

## Audit and Assurance Committee



**Date:** 13 July 2017

**Item:** EY Report on Non-Audit Fees for Six Months ended 31 March 2017

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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 the 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.

#### **List of appendices to this report:**

Appendix 1: Letter from EY

#### **List of Background Papers:**

None

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## Appendix 1

Audit and Assurance Committee  
Company Secretariat  
Transport for London  
Windsor House  
42-50 Victoria Street  
London  
SW1H 0TL

18 June 2017

Ref: KH/GB/TfL/1617Fee  
Direct line: 01189 281502  
Email: KHavers@uk.ey.com

Dear Sirs

### Non audit fees – 6 months to 31 March 2017

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 October 2016 to 31 March 2017.

Yours faithfully



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

## Appendix 1

## Summary of fees

	TfL Corporation £	Transport Trading Limited £	Comments
Statutory audit fee 2016/17 - 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 2016/17- 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.
Additional 2015/16 audit fee - TfL**	20,000		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.
Additional 2015/16 audit fee - TTL		63,230	A fee variation for the additional audit work required to perform our IT controls review.
Agreed upon procedures		5,000	Reporting on the annual ABTA return for Victoria Coach Station. <ul style="list-style-type: none"> <li>Ø Our AUP report is made in accordance with ABTA requirements and provides factual findings only.</li> <li>Ø Suitably qualified members of management are able to assess the validity of the content included in their report to ABTA upon which we issue our AUP report.</li> <li>Ø A separate engagement letter is agreed</li> <li>Ø Fees are not a significant proportion of the audit fee.</li> </ul>

## Appendix 1

### Summary of fees

Agreed upon procedures	11,500	Procedures performed at London Underground Limited, Tramtrack Croydon Limited and Docklands Light Railway Limited to assist with the requirements of regulation 4 of the Railway Safety Levy Regulations 2006.
		<ul style="list-style-type: none"> <li>Ø Our AUP report is made in accordance with DfT requirements and provides factual findings only.</li> <li>Ø Suitably qualified members of management are able to assess the validity of the content included in their report to DfT upon which we issue our AUP report.</li> <li>Ø A separate engagement letter is agreed</li> <li>Ø Fees are not a significant proportion of the audit fee.</li> </ul>
TTL Risk function 'as is' review	106,898	Management has requested us to provide support to TTL to document the current risk management framework and to compare to best practices and structures employed by other organisations.
		<ul style="list-style-type: none"> <li>Ø Our assignment is to provide a comparison to best practice, no management decisions are taken by the EY team.</li> <li>Ø Suitably experienced members of management are leading the project.</li> <li>Ø A separate engagement letter is agreed</li> <li>Ø Fees are not a significant proportion of the audit fee.</li> </ul>
TfL and TTL Risk Appetite Framework Review	32,400	76,441
		Management has requested us to provide support to TfL and TTL in identifying and documenting TfL and TTL's risk appetite and in comparing the current risk appetite framework to best practices as employed by other organisations.
		<ul style="list-style-type: none"> <li>Ø Our assignment is to provide a comparison to best practice, no management decisions are taken by the EY team.</li> <li>Ø Suitably experienced members of management are leading the project.</li> <li>Ø A separate engagement letter is agreed</li> <li>Ø Fees are not a significant proportion of the audit fee.</li> </ul>

## Appendix 1

### Summary of fees

Comfort letters for update of £5,000,000,000 Euro Medium Term Loan Note Programme **	45,000 - 60,000	Management requested us to provide a comfort letter in respect of the £5,000,000,000 Euro Medium Term Loan Note Programme issue. The work for this was completed, however the issue was delayed until 2017/18, as such the fees incurred up to 31 March 2017 totalled £50,000.
		<ul style="list-style-type: none"> <li>Ø Our assignment is performed in accordance with listing requirements and provides factual findings only.</li> <li>Ø Suitably qualified members of management are able to assess the validity of the content included in the bond issue document upon which we issue our report.</li> <li>Ø A separate engagement letter is agreed</li> <li>Ø Fees are not a significant proportion of the audit fee.</li> </ul>

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

Note there were no other non audit fees in the six months to 30 September 2016, therefore the above represents all non audit fees in the financial year ended 31 March 2017.