

**Date: 11 October 2016**

**Item: EY Report on Non-Audit Fees for Six Months ended 30  
September 2016**

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**This paper will be considered in public**

**1 Summary**

- 1.1 To report to the Audit and Assurance Committee on fees billed by EY for non-audit services.

**2 Recommendation**

- 2.1 **The Committee is asked to note this report.**

**3 Background**

- 3.1 Under TfL's policy on external audit services EY is required to report to the Audit and Assurance Committee every six months on fees billed for non-audit services. EY's report is attached for the Committee's review.
- 3.2 There is a single item of non-audit work during the period, relating to a project to assist TfL in strengthening its risk management framework to ensure it is aligned with leading practices in this area. The fee in respect of this piece of work is yet to be agreed.

**List of appendices to this report:**

Appendix 1 – letter from EY

**List of Background Papers:**

None

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Audit and Assurance Committee  
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3 October 2016

Ref: KH/GB/TfL/1516Fee  
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Dear Sirs

## Audit fees – 6 months to 30 September 2016

Under Transport for London's policy on external audit services we are required to provide to the Audit and Assurance Committee, on a six monthly basis, a report on fees for all services. Appendix 1 to this letter includes a summary of our audit fees and non-audit fees during the period 1 April 2016 to 30 September 2016.

Yours faithfully



Karl Havers  
Partner  
For and on behalf of Ernst & Young LLP

## Appendix 1

### Summary of fees

	TfL Corporation 2016/17 £	Transport Trading Limited 2016/17 £	Comments
Statutory audit fee - TfL*	155,925		Statutory audit fee 2016/17 services required to meet the Code of Audit Practice requirements (including Value for Money and Whole of Government Accounts)
Statutory audit fee - TTL*		740,000	Statutory audit fee in respect TTL Group subsidiaries for services required to enable EY to issue an audit opinion on the annual accounts in accordance with the Companies Act.
Non audit fee - Facilitating risk reviews	TBC		Proposed non-audit fee in relation to the facilitation of risk reviews.

\*Statutory audit fees for the full year included for context.

Regarding the 2015/16 audit fees, we are in the process of agreeing with the Chief Finance Officer our estimate of the additional fees arising from additional work during the audit, for both TfL Corporation and TTL in respect of the 2015/16 audit, as outlined in the paper presented at the 14 June 2016 Audit and Assurance Committee. We will report to the Audit and Assurance Committee the final proposed variations to our 2015/16 audit fees.

For TfL Corporation, we are considering a scale fee variation for:

- our review of Internal Audit's work on the Garden Bridge procurement; and
- our Value for Money (VFM) conclusion work due to the elevation of our work on the VFM sub-criteria 'procuring supplies and services effectively to support the delivery of strategic priorities' to a significant VFM risk based on the contract and financial risks TfL is currently exposed to in light of past decisions on ATC Signalling and Northern Line Extension projects as well as the Garden Bridge procurement.

Both are considered to be outside the scope of our 2015/2016 scale fee set by Public Sector Appointments Limited (PSAA).

For TTL, we are considering a fee variation for the additional work required to perform our IT controls review.

We are in the process of finalising our estimate of the additional fees required for both TfL Corporation and TTL and will discuss the appropriateness of these with the Chief Finance Officer and then report to the Audit and Assurance Committee any proposed variations to our audit fees. Any fee variation in respect of TfL Corporation is subject to approval by PSAA Ltd.