

Date: 19 June 2013

**Item 7: KPMG Report on Non-Audit Fees for Six Months ended
31 March 2013**

This paper will be considered in public

1 Summary

1.1 To report to the Audit and Assurance Committee on fees billed by KPMG for non-audit services.

2 Recommendation

2.1 **The Committee is recommended to note this report.**

3 Background

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

3.2 The non-audit fees charged for the year exceed the maximum amount allowable without prior agreement of the Audit Commission. KPMG's paper includes details of the approvals process followed by KPMG.

List of appendices to this report:

Appendix 1 – letter from KPMG

List of Background Papers:

None

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Our ref ws/588

11 June 2013

Dear Sirs

Non-Audit Fees –Twelve months to 31 March 2013

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, non-statutory audit fees (column A) and non-audit fees (column B) for the period 1 April 2012 to 31 March 2013.

Yours faithfully

Wayne Southwood
Partner, KPMG LLP

Enc. Summary of Fees



Appendix 1

SUMMARY OF FEES – 1 APRIL 2012 TO 31 MARCH 2013

Entity	Statutory Audit Fee 2012/13 £	Non- Statutory Audit Fee 2012/13 (A) £	Non-Audit Fees 2012/13 (B) £	Comments
TfL Corporation	£207,900			Corporation audit 2012/13 (including Use of Resources and Whole of Government Accounts)
	£32,552			Additional work carried out on congestion charging to support the 2011/12 audit.
	£8,500			WGA for 2011/12.
		£39,000		Review of Internal Audit effectiveness
		£48,830		MTN programme update and bond issuance (July/August 2012)
			£65,000	Silvertown Tunnel Advisory Project
			£475	Additional 2,000 forms to the P11D Solutions 2012 licence.
			£3,475	Annual Payroll Solutions Software Licence
		£21,715		MTN bond issuance November 2012
		£25,000		Bond issuance related controls: Period nine management accounts review
		£40,000		ODA grant - agreed upon procedures
			£1,250	VAT helpline for quarter three.
			£1,250	VAT helpline for quarter four.



Appendix 1

Entity	Statutory Audit Fee 2012/13 £	Non- Statutory Audit Fee 2012/13 (A) £	Non-Audit Fees 2012/13 (B) £	Comments
		£21,600		Congestion Charging and Traffic Enforcement: review of control objectives
TfL Corporation subtotal	£248,952	£196,145	£71,450	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 £18,000 or 20% of the total statutory audit fee for TfL Corporation only, £41,580 (see note 6 for details of the approval process)

**Appendix 1**

Transport Trading Limited	£1,249,000			TTL Group and subsidiaries 2012/13
		£5,150		Review of grant claim: LBSL
		£46,800		PAYG controls report 2011/12
		£18,300		Rail settlement plan: 2012 Agreed upon procedures in line with clearance agreement.
			£50,130	Real estate advisory services
			£3,006	R&D workshop
		£6,000		VCS ABTA 2011-12 reporting
London Transport Museum	£28,500			2012/13 - audited by KPMG's Charities Unit
	£1,000			Additional fee charged in respect of the LTM audit 2011/12.
London Transport Insurance (Guernsey)	£15,450			2012/13 - audited by KPMG's Channel Islands Practice
TTL sub total	£1,293,950	£76,250	£53,136	
TOTAL	£1,542,902	£272,395	£124,586	



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.
- 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.
- 4) Non-audit work (B) represents work other than statutory and non-statutory audit services.
- 5) KPMG carried out a 'Funding and Financing' review in relation to the Northern Line Extension. Total fees raised to TfL in the year to 31 March 2013 were £30,000, although these were paid by a 3rd party.
- 6) In accordance with the pre-approval requirements, the Audit Commission approved the services identified as 'Silvertown Tunnel Advisory Project' and 'ODA grant - agreed upon procedures'. Due to the nature of the work, pre-approval is not obtained for the services provided in connection with the bond offerings, however, the Audit Commission is advised of all fees charged to TfL on a quarterly basis.