

Transport for London

Minutes of the Audit and Assurance Committee

**Conference Rooms 1 and 2, Ground Floor, Palestra,
197 Blackfriars Road, London, SE1 8NJ
10.30am, Wednesday 18 September 2024**

Members

Mark Phillips (Chair)
Keith Richards OBE (Vice Chair)
Cllr Ross Garrod (via Teams)
Anurag Gupta (via Teams)
Deborah Harris-Ugbomah
Tanya Joseph
Marie Pye (from Minute
43/09/24)

Executive Committee

Andrea Clarke	General Counsel
Rachel McLean	Chief Finance Officer

Staff

Richard Bevins	Head of Information Governance (for Minute 50/09/24)
Patrick Doig	Group Finance Director and statutory Chief Finance Officer
Jill Elliott	Head of Internal Audit
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
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
Matthew Williams	Partner, Ernst & Young
Phil Young	Partner, Ernst & Young

39/09/24 Apologies for Absence and Chair's Announcements

There were no apologies for absence from Members. The meeting was quorate.

The Chair welcomed everyone to the meeting, including the new Members of the Committee to their first meeting of the Committee. He also put on record his thanks to former Board Members Kay Carberry CBE and Dr Mee Ling Ng OBE for their valuable contribution to the work of the Committee.

Due to technical problems, the meeting was unable to be broadcast live to TfL's YouTube channel but would be uploaded at a later date.

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, Members would receive an update on the cyber security incident. Members had been kept informed of the management of the situation and commended officers for limiting the impact. This discussion would be held in private but there would be reports to future meetings of this Committee and the Safety and Security Panel in due course.

40/09/24 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.

41/09/24 Minutes of the Meeting of the Committee held on 5 June 2024

The minutes of the meeting of the Committee held on 5 June 2024 were approved as a correct record, and the Chair was authorised to sign them.

42/09/24 Matters Arising and Actions List

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

Patrick Doig provided an update on EY's assessment of value for money under the terms of the Code of the Audit Practice, due to the lack of a long-term funding arrangement. EY's Audit Results Report set out how this risk had been assessed and had concluded that there were no significant weaknesses to report.

The Committee noted the updated Actions List.

43/09/24 EY Audit Results Report

In accordance with section 100 (B)(4) of the Local Government Act 1972, the Chair agreed to accept this report as an item of urgent business on the grounds that the information was not available at the time of publication. The Part 2 report had been withdrawn.

Janet Dawson introduced the item, which provided the status of the Annual Audit Report (previously the Annual Audit Letter) issued by EY. As the audit had not yet concluded, EY had issued a draft Audit Results Report that summarised the findings of its work for the year ended 31 March 2024. Phil Young and Matthew Williams were also in attendance.

The impact of a lack of long-term funding was being reduced and mitigated through TfL's controls and risk management, although there would be an impact on capital investment in the long-term.

Acton Depot Museum had been classified as an investment property but it had been agreed that it should be classified as an operational property, which changed the evaluation basis leading to a difference in valuation, although this had had no impact on any material adjustments. Patrick Doig stated that on this basis it will be adjusted for the next financial year.

Staff had worked closely with EY in reviewing a case of non-compliance in a fraud case within Asset Operations, related to the employment of non-permanent labour, but had concluded that there was no significant materiality or non-compliance.

There were a few areas remaining that EY needed to close out before signing off the accounts, including whether the current cyber incident had any material impact on the 2023/24 financial statements. EY would work closely with TfL to understand the impact of the cyber incident when appropriate, as the situation was still evolving.

Government changes in audit reporting meant that the deadline for the publication of accounts had been extended for local authorities to February 2025, which allowed for adequate time.

The finalisation of the accounts would be submitted to a future Committee or Board meeting. Both TfL staff and EY were confident that any uncertainties would be resolved and no further extension needed.

The Committee noted the report.

44/09/24 Risk and Assurance Quarter 1 Report 2024/25

Lorraine Humphrey and Jill Elliott introduced the report, which set out the work completed by the Risk and Assurance Directorate during Quarter 1 of 2024/54 (1 April to 22 June 2024), including work in progress and planned activities. Patrice Locker, Richard Mullings, James Norris and Mike Shirbon were also in attendance.

A recently appointed Professional Head of Planning in the Programme Management Office would enable a greater focus on poor quality programme scheduling and other improvements. Staff within the Risk and Assurance team would continue to closely monitor and report back.

The Chief Capital Officer was leading on a change programme within the project and programme management teams across TfL, including challenge to optimism bias and robust peer reviews.

Board Members would be provided with details of the different audit conclusion categories.

[Action: Lorraine Humphrey]

It was agreed that the delayed audit of safeguarding within Places for London would be included as a priority in Quarter 3 of 2024/25.

[Action: Jill Elliott]

An evaluation of the Equality Impact Assessment process would be considered as an addition to the Audit Forward Plan. **[Action: Jill Elliott]**

Fraud and corruption awareness within TfL continued to be raised through pro-active staff events, publications and training, which in turn led to an increase in fraud and corruption reporting, which was to be welcomed.

Following the wider review, to be led by the Chief Finance Officer, the outcome of any specific audits on the cyber incident would be shared with the Committee and the Safety and Security Panel, including a review of the current Enterprise Risk.

