

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 30 November 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
Rachel McLean	Chief Finance Officer

Staff

Emily Clarke	Direct Tax Manager (Minute Reference 68/11/22)
Patrick Doig	Group Finance Director and statutory Chief Finance Officer
Jill Elliott	Head of Internal Audit
Charles Frost	Indirect Tax Manager (Minute Reference 68/11/22)
Lorraine Humphrey	Director of Risk and Assurance
Nico Lategan	Head of Enterprise Risk
Richard Mullings	Head of Counter-Fraud and Corruption
James Norris	Head of Project Assurance
Chris Tann	Head of Financial Accounting and Tax
Mike Shirbon	Head of Quality, Safety and Security Assurance
Sue Riley	Secretariat Officer

Also In Attendance

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

58/11/22 Apologies for Absence and Chair's Announcements

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

The meeting was being broadcast live on TfL's YouTube channel¹, except for the discussion of the information on Part 2 of the agenda, which was exempt from publication, to ensure the public and press could observe the proceedings and decision-making.

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

¹ TfL apologises but due to a technical issue only part of this meeting was recorded and broadcast on Teams. The minutes cover all issues discussed and the outcomes.

The Chair welcomed Rachel McLean as the Chief Finance Officer and congratulated her on her recent appointment and thanked Patrick Doig for his valuable contribution. He also thanked Joan Buszewska, Head of Project and Programme Assurance, Crossrail for her valuable contribution to her work on Elizabeth line assurance as she was leaving the organisation next month.

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.

59/11/22 Declarations of Interest

All Members confirmed that their declarations of interests, as published on tfl.gov.uk, were up to date and there were no additional interests to declare that related specifically to items on the agenda.

60/11/22 Minutes of the Meeting of the Committee held on 21 September 2022

The minutes of the meeting of the Committee held on 21 September 2022 were approved as a correct record and the Chair was authorised to sign them.

61/11/22 Matters Arising and Actions List

Howard Carter introduced the paper, which set out progress against actions agreed at previous meetings and the recent Independent Investment Programme Advisory Group appointments.

The Committee noted the Actions List.

62/11/22 External Audit Plan TfL, TTL and Subsidiaries – Year Ending 31 March 2023

Janet Dawson presented the draft audit planning report for the audit of the financial statements of TfL, Transport Trading Limited and its subsidiaries for the year ending 31 March 2023. Phillip Young and Caroline Mulley were also in attendance.

Continuity concerns with changes in the EY audit team in 2023 was being addressed through planning sessions with TfL and retaining key audit team members for the 2022/23 audit.

Property evaluations were assessed by external specialists as of 31 March 2023 and any updates would be sourced as appropriate.

Planning materiality had been updated post coronavirus pandemic conditions.

It was confirmed that any relevant External Audit work in relation to TTLP would be shared with the Land and Property Committee.

The Committee noted the paper.

63/11/22 Annual Audit Letter

Janet Dawson presented the final Annual Audit Letter, summarising the conclusions on the Annual Statement of Accounts and Value for Money. Phillip Young and Caroline Mulley were also in attendance.

The Committee noted the Letter.

64/11/22 EY Report on Non-Audit Fees for the Period 1 April – 30 November 2022

Janet Dawson presented the update on fees billed by EY for non-audit services.

The Committee noted the paper.

65/11/22 Risk and Assurance Quarter 2 Report 2022/23

Lorraine Humphrey introduced the report setting out work completed by the Risk and Assurance Directorate during Quarter 2 of 2022/23 (26 June to 17 September 2022), including work in progress and planned activities. Jill Elliott, Nico Lategan, Richard Mullings, James Norris and Mike Shirbon were also in attendance.

Successful engagement by the Counter-Fraud and Corruption team with the British Transport Police and an improved process, should lead to a speeding up of prosecutions. TfL was part of a joint working partnership with the UK rail industry and the Department for Transport to help combat fraud within the industry, including passenger fraud and ticket evasion.

The Counter-Fraud and Corruption team would produce figures of cash recovery, and highlight cases where TfL was seeking to recover money in current court cases.

[Action: Richard Mullings]

Internal Audit and the Quality, Safety and Security Assurance team had successfully focused on reducing the number of management actions with a more robust process in place, including discussions with senior staff and periodic reviews, with further improvements anticipated in the next reporting period. The Committee welcomed the new approach and stressed the importance of reducing the number of outstanding actions, particularly those above 100 days.

An update was provided on the Poorly Controlled audits carried out by the Quality, Safety and Security Assurance team. Further discussion had taken place at the Safety, Sustainability and Human Resources Panel.

The detailed information provided on internal audits with a Required Improvement rating was welcomed.

A further seven Internal Audit customer feedback questionnaires had been returned since the end of Quarter 2 with an overall satisfaction rating of 85 per cent.

Members were advised that the Independent Investment Programme Advisory Group (IIPAG) recruitment had been completed and the TTLP IIPAG sub-group had been set up, expertise on commercial property matters would be provided by them as well as internal and external resources, as appropriate.

Best practice was being applied to the development of TfL's risk appetite and would be discussed in detail with the Executive Committee.

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

66/11/22 Independent Investment Programme Advisory Group Quarterly Report

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

The Chief Capital Officer was reviewing the resource shortages identified within the report and working closely with the Chief People Officer to ensure a pan-TfL approach to talent management. Shortages within engineering and project management fields were reflective of market wide conditions.

Discussions with IIPAG on the treatment of inflation risk within projects would continue to ensure concerns are dealt with.

The Committee noted the Independent Investment Programme Advisory Group's Quarterly Report and the management response, and the exempt supplementary information on Part 2 of the agenda.

67/11/22 Elizabeth Line Programme Assurance Quarter 2 Report 2022/23

Lorraine Humphrey presented the overview of programme assurance activity in relation to the Elizabeth line during Quarter 2 of 2022/23 (26 June to 17 September 2022).

The Committee noted the report.

68/11/22 Annual Tax Compliance Update

Patrick Doig and Chris Tann presented the key policies and documents that form TfL's Tax Governance Framework. Charles Frost and Emily Clark were also in attendance.

Staff were working closely with the Director and Chief Executive of TTLP to ensure an appropriate operating model was established.

The Committee noted the paper.

69/11/22 Legal Compliance Report (1 April 2022 – 30 September 2022)

Howard Carter presented the summary of information provided by each TfL Directorate for the Legal Compliance Report for the period 1 April to 30 September 2022 Any identified trends would be highlighted in future reports.

The Committee noted the report.

70/11/22 Finance Control Environment Trend Indicators

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

Data on payment targets to small and medium businesses would be included in future reports. **[Action: Patrick Doig]**

The Committee noted the paper.

71/09/22 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.

72/11/22 Members' Suggestions for Future Discussion Items

Howard Carter introduced the current forward plan for the Committee.

The Committee noted the forward plan.

73/11/22 Any Other Business the Chair Considers Urgent

There was no other urgent business to discuss.

74/11/22 Date of Next Meeting

The next scheduled meeting of the Committee would be held on Wednesday 15 March 2023 at 10.00am.

75/11/22 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 2 Report 2022/23; and Independent Investment Programme Advisory Group Quarterly Report.

The meeting closed at 12.05pm

Chair: _____

Date: _____