

**TRANSPORT FOR LONDON**

**AUDIT COMMITTEE**

**SUBJECT: KPMG REPORT ON NON-AUDIT FEES FOR SIX MONTHS  
ENDED 31 MARCH 2010**

**DATE: 15 JUNE 2010**

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**1 PURPOSE**

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

**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 recommended to NOTE the report.

**4 CONTACT**

- 4.1 Contact: Stephen Critchley, Chief Finance Officer  
Number: 020 7126 4871  
Email: [StephenCritchley@tfl.gov.uk](mailto:StephenCritchley@tfl.gov.uk)

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Audit Committee  
Transport for London  
Company Secretariat  
14th Floor  
Windsor House  
42-50 Victoria Street  
London SW1H 0TL

Our ref rp/588

1 June 2010

Dear Sirs

**Non-Audit Fees – 12 Months to 31 March 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 we have billed 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) billed during the period 1 April 2009 to 31 March 2010.

Yours faithfully

June Awty  
*Partner, KPMG LLP*

Enc. Summary of Audit Fees

## TRANSPORT FOR LONDON

## FEES FOR NON-AUDIT SERVICES – 1 APRIL 2009 TO 31 MARCH 2010

Entity	Statutory Audit Fee 2009/10 £	Non- Statutory Audit Fee 2009/10 (A) £	Non-Audit Fees 2009/10 (B) £	Comments
TfL Corporation	90,000			Fee in respect of Use of Resources assessment for 2009/10
	288,000			Fee in respect of Accounts audit 2009/10
	5,500			Fee in respect of WGA 2009/10
			11,200	Fee in respect of VAT helpline 2009/10 – May to July, August to October, November to January, February to April
	9,535			Fee in respect of queries from electors – to April 2009
			4,000	Fee in respect of VAT refund assistance to 31 March 2009
	21,120			Fee in respect of review of PFI transactions/accounting models to 31 March 2010 – awaiting PO number
			165,000	Fee in respect of VAT refund assistance to 31 March 2010 – awaiting PO number
<b>TfL Corporation subtotal</b>	<b>414,155</b>		<b>180,200</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 20% of the total statutory audit fee for TfL Corporation only or £30,000 – £8.2831. [Audit Commission agreement to KPMG providing assistance in obtaining VAT refunds confirmed 19 January 2010.]</b>

## Appendix 1

<b>Entity</b>	<b>Statutory Audit Fee 2009/10</b>  £	<b>Non- Statutory Audit Fee 2009/10</b>  (A)  £	<b>Non-Audit Fees 2009/10</b>  (B)  £	<b>Comments</b>
<b>Transport Trading Limited</b>	1,044,335			2009/10 audit fee for all TTL Group subsidiaries
	8,000			Additional fee for review of opening balance sheets of TCL – 2009
	9,940			Additional fee for LUL post balance sheet claims audit – 2009
	25,427			Fee relating to additional work carried out on the Metronet 2008/09 audit
	9,573			Fee relating to additional work carried out on the Metronet opening balance sheet – 2009
		7,500		Fee for review of accounting treatment of planned electricity hedging transactions – 2009
			3,310	Payroll Solutions Software Licence – April 2009
<b>London Bus Services Limited</b>			264,578	Bus Network Study (£360,000 less sub-contractors element £95,422)
<b>Crossrail Limited</b>	5,500			Fee for audit of properties acquired through Compulsory Purchase Orders – 2009
<b>London Transport Museum</b>	31,000			Fee for 2009/10 - audited by KPMG's Charities Unit
	20,000			Additional fee for London Transport Museum accounts production delays – 2008/09
<b>London Transport Insurance (Guernsey)</b>	13,000			Proposed fee for 2009/10 - audited by KPMG's Channel Islands practice

Entity	Statutory Audit Fee 2009/10 £	Non- Statutory Audit Fee 2009/10 (A) £	Non-Audit Fees 2009/10 (B) £	Comments
<b>TOTAL</b>	1,580,930	7,500	448,088	Maximum allowable without prior agreement of TfL's Audit Committee is 20% of the total group statutory audit fee - £316,186. [Audit Committee notified of KPMG assistance to TfL in obtaining VAT refunds at meeting on 16 December 2009]

- (1) The statutory audit fee for TfL Corporation for 2009/10 has been taken from the TfL Annual Fee letter. 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.

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<b>TOTAL</b>	1,574,930	7,500	448,088	Maximum allowable without prior agreement of TfL's Audit Committee is 20% of the total group statutory audit fee - £314,986. Audit Committee notified of KPMG assistance to TfL in obtaining VAT refunds at meeting on 16 December 2009



## Appendix 1

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