

Transport for London

Minutes of the Audit and Assurance Committee

Conference Rooms 1 and 2, Ground Floor, Palestra,
197 Blackfriars Road, London, SE1 8NJ
10.00am, Tuesday 8 December 2015

Members

Keith Williams	Chair
Steve Wright	Vice Chair
Richard Barnes	Member
Charles Belcher	Member
Brian Cooke	Member

Present

Nigel Blore	Head of Group Insurance (Minute Reference 67/12/15))
Sarah Bradley	Head of Group Financial Accounting
Rob Brooker	Fraud Investigations Manager (Minute Reference 69/12/15)
Steve Burton	Director of Enforcement and On-Street Operations (Minute Reference 70/12/15)
Howard Carter	General Counsel
Michele Hanson	Chief Information Security Analyst (Minute Reference 71/12/15)
Ian Nunn	Chief Finance Officer and Interim Managing Director Finance
Steve Townsend	Chief Information Officer (Minute Reference 71/12/15)
Clive Walker	Director of Internal Audit

In Attendance

Karl Havers	Audit Partner, Ernst & Young (EY)
Kath Barrow	Audit Partner, EY

Sue Riley	Secretariat Officer
-----------	---------------------

59/12/15 Apologies for Absence

An apology for absence was received from Baroness Grey-Thompson DBE.

60/12/15 Declarations of Interest

The following interests were declared: Charles Belcher as a member of Atos Origin Advisory Council on Transport; and Steve Wright on matters relating to private hire vehicles.

61/12/15 Minutes of the Meeting Held on 8 October 2015

The minutes of the meeting held on 8 October 2015 were approved as a correct record and signed by the Chair.

62/12/15 Matters Arising and Actions List

The Chief Finance Officer was reviewing the current Risk Register, and a new version would be submitted to the next meeting, including updates on Pensions and People Risk.

The Committee noted the Actions List.

63/12/15 External and Internal Audit Protocol

Karl Havers presented the external and internal audit protocol, which outlined the working relationship between Ernst and Young (EY) and TfL Internal Audit. There were no substantial differences to the approach that the previous External Auditors had taken. The Internal Audit Plan for 2015/16 had already been agreed by the time EY became the external auditors.

The Committee noted the paper.

64/12/15 Management Actions Report

Clive Walker presented the report on recommendations to management that had not been actioned and were more than 60 days overdue.

An amended version of Appendix 1 was circulated at the meeting. 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.

[Action: Howard Carter]

The Committee noted the report.

65/12/15 Internal Audit Quarter 2 Report 2015/16

Clive Walker introduced the internal audit reports for Q2 2015/16, work in progress, and work planned for Q3.

It was agreed that processes in relation to movers and leavers, including third party agreements with contractors, as well as payroll controls, be included in the Audit Plan for 2016/17.

[Action: Clive Walker]

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 appropriate 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 following the Committee meeting. The Chair, on behalf of the Committee, would respond to the Chair of the GLA's Oversight Committee.

[Action: Keith Williams]

Clive Walker undertook to confirm that contingency measures had been put in place in relation to the security of London Underground Tenants, which was an audit which had not closed. **[Action: Clive Walker]**

The Committee requested further information in relation to the Procurement Authority and Associated Controls audit and confirmation of reasons for extension of deadlines for actions not closed. **[Action: Clive Walker]**

In relation to the management of the new Taxi and Private Hire Contract, which had been highlighted as Requires Improvement, the service delivery issues would be referred to the next meeting of the Surface Transport Panel. **[Action: Secretariat]**

The Committee noted the report.

66/12/15 Changes in Legislation and Accounting Standards Impacting on TfL

Sarah Bradley presented the paper on changes in legislation and accounting standards impacting on TfL.

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. **[Action: Secretariat]**

The Committee noted the paper.

67/12/15 TfL Insurance Position

Nigel Blore presented the paper on the TfL Insurance position and the supplementary information on Part 2 of the agenda. The arrangements and strategy would be reported to the Committee annually.

The Committee noted the paper and the supplemental information on Part 2 of the agenda.

68/12/15 National Fraud Initiative 2014

Ian Nunn presented the update on the National Fraud Initiative exercise for 2014.

Positive assessment of recently purchased "First Strike" software, which mitigated the risk of potential duplicate payments, was highlighted.

Confirmation would be provided as to why the overall percentage progress on High Priority recommended matches was lower for Payroll and Insurance.

[Action: Brian Davey]

The Committee noted the paper.

69/12/15 Half Yearly Fraud Report 2015/16

Rob Brooker presented the half yearly fraud report 2015/16 and the supplementary information on Part 2 of the agenda.

A note would be circulated on why cash had been left in the Lost Property Office and not banked immediately. **[Action: Clive Walker]**

The Committee noted the paper and the supplemental information on Part 2 of the agenda.

70/12/15 Personal Data Disclosure to the Police and Other Law Enforcement Agencies

Steve Burton introduced the annual paper on personal data disclosure to the police and other law enforcement agencies.

Increases in data requests by the police in relation to sexual offences might be due to the success of Project Guardian.

The Committee noted the paper.

71/12/15 Cyber Security Update

Steve Townsend and Michele Hanson presented the cyber security updates and the supplementary information on Part 2 of the agenda.

TfL continued to enhance its resilience and capability to deal with cyber security attacks, including close working with a range of intelligence agencies. Education of staff and improved awareness was also key.

A further update report would be submitted to the next meeting of 8 March 2016, including details of staff awareness campaigns. **[Action: Steve Townsend]**

Issues around staff clearance and security, including third party arrangements, and working from home arrangements were also discussed.

A site visit would be arranged for interested Members of the Committee to the Cyber Security Incident Response Team and Security Operations Centre. **[Action: Secretariat]**

The Committee noted the paper and the supplemental information on Part 2 of the agenda.

72/12/15 Legal Compliance Report (1 April 2015 – 30 September 2015)

Howard Carter introduced the Legal Compliance Report for 1 April – 30 September 2015.

Members noted that the next report would include an account of TfL's preparations for the implementation of the Modern Slavery Act and requested that future reports include post code references when referring to street names. **[Action: Howard Carter]**

The Committee noted the report.

73/12/15 Any Other Business the Chair Considers Urgent

There was no urgent business.

74/12/15 Date of Next Meeting

The next meeting would be held on Tuesday 8 March 2016 at 10.00am.

Exclusion of Press and Public

The Committee agreed to exclude the press and public from the meeting, in accordance with paragraphs 5 and 7 of Schedule 12A to the Local Government Act 1972 (as amended), in order to consider the exempt information in relation to the items on: TfL Insurance Position; Half Yearly Fraud Report 2015/16; and Cyber Security Update.

The meeting closed at 12.50am.

Members met with the Director of Internal Audit for the annual private meeting at the close of the meeting.

Chair: _____

Date: _____