

**TRANSPORT FOR LONDON**

**AUDIT COMMITTEE**

**SUBJECT: KPMG REPORT ON NON-AUDIT FEES FOR SIX MONTHS  
ENDED 31 MARCH 2011**

**DATE: 15 JUNE 2011**

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**1 PURPOSE AND DECISION REQUIRED**

- 1.1 To report to the Audit Committee on fees billed by KPMG for non-audit services. The Committee is requested to note the attached letter.

**2 BACKGROUND**

- 2.1 Under TfL's policy on external audit services KPMG is required to report to the Audit Committee every six months on fees billed for non-audit services. KPMG's report is attached for the Audit Committee's review.

**3 RECOMMENDATION**

- 3.1 The Audit Committee is asked to NOTE the letter.

**4 CONTACT**

- 4.1 Contact: Stephen Critchley, Chief Finance Officer  
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Audit Committee  
Transport for London  
Company Secretariat  
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Our ref rt/588

6 June 2011

Dear Sirs

**Non-Audit Fees –12 Months to 31 March 2011**

Under Transport for London's policy on external audit services we are required to provide to the Audit 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, non-statutory audit fees (column A) and non-audit fees (column B) during the period 1 April 2010 to 31 March 2011.

Yours faithfully

Wayne Southwood  
*Partner, KPMG LLP*

Enc. Summary of Fees



Appendix 1

SUMMARY OF FEES – 1 APRIL 2010 TO 31 MARCH 2011

Entity	Statutory Audit Fee 2010/11 £	Non- Statutory Audit Fee 2010/11 (A) £	Non-Audit Fees 2010/11 (B) £	Comments
TfL Corporation	£311,010			Fee in respect of Corporation audit 2010/11
	£43,570			Proposed fee in respect of Use of Resources 2010/11
	£5,500			Fee in respect of WGA 2010/11
			£11,200	Fee in respect of VAT helpline 2010/11 – May to July, August to October, November to January and February to April
	£280,000			Fee in respect of audit of restated IFRS opening balances and comparative figures
		£24,506		Fee in relation to the MTN programme update: August 2010
		£23,918		Fee in relation to the MTN programme: March 2011
		£3,500		Audit of grant provided to TfL for The Cooperative Vehicle Infrastructure Systems (CVIS) Project
	£10,420			Fee in respect of Congestion Charging over-runs for 2009/10 audit
			£55,602	Finance Business Support Function (FBSF) Improvement Project: Interim Fee
			£3,310	Fee in respect of Payroll Solutions Software Licence – July 2010
<b>TfL Corporation subtotal</b>	<b>£650,500</b>	<b>£51,924</b>	<b>£70,112</b>	<b>Maximum allowable without prior agreement of the Audit Commission for non-audit fees billed to TfL Corporation in any financial year is the higher of £30,000 or 20% of the total statutory audit fee for TfL Corporation only, £130,100</b>



Appendix 1

Entity	Statutory Audit Fee 2010/11 £	Non- Statutory Audit Fee 2010/11 (A) £	Non-Audit Fees 2010/11 (B) £	Comments
<b>Transport Trading Limited</b>	£1,194,000			Fee in respect TTL Group subsidiaries
		£17,100		Audit work in relation to the TTL clearance agreement audit
		£10,000		Fee in respect of the PAYG Assurance framework scoping. Please note a second phase of work has started, but only preparatory meetings had been billed as at year end.
<b>DLR</b>		£10,000		Fee in respect of Service Performance Database Audit
<b>Tube Lines</b>	£239,000			Audit of stub period
			£38,600	Tax advice provided to Tube Lines
<b>London Transport Museum</b>	£26,800			Fee for 2010/11 - audited by KPMG's Charities Unit
	£2,000			Fee in respect of project management for 2010/11 audit
	£1,000			Additional fee in respect of the audit of LTM in 2009/10
	£5,087			Fee in respect of project management for 2009/10 audit
	£1,287			Expenses in respect of 2009/10 audit previously not reported
<b>London Transport Insurance (Guernsey)</b>	£13,000			Proposed Fee for 2010/11 - audited by KPMG's Channel Islands practice
<b>TTL sub total</b>	<b>£1,482,174</b>	<b>£37,100</b>	<b>£38,600</b>	
<b>TOTAL</b>	<b>£2,132,674</b>	<b>£89,024</b>	<b>£108,712</b>	<b>Maximum allowable without prior agreement of TfL's Audit Committee is 20% of the total group statutory audit fee - £426,535</b>



## Appendix 1

### Notes

(1) All fees shown are net of VAT.

(2) Statutory audit services are, for TfL, services required to meet the Audit Commission's Code of Audit Practice requirements and, for TTL and its subsidiaries, services required to enable the external auditor to issue an audit opinion on the annual accounts in accordance with the Companies Act. KPMG pays a proportion of the total statutory audit fees billed to TfL Corporation to the Audit Commission to support the Audit Commission's services to audited bodies.

(3) Non-statutory audit work (A) is audit work performed outside the definition of statutory audit services, such as work on grant claims and returns where an audit certificate is required as a condition of the grant scheme. Under TfL's policy, external auditors may be engaged to carry out non-statutory audit services without restriction as to the fees that may be charged for such services.

(4) Non-audit work (B) represents work other than statutory and non-statutory audit services. The overall maximum allowable without prior agreement of the Audit Commission on non-audit fees billed to TfL Corporation for each financial year is the higher of (i) 20% of the statutory audit fee for the TfL Corporation only and (ii) £30,000. The overall maximum non-audit fees for the TfL group allowable without prior agreement of TfL's Audit Committee is 20% of the statutory audit fee for the TfL group.