

**Date:** 17 December 2014

**Item:** External Auditor Appointment

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## **This paper will be considered in public**

### **1 Summary**

- 1.1 The purpose of this paper is to inform the Committee of the outcome of the process for selecting and appointing external auditors for TfL and for Transport Trading Limited (TTL) and its subsidiaries for the two years ending 31 March 2016 and 2017.

### **2 Recommendation**

- 2.1 **The Committee is asked to note the paper.**

### **3 Background**

- 3.1 KPMG were reappointed by the Audit Commission as TfL's auditors in 2012 for a period of five years, up to and including the year ending 31 March 2017.
- 3.2 However in 2013 the Audit Commission announced that they were retendering those local government audits that were not subject to a formal tendering process in 2012, including the audit of TfL. Therefore, the current appointment is being terminated early and a new auditor will be appointed with effect from the year ending 31 March 2016.
- 3.3 The Audit Commission's procurement process did not extend to TfL's subsidiaries. Although the cost of the audit of TTL has fallen significantly over the last few years, due to efficiencies and use of a statutory audit exemption, a decision was taken to run a tender for the TTL audit with the aim of ensuring the most efficient and effective audit of the whole Group's Accounts.
- 3.4 The overall objective has been to achieve value for money in the audit arrangements for the whole Group.

### **4 Outcome of TTL audit tender process**

- 4.1 The tender process for the TTL Group audit is now complete. Bids were evaluated by a number of experienced TfL officers representing the finance function (business units and Group), Internal Audit, Information Management and Commercial.
- 4.2 The outcome of the tender process had not been made public at the time this paper was issued, and an update will be provided at the meeting.

- 4.3 The appointment will also cover the audits of Crossrail Limited and Victoria Coach Station Limited, as these companies are also subject to external audit. The London Transport Museum charitable company and trading company have the option of appointing TTL's auditor or selecting their own auditor, and TfL Group Finance will provide support to the Museum in this exercise. London Transport Insurance Guernsey, although not a subsidiary of TTL, will be similarly affected and may choose to appoint the same firm as TTL or another firm.

## **5 The Appointed Auditor for TfL**

- 5.1 The Audit Commission Board met on 4 December 2014 and confirmed Appointed Auditors for all audited bodies including TfL. At the date of issuing this paper, the Commission have not yet formally notified TfL of the new Appointed Auditor and an update will be provided at the meeting.

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

None

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

None

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