

TRANSPORT FOR LONDON

AUDIT COMMITTEE

SUBJECT: KPMG REPORT ON NON-AUDIT FEES FOR SIX MONTHS ENDED 30 SEPTEMBER 2010

DATE: 15 DECEMBER 2010

1 PURPOSE AND DECISION REQUIRED

- 1.1 To report to the Committee on fees billed by KPMG for non-audit services.
- 1.2 The Committee is asked to note the report.

2 BACKGROUND

- 2.1 Under TfL's policy on external audit services, KPMG is required to report to the Committee every six months on fees billed for non-audit services. KPMG's report is Appendix 1 to this paper.

3 RECOMMENDATION

- 3.1 The Committee is asked to NOTE the report.

4 CONTACT

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Our ref rp/588

6 December 2010

Dear Sirs

Non-Audit Fees –6 Months to 30 September 2010

Under TfL'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 non-audit services. Appendix 1 to this letter includes a summary of our audit fees, non-statutory audit fees (A) and non-audit fees (B) during the period 1 April 2010 to 30 September 2010.

Yours faithfully

Wayne Southwood
Partner, KPMG LLP

Enc. Summary of Audit Fees

TRANSPORT FOR LONDON

FEES FOR NON-AUDIT SERVICES – 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			Proposed Fee in respect of Accounts audit 2010/11
	£5,500			Proposed Fee in respect of WGA 2010/11
			£5,600	Fee in respect of VAT helpline 2010/11 – May to July, August to October
	[TBC]			Fee in respect of audit of restated IFRS opening balances and comparative figures to be agreed
		£24,506		Fee in relation to the MTN programme update
		£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
TfL Corporation subtotal	£326,930	£28,006	£5,600	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 20% of the total statutory audit fee for TfL Corporation only or £30,000 – £65,386

Appendix 1

Entity	Statutory Audit Fee 2010/11 £	Non-Statutory Audit Fee 2010/11 (A) £	Non-Audit Fees 2010/11 (B) £	Comments
Transport Trading Limited	£1,194,000			Proposed Fee in respect TTL Group subsidiaries
		£17,100		Audit work in relation to the TTL clearance agreement audit
			£30,000	Tax advice provided to Tube Lines
			£3,310	Fee in respect of Payroll Solutions Software Licence – April 2009
		£10,000		Fee in respect of Service Performance Database Audit (DLR)
		£10,000		Fee in respect of the PAYG Assurance framework scoping
London Transport Museum	£25,000			Proposed Fee for 2010/11 - audited by KPMG's Charities Unit
	£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
London Transport Insurance (Guernsey)	£13,000			Proposed Fee for 2010/11 - audited by KPMG's Channel Islands practice
TTL sub total	£1,239,374	£37,100	£33,310	
TOTAL	£1,566,304	£65,106	£38,910	Maximum allowable without prior agreement of TTL's Audit Committee is 20% of the total group statutory audit fee - £313,261

Appendix 1

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- (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 TFL 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.