

Board



Date: 12 June 2024

Item: Report of the Meetings of the Audit and Assurance Committee: 14 March and 5 June 2024

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 14 March 2024 and the items to be considered by the Committee at its meeting on 5 June 2024 (after the date that the papers for this meeting of the Board are published).

2 Recommendation

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

3 Committee Agenda and Summary 14 March 2024

3.1 The papers for the meeting of the Committee held on 14 March 2024 were published on 6 March 2024 and are available on the [TfL website](#) with a link to the video recordings of the meeting on [TfL's YouTube channel](#).

3.2 The main matters considered by the Committee were:

- (a) Risk and Assurance Quarter 3 Report 2023/24;
- (b) Independent Investment Programme Advisory Group Quarterly Report;
- (c) Places for London Assurance Update;
- (d) Critical Accounting Policies;
- (e) Personal Data Disclosure to Police and Other Statutory Law Enforcement Agencies (2023);
- (f) Enterprise Risk Update – Governance and Controls Suitability (ER10);
- (g) Financial Control Environment Trend Indicators; and
- (h) 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 were published ahead of the meeting of the Committee on 5 June 2024.

4 Issues Discussed at the meeting held on 14 March 2024

Risk and Assurance Quarter 3 Report 2023/24

- 4.1 The Committee noted the quarterly update on work completed by the Risk and Assurance Directorate during Quarter 3 of 2023/24 (17 September to 9 December 2023) and other information about the Directorate's activities.
- 4.2 The Project Assurance team would be focusing on assumptions management, which had been identified as a weakness in a number of projects and programmes, particularly revalidating and tracking them over time.
- 4.3 The number of overdue management actions continued to be reduced.
- 4.4 Focus on improving the rates of return on customer feedback forms was ongoing but was an industry wide issue.
- 4.5 In line with requirements of the Institute of Internal Auditors, an external Quality Assurance Assessment was being planned for autumn 2024.
- 4.6 Updates would be provided on significant operational disruptions due to extreme weather, power outages and other similar issues and bus safety, when considered at the appropriate Panels.
- 4.7 All Board Members would be invited to an informal briefing on TfL's risk management in autumn 2024, which would also be linked to new Board Members' induction.

Independent Investment Programme Advisory Group Quarterly Report

- 4.8 The Committee noted the Independent Investment Programme Advisory Group's (IIPAG) Quarterly Report and the management response.
- 4.9 An oral update had been provided on an outstanding action. Alison Munro, on behalf of IIPAG, and Michael Cooper, Director of Project Management Office, had developed a proposal to pilot Barking Riverside extension rather than the Bank Station Capacity Upgrade project, due to the availability of good quality data, and would report back at a future meeting.

Places for London Assurance Update

- 4.10 The Committee noted the reports on progress with assurance activity across Places for London during Quarter 3 of 2023/24.
- 4.11 Good progress continued to be made in all areas, helped by the recent appointments of a permanent Chief Finance Officer and Governance lead. Internal Audit continued to deliver its audit programme in this area and work had moved to a continuous assurance basis rather than targeted reviews. The Director of Risk and Assurance and the IIPAG Places for London sub-group met regularly with the Director and Chief Executive, Places for London.

- 4.12 It was agreed that a dashboard of Places for London risks would be included in future reports.

Critical Accounting Policies

- 4.13 The Committee noted the update on TfL's critical accounting policies to be applied in TfL's Statement of Accounts for the year ending 31 March 2024, which reflected changes to the Chartered Institute of Public Finance and Accountancy/Local Authority (Scotland) Accounts Advisory Committee Code of Practice on Local Authority Accounting and other changes to International Financial Reporting Standards which had impacted on TfL's Statement of Accounts for the year ending 31 March 2024.
- 4.14 TfL would engage tax and accounting specialists as appropriate.

Personal Data Disclosure to Police and Other Statutory Law Enforcement Agencies (2023)

- 4.15 The Committee noted the update on the disclosure of personal data to the police and other Statutory Law Enforcement Agencies for the prevention and detection of crime in London. TfL published this information as part of its commitment to transparency and TfL's contribution to supporting the wider safety of Londoners as well as the transport network.
- 4.16 The Compliance, Policing and Operations Security Directorate continued to process an increasing number of complex requests, particularly in relation to missing persons, and played an important role in safeguarding.
- 4.17 Future reports would include a breakdown of data requests from other statutory enforcement agencies, such as the Home Office and UK Border Control. It was agreed that future reports would also reference the link between policy areas and disclosure. The overarching policy would be reviewed, and the report would highlight how the policy was used to provide data requests.
- 4.18 The Committee acknowledged the excellent quality of work and service provided by the Compliance, Policing and Operations Security Directorate.

Enterprise Risk Update – Governance and Controls Suitability (ER10)

- 4.19 The Committee noted the update on Enterprise Risk 10 – Governance and Controls Suitability.
- 4.20 The current probability of the risk occurring remained Low due to the design and effectiveness of the controls and arrangements in place, including dedicated teams that oversee TfL's governance arrangements, controls and their suitability.

Financial Control Environment Trend Indicators

- 4.21 The Committee noted the Quarter 3 of 2023/24 Financial Control Indicators, that informed the Committee as to the control environment across TfL's Finance, Business Services and Procurement and Commercial teams.
- 4.22 Improvements continued to be made in meeting procurement and commercial and processing payments targets.

