

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 29 November 2023

Members

Mark Phillips (Chair)
Kay Carberry CBE
Dr Mee Ling Ng OBE

Executive Committee

Andrea Clarke	Interim General Counsel
Rachel McLean	Chief Finance Officer

Staff

Emily Clark	Direct Tax Manager (for Minute 69/11/23)
Patrick Doig	Group Finance Director and statutory Chief Finance Officer
Jill Elliott	Head of Internal Audit
Charles Frost	Indirect Tax Manager (for Minute 69/11/23)
Jules Gascoigne	Chief Information Security Officer (for Minute 70/11/23)
Siwan Hayward OBE	Director of Policing, Security and Enforcement (for Minute 70/11/23)
Lorraine Humphrey	Director of Risk and Assurance
Patrice Locker	Head of Enterprise Risk
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
Vicky Taylor	Senior Governance and Business Change Manager (for Minute 70/11/23)
Sue Riley	Secretariat Officer

Also In Attendance

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

58/11/23 Apologies for Absence and Chair's Announcements

The Chair welcomed everyone to the meeting, including Andrea Clarke who was attending her first meeting of the Committee as Interim General Counsel. An apology for absence had been received from Anurag Gupta. The meeting was quorate.

The meeting was broadcast live to TfL's YouTube channel, 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.

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.

Following the meeting there would be the annual informal briefing on security updates. Members were also scheduled to meet with the Director of Risk and Assurance.

59/11/23 Declarations of Interest

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

60/11/23 Minutes of the Meeting of the Committee held on 20 September 2023

The minutes of the meeting of the Committee held on 20 September 2023 were approved as a correct record, and the Chair was authorised to sign them.

61/11/23 Matters Arising and Actions List

Andrea Clarke introduced the item, which set out progress against actions agreed at previous meetings of the Committee.

Oral updates were provided on the following actions:

47/09/23 (2) Effectiveness Review of External Auditors – An action plan had been agreed with Ernst & Young with a view to resolving all outstanding issues.

48/09/23 Risk and Assurance Quarter 1 Report 2023/24 – Qualification checks for new recruits were the responsibility of each hiring manager within the respective Directorate. An external provider was available to carry out checks at an additional cost and a risk-based approach was applied in each case.

The Committee noted the updated Actions List.

62/11/23 External Audit Plan TfL, TTL and Subsidiaries - Year Ending 31 March 2024

Patrick Doig and Janet Dawson introduced the item informing the Committee of the Ernst & Young plan for the audit of the financial statements of TfL, Transport Trading Limited and its subsidiaries for the year ending 31 March 2024

The Committee noted the paper.

63/11/23 Auditor's Annual Report - Year Ended 31 March 2023

Patrick Doig and Janet Dawson introduced the report prepared by Ernst & Young summarising its conclusions on the Annual Statement of Accounts and Value for Money for the year ended 31 March 2023. The report was issued at the conclusion of the annual audit process.

Public Sector Audit Appointments Limited recently published data that only one per cent of all public sector organisations met the end of year accounts deadline, which included TfL. The Committee acknowledged the high level of professionalism of staff in completing the accounts on time for such a large and complex organisation.

The Committee noted the report.

64/11/23 EY Independence Letter - Non-Audit Services for the Period 1 April to 31 October 2023

Patrick Doig and Christopher Tann introduced the item on any independence matters including existing non-audit services performed, and the fees charged, by Ernst & Young (EY) for the period ending 31 October 2023.

There was a new requirement for EY, outlined in the letter, that sought agreement from the Committee to its conclusions on independence for provision of future non-audit services provided to TfL. This would be a matter to be considered by the Committee.

The Committee noted the paper and agreed with EY's conclusion that the provision of the future services referred to in the appended letter would not create a threat to the firm's independence as auditor of Transport for London or that any identified threat was at an acceptable level or, if not, would be eliminated, or reduced to an acceptable level; and agreed with the provision of those services.

