

Board



Date: 18 October 2023

Item: Report of the Meeting of the Audit and Assurance Committee held on 20 September 2023

This paper will be considered in public

1 Summary

- 1.1 This paper provides a summary of the items considered by the Audit and Assurance Committee at its meeting on 20 September 2023.

2 Recommendation

- 2.1 **The Board is asked to note the report.**

3 Committee Agenda and Summary

- 3.1 The papers for the meeting of the Committee held on 20 September 2023 were published on 12 September 2023, with a Supplementary agenda published on 18 September 2023, and are available on the [TfL website](#) with a link to the video recording of the meeting on [TfL's YouTube channel](#).

- 3.2 The main matters considered by the Committee were:

- (a) TfL Annual Report and Statement of Accounts for the Year Ended 31 March 2023;
- (b) EY Annual Audit Letter (EY Annual Report);
- (c) Effectiveness Review of the External Auditors;
- (d) Risk and Assurance Quarter 1 Report 2023/24;
- (e) Independent Investment Programme Advisory Group Quarterly Report;
- (f) TTL Properties Limited Assurance Update;
- (g) Freedom of Information Update;
- (h) Financial Control Environment Trend Indicators; and
- (i) Register of Gifts and Hospitality for Members and Senior Staff.

- 3.3 A summary of the items considered and decisions taken is provided below. The more detailed minutes of the meeting will be published ahead of the meeting of the Committee on 29 November 2023.

4 Issues Discussed

TfL Annual Report and Statement of Accounts for the Year Ended 31 March 2023

- 4.1 The Committee approved the Statement of Accounts 2022/23 and authorised the statutory Chief Finance Officer to make any adjustments prior to finalisation. Any further material changes would be reported back to the Committee at the next meeting.
- 4.2 TfL's material uncertainty, due to funding issues, had significantly reduced due to a range of mitigating measures. The Chief Finance Officer and statutory Chief Finance Officer were both content that the material uncertainty should be removed from the final accounts.
- 4.3 Further details would be provided on TfL's guarantees in relation to TfL Finance Limited.
- 4.4 The Chair would sign and date the Statement of Accounts once complete.
- 4.5 The Committee thanked staff for their hard work in completing the accounts.

EY Annual Audit Letter (Annual Audit Report)

- 4.6 The Committee noted the report summarising the findings of Ernst & Young's (EY) findings on the financial statements for 31 March 2023.
- 4.7 The report contained findings related to the areas of audit emphasis and their views on TfL Group accounting policies and judgements and material internal control findings. The Annual Audit Report would be issued at the next Committee meeting following the issuance of the final audit opinion.
- 4.8 While there had been robust challenge around Minimum Revenue Provision work, these were now resolved.
- 4.9 The Chair thanked EY for their hard work in helping to finalise the accounts.

Effectiveness Review of the External Auditors

- 4.10 The Committee noted the assessment of the effectiveness of the External Auditors, as required by in its Terms of Reference. The review considered the performance of all the TfL Group where EY are the external auditors.
- 4.11 It was agreed that next year's survey questions to Committee Members would be adapted.

Risk and Assurance Quarter 1 Report 2023/24

- 4.12 The Committee noted the quarterly update on work completed by the Risk and Assurance Directorate during Quarter 1 of 2023/24 (1 April to 24 June 2023) (Q1) and other information about the Directorate's activities.

Independent Investment Programme Advisory Group Quarterly Report

- 4.13 The Committee noted the Independent Investment Programme Advisory Group's (IIPAG) Quarterly Report and the management response. It discussed the common themes that had been identified as needing to be addressed, which included project visibility of baseline costs, scope and schedule. It was agreed that the Bank Station Capacity Upgrade would be used as a pilot project, in collaboration with the Programme Management Office, for cost benchmarking.
- 4.14 Resourcing issues and specialist skills shortages had been highlighted to the Programmes and Investment Committee.
- 4.15 The Chief Finance Officer, Director of Risk and Assurance and IIPAG would meet to discuss governance arrangements, identified by IIPAG, in relation to delegation and oversight.

TTL Properties Limited Assurance Update

- 4.16 The Committee noted the reports on progress with assurance activity across TTL Properties Limited (now known as Places for London Limited) during Q1.
- 4.17 Lessons learnt from Crossrail governance arrangements had been applied to the establishment of Places for London Limited, which would continue to be closely monitored.

Freedom of Information Update

- 4.18 The Committee noted the annual overview of TfL's performance in processing Freedom of Information (FOI) and Environmental Information Regulations (EIR) requests in 2022/23 (1 April 2022 to 31 March 2023), as well as 2023/24 to date (1 April to 11 September 2023).
- 4.19 FOI request volumes continued to increase and were at their highest since the introduction of the FOI Act and EIR, but TfL was able to continue to successfully respond to nearly all requests within the statutory deadline.
- 4.20 The Committee thanked staff for their hard work and excellence in meeting requirements.

Financial Control Environment Trend Indicators

- 4.21 The Committee noted the Q1 Financial Control Environment Trend Indicators, that informed it of the control environment across TfL's Finance, Business Services and Procurement and Commercial teams.
- 4.22 Contracts within the Procurement and Commercial team were regularly reviewed, on a random basis, to ensure they met competitive requirements and to ensure transparency.

Register of Gifts and Hospitality for Members and Senior Staff

4.23 The Committee noted details of the gifts and hospitality declared by the Board Members and senior staff from 1 May to 31 July 2023. During the period, there were no declarations by Members and 57 declarations made by senior staff, of which 37 were declined and 20 were accepted.

List of appendices to this report:

None

List of Background Papers:

Papers submitted to the Audit and Assurance Committee on 20 September 2023

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