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 November 2023 to 31 January 2024. During the period there were no declarations by Members and 106 declarations were made by senior staff, of which 47 were declined and 59 were accepted.

5 Committee Agenda and Summary 5 June 2024

- 5.1 The papers for the meeting of the Committee to be held on 5 June 2024 (after the date that the papers for this meeting of the Board are published) were published on 28 May 2024, with a supplementary agenda for three late items published on 31 May 2024, and are available on the [TfL website](#) with a link to the video recordings of the meetings on [TfL's YouTube channel](#).
- 5.2 The main matters to be considered by the Committee at its meeting on 5 June 2024 are:
- (a) Matters Arising, Actions List and Use of Delegated Authority;
 - (b) Review of Governance and the Annual Governance Statement for Year Ended 31 March 2024;
 - (c) EY Report to Those Charged with Governance;
 - (d) Update on Key Accounting Issues;
 - (e) EY Letter on Independence and Objectivity;
 - (f) EY Report on Audit and Non-Audit Fees for Six-Months Ended 31 March 2024;
 - (g) Annual Audit Fees 2023/24;
 - (h) Risk and Assurance Annual Report and Assurance Statement 2023/24;
 - (i) Risk and Assurance Quarter 4 Report 2023/24;
 - (j) Independent Investment Programme Advisory Group Quarterly Report;
 - (k) Places for London Assurance Update;

- (l) Counter-Fraud and Corruption Plan to 2030;
- (m) Legal Compliance Report (1 October 2023 to 31 March 2024);
- (n) Financial Control Environment Trend Indicators; and
- (o) Register of Gifts and Hospitality for Members and Senior Staff.

5.3 A summary of the items to be 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 18 September 2024.

6 Issues to be Discussed at the meeting of the Committee on 5 June 2024

6.1 The main matters to be considered by the Committee on 5 June 2024 are:

Matters Arising, Actions List and Use of Delegated Authority

6.2 The Committee is asked to note the use of Chair's Action since the last meeting in relation to the 2023/24 Scorecard Assurance Review.

Review of Governance and the Annual Governance Statement for Year Ended 31 March 2024

6.3 The Committee is asked to note the paper and approve the Annual Governance Statement for signing by the Chair of TfL and the Commissioner, for inclusion in the 2023/24 Annual Report and Accounts; and to note the progress against the 2023/24 improvement plan and the plan for 2024/25.

EY Report to Those Charged with Governance

6.4 The Committee is asked to note the paper.

Update on Key Accounting Issues

6.5 The Committee is asked to note the update on the preparation of the draft TfL Group Statement of Accounts for the year ended 31 March 2024, focusing on the key accounting issues under consideration.

EY Letter on Independence and Objectivity

6.6 The Committee is asked to note the letter from Ernst & Young LLP (EY) confirming their independence and objectivity, as required by the National Audit Office Code of Audit Practice.

EY Report on Non-Audit Fees for Six Months Ended 31 March 2024

6.7 The Committee is asked to note the report on fees billed by EY for non-audit services.

Annual Audit Fees 2023/24

- 6.8 The Committee is asked to note the annual audit fee for the audit of TfL, the Transport Trading Limited Group and the Places for London Group, for the year ending 31 March 2024.

Risk and Assurance Annual Report and Assurance Statement 2023/24

- 6.9 The Committee is asked to note the annual report and assurance statement of the Risk and Assurance Directorate.

Risk and Assurance Quarter 4 Report 2023/24

- 6.10 The Committee is asked to note work completed by the Risk and Assurance Directorate during Quarter 4 of 2023/24 (10 December 2023 to 31 March 2024), and changes to Risk Appetite and Tolerance, and other information about the Directorate's activities.

Independent Investment Programme Advisory Quarterly Report

- 6.11 The Committee is asked to note IIPAG's Quarterly report for June 2024, the management response and approve the workplan for 2024/25.

Places for London Assurance Update

- 6.12 The Committee is asked to note the progress with assurance activity across Places for London during Quarter 4 of 2023/24.

Counter-Fraud and Corruption Plan to 2030

- 6.13 The Committee is asked to note the details of TfL's Counter-fraud and Corruption Plan to 2030.

Legal Compliance Report (1 October 2023 to 31 March 2024)

- 6.14 The Committee is asked to note the summary of legal and compliance information provided by each TfL Directorate for the period 1 October 2023 to 31 March 2024.

Financial Control Environment Trend Indicators

- 6.15 The Committee is asked to note the Quarter 4 of 2023/24 Financial Control Indicators, that inform the Committee as to the control environment across TfL's Finance, Business Services and Procurement and Commercial teams.

Register of Gifts and Hospitality for Members and Senior Staff

- 6.16 The Committee is asked to note details of the gifts and hospitality declared by Board Members and senior staff from 1 February to 30 April 2024. During the period there were no declarations by Members and 73 declarations were made by senior staff, of which 45 were declined and 28 were accepted.

List of appendices to this report:

None

List of Background Papers:

Papers submitted to the meeting of the Audit and Assurance Committees held on 14 March 2024 and 5 June 2024

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