65/11/23 Risk and Assurance Quarter 2 Report 2023/24

Lorraine Humphrey and Jill Elliott introduced the report, which set out the work completed by the Risk and Assurance Directorate during Quarter 2 of 2023/24 (25 June to 16 September 2023), including work in progress and planned activities. Patrice Locker, Richard Mullings, James Norris and Mike Shirbon were also in attendance.

It was agreed that a review of the poorly controlled audit reports would be carried out to see if any trends could be identified in the Chief Finance Officer's area.

[Action: Rachel McLean]

In relation to poorly controlled audit reports, an update would be provided on timelines for closing out actions.

[Action: Lorraine Humphrey]

Further detail, including an update on progress to move from current to target assessment for each Enterprise Risk, would be included in future reports.

[Action: Patrice Locker]

Staff were encouraged to chase up outstanding customer response forms by telephone.

The Elizabeth Line Delivery Group, chaired by the Commissioner, continued to meet regularly to ensure that all functions were embedded within TfL's business as usual, as part of the continued transition arrangements. Reports were also considered by the Programmes and Investment Committee on Rail for London renewals.

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

66/11/23 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.

IIPAG had identified programme slippage, overprogramming and difficulty in measuring project performance against baseline as areas of challenge within TfL. This had been partly due to the uncertainty of future funding for TfL.

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

67/11/23 Places for London Assurance Update

Lorraine Humphrey presented the item, which provided an update on progress with assurance activity across Places for London during Quarter 2 of 2023/24 (25 June to 16 September 2023).

Recent changes in the property market had made the housing targets more challenging and the residential strategy and strategic plan would need to be reviewed.

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

68/11/23 Legal Compliance Report (1 April 2023 – 30 September 2023)

Andrea Clarke presented the item which summarised legal and compliance information provided by each TfL Directorate for the period 1 April 2023 to 30 September 2023. Updates were also provided for ongoing matters carried over from the previous reports where applicable.

Any identifiable trends would be highlighted in future reports and any trends in relation to managing Employment Tribunal claims (particularly in relation to diversity and inclusion) would be provided to the Safety, Sustainability and Human Resources Panel.

[Action: Andrea Clarke]

The Committee noted the report.

69/11/23 Annual Tax Compliance Update

Patrick Doig and Christopher Tann presented the annual tax compliance update. Charles Frost and Emily Page were also in attendance.

There were no significant issues impacting TfL arising from the Chancellor's Autumn Statement.

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

70/11/23 Enterprise Risk Update – Significant Security Incident Including Cyber Security (ER4)

Siwan Hayward OBE and Jules Gascoigne presented the item, which set out how the Enterprise Risk was defined within the current threat environment and the preventative and reactive controls and actions in place to manage TfL's response. Vicky Taylor was also in attendance.

The interdependent links between the range of current threats was highlighted. Several successful simulation and incident response exercises had been undertaken.

It was noted that all staff had a role to play in security and work to actively increase awareness, understanding and competence through security training, briefings and acting on security communications.

A creative approach was being taken to address staff skill shortages in relation to cyber security.

Following the meeting, the Committee would receive its annual security update.

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

71/11/23 Financial Control Environment Trend Indicators

Patrick Doig presented the quarterly Financial Control Environment Trend Indicators dashboard.

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

72/11/23 Register of Gifts and Hospitality for Members and Senior Staff

Andrea Clarke presented the quarterly update on the register of gifts and hospitality for Board Members and senior staff.

The Committee noted the paper.

73/11/23 Members' Suggestions for Future Discussion Items

Andrea Clarke introduced the current forward plan for the Committee.

The Committee noted the forward plan.

74/11/23 Any Other Business the Chair Considers Urgent

There was no other urgent business to discuss.

75/11/23 Date of Next Meeting

The next scheduled meeting of the Committee would be held on Thursday, 14 March 2024 at 10.00am.

76/11/23 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: Risk and Assurance Quarter 2 Report 2023/24; Places for London Assurance Update; Annual Tax Compliance Update; and Enterprise Risk Update – Significant Security Incident Including Cyber Security (ER4).

The meeting closed at 12.15pm.

Chair: _____

Date: _____