

AGENDA ITEM 6

TRANSPORT FOR LONDON

AUDIT COMMITTEE

SUBJECT: KPMG LETTER ON INDEPENDENCE AND OBJECTIVITY

MEETING DATE: 11 JUNE 2008

1. PURPOSE

- 1.1 To report to the Audit Committee on the independence and objectivity of KPMG. The Audit Committee is requested to note this report.

2. BACKGROUND

- 2.1 KPMG is required to report annually to the Audit Committee on their independence and objectivity, taking into account guidance including the Audit Commission's Code of Audit Practice and Standing Guidance for Auditors.
- 2.2 KPMG have reviewed their procedures and their letter is attached for the Audit Committee's review.

3. RECOMMENDATION

- 3.1 The Audit Committee is recommended to NOTE the content of this letter.



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Audit Committee
Transport for London
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2 June 2008

Dear Sirs

We are required, as your external auditors, to disclose annually and in writing to those charged with governance all the relationships between our audit firm and its related entities and Transport for London (TfL) that may reasonably be thought to impact on KPMG LLP's independence, and the related safeguards that are in place. Where there are any issues arising, we are required to provide written confirmation that, in our professional judgement, our independence has been preserved and objectivity has not been impaired.

In determining which relationships and related safeguards to disclose, we consider relevant professional, regulatory and legal requirements and guidance, including the provisions of the Audit Commission's Code of Audit Practice and Standing Guidance for Auditors in relation to independence and objectivity.

We have considered the fees paid to us by TfL and its subsidiary entities for professional services provided by us in the period from 1 April 2007 to 31 March 2008. The fees paid to us for professional services provided by us in the period were £983,920 for audit services, £77,427 for non-statutory audit services, and £215,140 for non-audit services.

We are satisfied that our general procedures support our independence and objectivity in relation to non-audit services.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG partners, directors and staff annually confirm their compliance with our Ethics and Independence Manual including in particular that they have no prohibited shareholdings. Our Ethics and Independence Manual is fully consistent with the professional practice rules of the Institute of Chartered Accountants in England and Wales, by whom we are regulated for audit purposes. As a result we have underlying safeguards in place to maintain independence through:



KPMG LLP

2 June 2008

- Instilling professional values
- Communications
- Internal accountability
- Risk management
- Independent reviews

Please inform me if you would like to discuss any of these aspects of our procedures in more detail.

Auditor Declaration

In relation to the audit of the financial statements for TfL Group and Corporation for the financial year ended 31 March 2008, I am able to confirm that the Commission's requirements in relation to independence and objectivity have been complied with.

Yours faithfully

A handwritten signature in cursive script that reads 'June Awty'.

June Awty
Partner, KPMG LLP