

Audit and Assurance Committee



Date: 14 June 2016

Item: EY Report on Non-Audit Fees for Six Months ended 31 March 2016

This paper will be considered in public

1 Summary

1.1 To report to the Audit and Assurance Committee on fees billed by Ernst and Young (EY) for non-audit services.

2 Recommendation

2.1 **The Committee is asked to note this 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.

3.2 There is a single item of non-audit work during the period, namely £4,000 for the review of TfL's current and proposed final draft business expenses policy. Given the size of this assignment it was not necessary for EY to seek approval from Public Sector Audit Appointments Ltd.

List of appendices to this report:

Appendix 1: Letter from EY dated 7 June 2016

List of Background Papers:

None

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7 June 2016

Ref: KH/GB/TfL/1516Fee
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Dear Sirs

Audit fees – 12 months to 31 March 2016

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 April 2015 to 31 March 2016.

Yours faithfully



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

Appendix 1

Summary of fees

	TfL Corporation 2015/16 £	Transport Trading Limited 2015/16 £	Comments
Statutory audit fee - TfL*	155,925		Statutory audit fee 2015/16 services required to meet the Code of Audit Practice requirements (including Value for Money and Whole of Government Accounts)
Statutory audit fee - 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.
Non audit fee - Expense review	4,000		Proposed non-audit fee in relation to the review of the current and proposed final draft of the TfL Business Expenses policy.
Total	159,925	740,000	

* For TFL Corporation, we are considering 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.

Both are considered to be outside the scope of our 2015/2016 scale fee set by Public Sector Appointments Limited (PSAA).

** For TTL, we are considering a fee variation for the additional work required to perform our IT controls review.

We are in the process of finalising our estimate of the additional fees required for both TfL Corporation and TTL and will discuss the appropriateness of these with the Chief Financial Officer and then report to the Audit and Assurance Committee any proposed variations to our audit fees. Any fee variation in respect of TfL Corporation is subject to approval by PSAA Ltd.