

Transport for London

Minutes of the Audit Committee

Boardroom, 14th Floor, Windsor House, London
10.00am, Tuesday 3 March 2009

Members

Judith Hunt	Chair, Board Member
Charles Belcher	Board Member
Daniel Moylan	Board Member
Keith Williams	Board Member
Steve Wright	Board Member

Present

John Burton	Head of Corporate Governance and Risk Management
Howard Carter	General Counsel
Stephen Critchley	Chief Finance Officer
Mary Hardy	Director of Internal Audit
Ellen Howard	Director of Corporate Governance

In Attendance

June Awty	Engagement Partner, KPMG
Ken Davis	Head of Assessment, Audit Commission
Andrew Marshall	Engagement Partner, KPMG
Sue Riley	Secretariat Officer

08/03/09 Apologies for Absence and Declarations of Interest

The Chair welcomed Daniel Moylan to his first Audit Committee meeting.

Apologies for absence had been received from Patrick O’Keeffe and Steve Allen.

No interests were declared.

09/03/09 Minutes of the Meeting Held on 28 January 2009

The minutes of the meeting held on 28 January 2009 were approved as a correct record and signed by the Chair.

10/03/09 Matters Arising and Actions List

Mary Hardy reported that she had spoken to the Chair of the Crossrail Audit Committee. It had been proposed that the Members of that Committee and the TfL Audit Committee meet informally. The Members agreed with this suggestion.

[ACTION: Mary Hardy/Secretariat]

There were no other matters arising.

The Committee noted the Actions List.

11/03/09 Strategic Risk Management Progress Report

John Burton introduced the report which updated the Audit Committee on the development of TfL's risk management process, general risk arrangements and sought approval for a revised Risk Management Policy.

The Committee was keen to ensure the alignment of risk processes were co-ordinated with Crossrail and it was agreed that this request would be relayed to Members of the Crossrail Audit Committee. **[ACTION: Mary Hardy]**

Members were informed that risk management was actively embedded throughout the organisation and discussions were held at management level on a regular basis. Internal Audit also regularly reviewed risk management within the different modes. Impact assessments of the different risks were based on a range of clearly defined measures.

The Committee requested further information setting out how the assessment of risk mitigation and risk appetite were implemented. **[ACTION: John Burton]**

The Committee noted the report and approved the revised Risk Management Policy.

12/03/09 Audit Commission Update

Stephen Critchley introduced the report which advised the Committee of the Audit Commission's proposals for the implementation of Comprehensive Area Assessment in TfL.

The distinct nature of TfL compared to other regional bodies and the other GLA functional bodies was stressed. However, officers were aiming to co-ordinate across the functional bodies with a view to taking as consistent an approach as possible.

Ken Davis welcomed any comments from Members as to how the key lines of enquiry assessed should be modified to reflect TfL's unique status.

It was agreed that a report be submitted to a future meeting on suggestions for London wide studies. **[ACTION: Stephen Critchley]**

The Committee noted the report.

13/03/09 Subsidiary Company Statutory Accounts 31 March 2008

Andrew Marshall reported that all TfL audits had now been completed, including Metronet REW and TMU and the Tramlink Croydon Companies.

Stephen Critchley reported that discussions were on-going with officers at London Rail as to lessons learnt in the Tramlink transition process. All the new entities absorbed by TfL would eventually be subject to SAP. The intention was to reduce the overall number of subsidiary companies to cut down on administration costs.

The oral update was noted.

14/03/09 Management Actions Report

Mary Hardy introduced the report on those recommendations to management which had not been actioned and were more than 60 days overdue. There were no actions more than 60 days overdue.

The Committee noted the content of this report.

15/03/09 Budgetary Control

Stephen Critchley introduced the report setting out TfL's budgetary control arrangements.

The Committee welcomed the report and suggested that relevant aspects be included in a future report to Finance Committee. A greater focus on cost savings and cost reduction within the organisation was being encouraged. Officers were discussing how to incentivise smarter ways of working and reward efficiency savings.

The Chair stressed the importance of Crossrail being subject to the same cost and efficiency savings as the rest of TfL. Stephen Critchley noted that this would need to be discussed at the Finance Committee with engagement of the Crossrail Board Members. However, in principle, the same level of review should apply.

It was agreed that elements of the Budgetary Control report be included in a report to a future Finance Committee meeting.

[ACTION: Stephen Critchley]

The Committee noted TfL's detailed budgetary control and review process.

16/03/09 Independent Reporting Lines

Howard Carter introduced the report providing the Committee with an update on reports to the internal and external staff reporting lines in 2008.

It was anticipated that the annual cost of this service would reduce following the re-tender of the contract this year. Other GLA functional bodies were being encouraged to share the same service. Staff also had access to the Confidential Incident Reporting and Analysis System (CIRAS) which was a nationwide rail service.

The Committee noted the report.

17/03/09 Any Other Business

Mary Hardy reported that Internal Audit had received a Freedom of Information Request for a number of Audit reports. The request was being dealt with in accordance with procedures.

There being no other business the meeting closed at 11.00am.

The next scheduled meeting would be held on Wednesday 10 June 2009 at 10.15am.

Chair: _____

Date: _____