarter 1 Report 2022/23**

Lorraine Humphrey introduced the report setting out work completed by the Risk and Assurance Directorate during Quarter 1 of 2022/23 (1 April to 25 June 2022), including work in progress and planned activities. Jill Elliott, Nico Lategan, Richard Mullings, James Norris and Mike Shirbon were also in attendance.

There was a continued focus on reducing the number of overdue management actions, which was reflected in the downward trend. Actions arising from completed audits were being actively tracked with positive engagement from Chief Officers.

The Project Assurance reviews had identified areas for improvement in the quality of business cases and Estimated Final Costs. There had been a continued decrease in overdue recommendations. One response on an overdue critical recommendation had been received and was being reviewed.

The Committee requested further details in future reports on any overdue management actions above 100 days, including Management action plans.

**[Action: Jill Elliott/Mike Shirbon]**

Further information on the Requires Improvement audits would be provided, including an update on the review of Cubic User Access Management controls. **[Action: Jill Elliott]**

The Committee sought clarification on whether fraud against TfL, through its revenue activities, was increasing or decreasing and further information, following engagement with key stakeholders, would be provided at the next meeting.

**[Action: Richard Mullings]**

Discussions took place about the increase in fraud referrals, including whistleblowing cases, being received by TfL. The Committee was advised that a review of TfL's whistleblowing procedures, and other reporting mechanisms, was in progress.

The current 14 Enterprise Risks had been reviewed and had been reduced to 10. A risk appetite exercise was currently in progress.

Discussions took place about how TfL monitored risk exposure for each Enterprise Risk and the mitigations in place.

It was agreed that the Executive Committee should discuss the best approach to ransomware.

**[Action: Jules Gascoigne]**

The Committee noted the downward trajectory of the audit indicators trend for poorly controlled or requires improvement audit outcomes.

**The Committee noted the report and the exempt supplementary information on Part 2 of the agenda and approved the updated Audit Plan.**

## **47/09/22 Independent Investment Programme Advisory Group Quarterly Report**

Lorraine Humphrey introduced the Independent Investment Programme Advisory Group's (IIPAG's) Quarterly Report. Alison Munro set out the key areas of the report in detail.

Good progress was being made in the recruitment of additional members of IIPAG and it was intended that new members would be appointed in the autumn.

**The Committee noted the Independent Investment Programme Advisory Group's Quarterly Report, the management response and approved the Independent Investment Programme Advisory Work Programme for 2022/23.**

## **48/09/22 Elizabeth Line Programme Assurance Quarter 1 Report 2022/23**

Lorraine Humphrey and Joan Buszewska presented the overview of programme assurance activity in relation to the Elizabeth line during Quarter 1 of 2022/23 (1 April to 25 June 2022).

The recent Infrastructure and Projects Authority review of the Elizabeth line had been positive and acknowledged the robust assurance processes in place.

Network Rail had set up a programme of improvements to improve performance on the western section of the railway, but there was continued concern whether the necessary improvements would be achieved in the timescales needed.

**The Committee noted the paper.**

### **49/09/22 Finance Control Environment Trend Indicators**

Patrick Doig introduced the quarterly report on Financial Control Environment Trend Indicators.

The Committee welcomed the progress in performance and the introduction of stretch targets.

**The Committee noted the paper.**

### **50/09/22 Freedom of Information Update**

Richard Bevins presented the annual update on Freedom of Information requests and performance at TfL.

TfL continued to outperform other public bodies and above the requirements of the Information Commissioner's Office, despite receiving some of the highest number of requests.

Trends in requests were continually monitored and the continual increase of published information led to a decrease in requests.

**The Committee noted the paper.**

### **51/09/22 Effectiveness Review of the External Auditors**

Patrick Doig introduced the annual report on external auditor effectiveness. EY were not present for the Part 2 discussion of this item.

Issues around availability and continuity of partners had been fed back to EY.

The Committee asked that its thanks to EY for their hard work during this challenging period be recorded.

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

## **52/09/22 Enterprise Risk Update – Significant Security Incident (ER4)**

Vicky Taylor and Jules Gascoigne presented the annual update on Enterprise Risk 4.

The Committee was assured that there was close, integrated working between the Risk and Assurance Directorate and the Security, Governance and Culture team, including the sharing of knowledge, information and good practice through a range of internal forums.

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

## **53/09/22 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.**

## **54/09/22 Members' Suggestions for Future Discussion Items**

Howard Carter presented the current forward plan for the Committee.

**The Committee noted the forward plan.**

## **55/09/22 Any Other Business the Chair Considers Urgent**

There was no additional urgent business.

## **56/09/22 Date of Next Meeting**

The next scheduled meeting of the Committee would be held on Wednesday 30 November 2022 at 10.00am.

**57/09/22 Exclusion of Press and Public**

**The Committee agreed to exclude the press and public from the meeting, in accordance with paragraphs 3 and 7 of Schedule 12A to the Local Government Act 1972 (as amended), when it considered the exempt information in relation to the items on: Risk and Assurance Quarter 1 Report 2022/23; Effectiveness Review of the External Auditors; and Enterprise Risk Update – Significant Security Incident (ER4).**

The meeting closed at 1pm.

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

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