

Date: 29 November 2023

Item: EY Independence Letter - Non-Audit Services for the
Period 1 April to 31 October 2023

This paper will be considered in public

1 Summary

- 1.1 This letter informs the Committee on any independence matters including existing non-audit services performed and the fees charged by Ernst & Young LLP (EY) for the period ending 31 October 2023. There is a new requirement for EY, outlined in the letter, that seeks agreement from the Committee to their conclusions on independence for provision of future non-audit services.

2 Recommendation

- 2.1 **The Committee is asked to note the paper and agree with EY's conclusion that the provision of the future services referred to in the appended letter will not create a threat to the firm's independence as auditor of Transport for London or that any identified threat is at an acceptable level or, if not, will be eliminated, or reduced to an acceptable level; and agree with the provision of those services.**

3 Background

- 3.1 There is a new requirement, under the provisions of the International Code of Ethics for Professional Accountants, that EY must seek agreement, from those charged with governance, with their conclusions on independence for any proposed future non-audit services provided to TfL; this is interpreted as a matter to be considered by the Committee. The agreed-upon procedures referred to in the letter relate to the annual requirement to provide the Relevant Turnover Statements for several subsidiaries to the Office of Road and Rail for the Railway Safety Levy.
- 3.2 Any non-audit services are assessed against *'TfL's Policy on External Audit and Non-Audit Services to Safeguard the Independence of External Auditors'* approved by the Committee in October 2015. The policy states that the Group's external auditor can be used for certain non-audit services. However, independence may be perceived as being compromised if the non-audit services carried out by the Group's auditors are extensive.
- 3.3 The policy requires EY to report to the Committee twice yearly on fees billed for existing non-audit services to enable the Committee to assess their extent. The appendix to the letter outlines the existing services and fees billed for the period from 1 April 2023 to 31 October 2023.

List of appendices to this report:

Appendix 1: EY's Independence letter - Period Ending 31 October 2023.

List of Background Papers:

TfL's Policy on External Audit and Non-Audit Services to Safeguard the Independence of External Auditors – October 2015.

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