[Action: Lorraine Humphrey/Jill Elliott]

The Committee noted the paper and the exempt supplementary information on Part 2 of the agenda and approved the Internal Audit Plan 2024/25 Phase 2, noting that it would continue to be updated and all changes would be submitted to the Committee for approval, in particular regarding changes as a result of any additional audits required in relation to the impact of the cyber incident.

45/09/24 Internal Audit Charter

Lorraine Humphrey and Jill Elliott introduced the paper which set out the proposed update to the Internal Audit Charter, which set out the Internal Audit function, purpose, authority and responsibility. TfL's Internal Audit Charter was last updated in 2018.

The Committee noted the paper and approved the updated Internal Audit Charter.

46/09/24 Independent Investment Programme Advisory Group Quarterly Report

Lorraine Humphrey introduced the Independent Investment Programme Advisory Group's (IIPAG) quarterly report for September 2024. Alison Munro set out the key areas of the report in detail, including re-occurring themes.

The two overdue IIPAG recommendations were now closed.

The Chair noted that the lack of a long-term funding agreement for TfL would have a cumulative negative impact on asset condition and capital investment as key staff were required to make priority decisions over a short-term planning horizon. Customer safety was always the first priority.

Challenge to optimism bias, while maintaining staff morale and ambition created a natural tension. Independent peer review, lessons learnt and benchmarking all formed part of the first line of assurance.

The Committee noted the Independent Investment Programme Advisory Group's Quarterly Report, the management response and the exempt supplementary information on Part 2 of the agenda.

47/09/24 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 1 of 2024/25 (1 April to 22 June 2024).

There were no overdue audit actions or recommendations and progress in first line assurance continued to be made with further key appointments.

It was confirmed that considerable work had been undertaken to ensure that the electric vehicle charging station procurement included accessibility and inclusion design, which was aligned with TfL policy. This had also been discussed at the Land and Property Committee.

Officers provided assurance that the management of voids by Places for London was being managed appropriately and was not an area for concern.

It was agreed that an audit of affordable housing provision (tenure and size) would be considered. **[Action: Jill Elliot]**

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

48/09/24 Finalisation of TfL's Annual Report and Statement of Accounts for Year Ending 31 March 2024

In accordance with section 100 (B)(4) of the Local Government Act 1972, the Chair agreed to accept this report as an item of urgent business on the grounds that the information was not available at the time of publication.

Rachel McLean and Patrick Doig presented the update on changes to TfL's Statement of Accounts for the year ending 31 March 2024.

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

49/09/24 Effectiveness Review of the External Auditors

Patrick Doig presented the outcome of the annual review of the effectiveness of TfL's external auditors.

Rachel McLean would raise the issue of late requests for information relating to the end of year accounts with EY.

Further improvements would continue to be made to the questionnaire sent to Committee Members.

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

50/09/24 Freedom of Information Update

Richard Bevins presented the annual overview of TfL's performance in processing Freedom of Information (FOI) and Environmental Information requests (EIR) in 2023/24 (1 April 2023 to 31 March 2024), as well as 2024/25 to date (1 April to 30 August 2024).

In 2023/24 TfL replied to 4,524 requests within the statutory deadline from a total of 4,540 received, a response rate of 99.64 per cent. TfL aimed to respond to 100 per cent of all FOI and EIR requests within the statutory deadline (usually 20 days – though this can be extended against strict criteria). Figures on FOI and EIR requests with a response deadline extended beyond 20 working days would be included in future reports.

[Action: Richard Bevins]

TfL's proactive approach to transparency meant that more and more information was being published on the website and provided through other means, such as the contact centre.

The Committee thanked staff for their continued hard work and high performance in this area.

The Committee noted the paper.

51/09/24 Financial Control Environment Trend Indicators

Patrick Doig presented the Financial Control Environment Trend Indicators dashboard for Quarter 1 of 2024/25, which informed the Committee of the control environment across TfL's Finance, Business Services, and Procurement and Commercial teams.

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

52/09/24 Register of Gifts and Hospitality for Members and Senior Staff

Andrea Clarke presented the quarterly update on gifts and hospitality declared by Board Members and senior staff from 1 May to 31 July 2024.

During the period there were no declarations by Members and 129 declarations were made by senior staff, of which 67 were declined and 62 accepted.

The Committee noted the paper.

53/09/24 Members' Suggestions for Future Discussion Items

Andrea Clarke introduced the current forward plan for the Committee. No additional suggestions were raised for future discussion items on the forward plan or for informal briefings, other than those already noted during the meeting.

The Committee noted the forward plan.

54/09/24 Any Other Business the Chair Considers Urgent

There was no other urgent business to discuss.

55/09/24 Date of Next Meeting

The next scheduled meeting of the Committee would be held on Wednesday 27 November 2024 at 10.30am.

56/09/24 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 1 Report 2024/25; Independent Investment Programme Advisory Group Quarterly Report; Places for London Assurance Update; Finalisation of TfL's Annual Report and Statement of Accounts for Year Ending 31 March 2024; and Effectiveness Review of the External Auditors.

The meeting closed at noon.

Chair: _____

Date: _____