

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 20 September 2023

Members

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

Executive Committee

Howard Carter	General Counsel
Rachel McLean	Chief Finance Officer

Staff

Richard Bevins	Head of Information Governance and Data Protection Officer
Andrea Clarke	Director of Legal
Patrick Doig	Group Finance Director and statutory Chief Finance Officer
Jill Elliott	Head of Internal Audit
Lorraine Humphrey	Director of Risk and Assurance
Richard Mullings	Head of Counter-Fraud and Corruption
James Norris	Head of Project Assurance
Mike Shirbon	Head of Quality, Safety and Security Assurance
Christopher Tann	Head of Financial Accounting and Tax
Sue Riley	Secretariat Officer

Also In Attendance

Janet Dawson	Partner, Ernst & Young
Alison Munro	Chair, Independent Investment Programme Advisory Group
Chloe Wilkinson	Partner, Ernst & Young
Philip Young	Partner, Ernst & Young

41/09/23 Apologies for Absence and Chair's Announcements

The Chair welcomed everyone to the meeting. There were no apologies for absence. The meeting was quorate. The Chair welcomed Rachel McLean, Chief Finance Officer, on her return to work.

This was Howard Carter's last meeting of the Committee as he was retiring from TfL at the end of September 2023. While Members had expressed their thanks at the recent TfL Board meeting, the Chair thanked him once again for all the wise counsel and advice he had provided the Committee with over the years and wished him the very best for the future.

The meeting was being broadcast live to TfL's YouTube channel to ensure the public and press could observe the proceedings and decision making.

The Chair agreed to take the TfL Annual Report and Statement of Accounts for the Year Ended 31 March 2023 and the Annual Audit Report (EY Annual Audit Letter) as late items. They had been marked as “to follow” on the agenda, as information in the papers was being verified and finalised at the time of publication.

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 the appropriate member of the Executive Committee after the meeting.

42/09/23 Declarations of Interest

Members confirmed that their declarations of interests, as published on [tfl.gov.uk](https://www.tfl.gov.uk), were up to date and there were no interests to declare that related specifically to items on the agenda.

43/09/23 Minutes of the Meeting of the Committee held on 5 June 2023

The minutes of the meeting of the Committee held on 5 June 2023 were approved as a correct record and the Chair was authorised to sign them.

44/09/23 Matters Arising and Actions List

Howard Carter introduced the paper, which set out progress against actions agreed at previous meetings of the Committee.

Several oral updates were provided during the meeting on outstanding actions. All other actions had been completed.

The Committee noted the updated actions list.

45/09/23 TfL Annual Report and Statement of Accounts for the Year Ended 31 March 2023

This item was published on 18 September 2023. The Chair had accepted it as a late urgent item, as information in the report was not available when the papers for the meeting were published.

Rachel McLean and Patrick Doig introduced the report.

In TfL’s 2021/22 Statement of Accounts, a material uncertainty was disclosed as to the level of longer-term funding support that would be agreed. For the year ended 31 March 2023, management had revisited the relevant risk factors and concluded that there was no longer material uncertainty as TfL’s risk profile had significantly improved.

TfL had produced a plan for operational sustainability, with significant capital projects and major programmes support being provided by the Department for Transport, although discussions were continuing.

Other areas highlighted included the public objection to red route parking and loading bay enforcement, for which a contingent liability had been disclosed, as the outcome of the judicial review was awaited.

TfL's Minimum Revenue Provision policy was set out clearly in the report and had been robustly reviewed by Ernst & Young.

The statutory Chief Finance Officer was content that TfL was in compliance with the requirements of the legislation and that where loans were allocated to subsidiaries, they would generate an operating surplus in the future to service the debt.

Further details would be provided on TfL's guarantees in relation to TfL Finance Limited.

[Action: Patrick Doig]

The Chair would sign and date the Statement of Accounts once complete. The Committee thanked staff for their hard work in completing the accounts.

The Committee noted the paper and:

- 1 approved the 2022/23 Statement of Accounts, subject to any comments Members may have, and authorised the statutory Chief Finance Officer to make any adjustments arising from the findings of the auditors, Ernst & Young LLP, prior to signing their opinion. Should any changes be required to the Statement of Accounts which, in the opinion of the statutory Chief Finance Officer, were material, they would seek approval of the Committee for these changes;**
- 2 noted that the Chair of the Committee would sign and date the Statement of Accounts in due course; and**
- 3 noted that the level of Minimum Revenue Provision had been made in the Statement of Accounts in accordance with the policy approved by the Board.**

46/09/23 Annual Audit Report (EY Annual Audit Letter)

This item was published on 18 September 2023. The Chair had accepted it as a late urgent item, as information in the report was not available when the papers for the meeting were published.

Janet Dawson and Chloe Wilkinson presented the report, setting out the key risks addressed by Ernst & Young (EY) during the audit of the Statement of Accounts for the TfL Group for the year ended 31 March 2023.

EY confirmed that it would issue an unqualified audit opinion and all outstanding matters had been satisfied.

The Chair thanked EY and its staff for their hard work and collaborative working.

