

Board



Date: 17 December 2015

Item: Report of the meeting of the Audit and Assurance Committee held on 8 December 2015

This paper will be considered in public

1 Summary

- 1.1 To report to the Board on the meeting of the Audit and Assurance Committee held on 8 December 2015

2 Recommendation

- 2.1 **That the Board notes the report.**

3 Background

- 3.1 The main matters considered by the Committee were:
- (a) External and Internal Audit Protocol;
 - (b) Management Actions Report;
 - (c) Internal Audit Quarter 2 Report 2015/16;
 - (d) Changes in Legislation and Accounting Standards Impacting on TfL;
 - (e) TfL Insurance Position;
 - (f) National Fraud Initiative;
 - (g) Half Yearly Fraud Report 2015/16;
 - (h) Persona Data Disclosure to the Police and Other Law Enforcement Agencies;
 - (i) Cyber Security Update; and
 - (j) Legal Compliance Report (1 April – 30 September 2015).

4 Issues Discussed

External and Internal Audit Protocol

- 4.1 The Committee noted the External and Internal Audit Protocol, which outlined the working relationship between Ernst and Young and TfL Internal Audit.

Management Actions Report

- 4.2 The Committee noted the report on recommendations to management that had not been actioned and were more than 60 days overdue.
- 4.3 There were no actions more than 60 days overdue but the Committee requested that General Counsel highlight to the London Transport Museum the importance of closing actions as soon as possible.

Internal Audit Quarter 2 Report 2015/16

- 4.4 The Committee discussed the report on the audit work completed in Quarter 2 of 2015/16, work in progress and work planned for Quarter 3.
- 4.5 It was agreed that processes in relation to movers and leavers, including third party agreements with contractors, and Payroll controls be included in the Audit Plan for 2016/17.
- 4.6 Members discussed the audit of the Garden Bridge Design and Development procurements, and a letter on this matter addressed to the Chair from the Chair of the GLA's Oversight Committee. The Committee was satisfied, based on the answers given by the Director of Internal Audit to the Oversight Committee on 22 October 2015 and the supporting documentation, that the standard internal audit process had been followed, which had included consultation with relevant staff on the drafting of the audit memorandum. The Committee undertook to confirm this with the Director of Internal Audit at its scheduled annual private meeting with him following the Committee meeting. The Chair, on behalf of the Committee, would respond to the Chair of the GLA's Oversight Committee.
- 4.7 Members requested assurances on outstanding management actions relating to the internal audits of security of London Underground tenants, procurement authority and associated controls and the process for agreeing completion dates.

Changes in Legislation and Accounting Standards Impacting on TfL

- 4.8 The Committee noted the update on the Group's critical accounting policies to be applied in deriving the form and content of TfL's Statement of Accounts for the year ending 31 March 2016.
- 4.9 Due to changes to the period of public consultation on the annual accounts, it was agreed that the proposed timetable for preparing and approving the accounts in 2016 would be circulated to the Committee.

TfL Insurance Position

- 4.10 The Committee noted the paper and the supplementary information on Part 2 of the agenda, on TfL's insurance arrangements and strategy. The arrangements and strategy would be reported to the Committee each year.

National Fraud Initiative

- 4.11 The Committee noted the update on the National Fraud Initiative exercise for 2014 and the positive assessment of recently purchased "First Strike" software, which mitigated the risk of potential duplicate payments.

Half Yearly Fraud Report 2015/16

- 4.12 The Committee noted the paper, and the related supplemental information on Part 2 of the agenda, summarising work undertaken by the Fraud Team during the first half of 2015/16 (Periods 1 to 6).

Personal Data Disclosure to Police and Other Law Enforcement Agencies

- 4.13 The Committee noted the annual paper on the operation of TfL's policy on disclosure of personal data to the police and other statutory law enforcement agencies.

Cyber Security Update

- 4.14 The Committee noted the update and the related supplemental information on Part 2 of the agenda, on cyber security related matters.
- 4.15 TfL continued to enhance its resilience and capability to cyber security attacks, including close working with a range of intelligence agencies. Education of staff and improved awareness was also key.
- 4.16 A further update report would be submitted to the next meeting of 8 March 2016, including details of staff awareness campaigns.
- 4.17 A site visit would be arranged for interested Members of the Committee to the Cyber Security Incident Response Team and Security Operations Centre.

Legal Compliance Report (1 April 2015 – 30 September 2015)

- 4.18 The Committee noted the report summarising the information provided by each TfL directorate for the Legal Compliance Report for the period 1 April to 30 September 2015.

List of appendices to this report:

None

List of Background Papers:

Papers for the meeting of the Audit and Assurance Committee held on 8 December 2015.

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