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

47/09/23 Effectiveness Review of the External Auditors

Christopher Tann introduced the annual reporting on external auditor effectiveness.

It was agreed that the annual questionnaire be adapted next year as more suited to Members.

[Action: Christopher Tann]

Ernst & Young (EY) representatives were not present for the discussion of the Part 2 paper.

Previous staff continuity concerns had been addressed by EY but a lack of local technical expertise in some areas had created extra work and delay. A further oral update would be provided at the next meeting.

[Action: Patrick Doig]

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

48/09/23 Risk and Assurance Quarter 1 Report 2023/24

Lorraine Humphrey and Jill Elliott introduced the report, Officers presented the new format report setting out the work completed by the Risk and Assurance Directorate during Quarter 1 of 2023/24 (1 April to 24 June 2023), including work in progress and planned activities. Richard Mullings, James Norris and Mike Shirbon were also in attendance. The report included the Internal Audit plan for the second half of the year.

A missing Appendix 4 was circulated at the meeting and an amended Part 2 Appendix 5 had been circulated in advance.

An Enterprise Risk briefing had been held with all Board Members invited. Enterprise Risk 4 - Significant Security Incident had been amended to include cyber security (Action Reference: 14/03/23).

Sample testing on the 'Information Management and Transfer – Hardcopy Documents' audit ('Requires Improvement') had been carried out and satisfied (Action Reference: 31/06/23).

Many of the outstanding management actions were historical. Higher visibility of actions was being cascaded down the organisational structure for earlier and more effective intervention supported by Chief Officers.

Further information would be provided on qualification checks for new recruits.

[Action: Rachel McLean]

Discussion took place about whether the staff reward and recognition scheme might be applied to whistleblowing and fraud reporting.

It was reported that levels of fraud were increasing, in line with national trends, and TfL continued to encourage staff reporting and awareness, as well as looking to utilise new technology (Action Reference: 46/09/22). A security briefing, including cyber security, was scheduled for the next Committee meeting.

The Committee noted the report and the exempt supplementary information on Part 2 of the agenda and approved the Internal Audit Plan 2023/24 Phase 2 set out in Appendix 1.

49/09/23 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, including re-occurring themes.

Issues around resourcing and specialist skills shortages were being addressed by the Programmes and Investment Committee.

The Chief Finance Officer, Director of Risk and Assurance and Chair of IIPAG would discuss governance arrangements identified by IIPAG in relation to delegation and oversight, outside of the meeting.

[Action: Rachel McLean/Lorraine Humphrey/Alison Munro]

The Committee discussed the complexity and challenge around the lack of visibility of baseline costs, scope and schedule against which performance in year and over the life of a project or programme could be judged. This was being addressed by the Programme Management Office.

It was agreed that the Bank Station Capacity Upgrade project be used as a pilot project, in collaboration with the Programme Management Office, for cost benchmarking (Action Reference: 07/03/23).

[Action: Michael Cooper/Alison Munro]

The Committee noted the Independent Investment Programme Advisory Group's Quarterly Report and the management response.

50/09/23 TTL Properties Limited Assurance Update

Lorraine Humphrey presented an update on progress with assurance activity across TTL Properties Limited (now Places for London Limited (Places)) during Quarter 1 of 2023/24 (1 April to 24 June 2023).

The Committee discussed the level of governance at Places as it operated at arms-length from TfL. All back-office services were currently being provided by TfL on a cost-recovery basis, but as an evolving organisation, this may change.

Regular assurance reports were submitted to the Land and Property Committee and Places had its own distinct audit plan and risk register. Lessons learnt from Crossrail governance and assurance had been applied.

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

51/09/23 Freedom of Information Update

Richard Bevins presented 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).

Request volumes continued to increase and were at their highest since the introduction of the FOI Act and EIR but TfL continued to respond to nearly all requests within the statutory deadlines. This was achieved partly through increased transparency across the organisation, which meant already published information could be signposted, including previous FOI requests.

The Committee thanked staff for their hard work and excellence in this area.

The Committee noted the paper.

52/09/23 Financial Control Environment Trend Indicators

Patrick Doig presented the quarterly Financial Control Environment Trend Indicators dashboard. An amended Appendix 1 had been circulated.

Single source contracts within the Procurement and Commercial team were regularly reviewed, on a random basis, to ensure they met competitive requirements and transparency. Work continued to reduce the number of manual entries and single source contracts.

The Committee noted the paper and the Financial Control Environment Trend Indicators dashboard.

53/09/23 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.

54/09/23 Members' Suggestions for Future Discussion Items

Howard Carter introduced the current forward plan for the Committee.

The Committee noted the forward plan.

55/09/23 Any Other Business the Chair Considers Urgent

There was no other urgent business to discuss.

56/09/23 Date of Next Meeting

The next scheduled meeting of the Committee would be held on Wednesday 29 November 2023 at 10.00am.

57/06/23 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: Annual Audit Report (EY Annual Audit Letter); Effectiveness Review of the External Auditors; Risk and Assurance Quarter 1 Report 2023/24; and TTL Properties Limited Assurance Update.

The meeting closed at 12.36pm.

Chair: _____

Date: _____