

TRANSPORT FOR LONDON

AUDIT COMMITTEE

**SUBJECT: KPMG REPORT ON NON-AUDIT FEES FOR 6 MONTHS ENDED
30 SEPTEMBER 2009**

DATE: 16 DECEMBER 2009

1 PURPOSE

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

2 BACKGROUND

2.1 Under Transport for London'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 content of this report.

4 CONTACT

4.1 Contact: Sarah Bradley, Head of Group Financial Accounting
Email: Sarahbradley@tfl.gov.uk
Phone: 020 7126 4119

KPMG LLP
Canary Wharf (38th Floor)
1 Canada Square
London E14 5AG
United Kingdom

Tel +44 (0) 20 7311 6387
Fax +44 (0) 20 7311 4115
DX 38050 Blackfriars
ross.tudor@kpmg.co.uk
Mobile 07979 510 669

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

Our ref rt/588

1 December 2009

Dear Sirs

Non-Audit Fees – 6 Months to 30 September 2009

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 30 September 2009.

Yours faithfully

June Awty
Partner, KPMG LLP

Enc. Summary of Audit Fees

TRANSPORT FOR LONDON

FEES FOR NON-AUDIT SERVICES – 1 APRIL 2009 TO 30 SEPTEMBER 2009

Entity	Statutory Audit Fee 2009/10 £	Non- Statutory Audit Fee 2009/10 (A) £	Non-Audit Fees 2009/10 (B) £	Comments
TfL Corporation	90,000			Proposed fee in respect of Use of Resources assessment for 2009/10
	288,000			Proposed fee in respect of Accounts audit 2009/10
	5,500			Proposed fee in respect of WGA 2009/10
			5,600	Fee in respect of VAT helpline 2009/10 – May to July, August to October
	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
			[]	Fee in respect of VAT refund assistance 1 April 2009 – 30 September 2009 – fee under discussion
TfL Corporation subtotal	393,035		9,600	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 – £78,607
Transport Trading Limited	1,044,335			Proposed 2009/10 audit fee for all subsidiaries
	8,000			Additional fee for review of opening balance sheets of TCL

Appendix 1

Entity	Statutory Audit Fee 2009/10 £	Non- Statutory Audit Fee 2009/10 (A) £	Non-Audit Fees 2009/10 (B) £	Comments
	9,940			Additional fee for LUL post balance sheet claims audit
	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
		7,500		Fee for review of accounting treatment of planned electricity hedging transactions
			3,130	Payroll Solutions Software Licence
London Bus Services Limited			264,578	Bus Network Study (£360,000 less sub-contractors element £95,422)
Crossrail Limited	5,500			Fee for audit of properties acquired through Compulsory Purchase Orders
London Transport Museum	25,000			Fee for 2009/10 - audited by KPMG's Charities Unit
	20,000			Proposed additional fee for London Transport Museum audit delays – awaiting response
London Transport Insurance (Guernsey)	13,000			Proposed fee for 2009/10 - audited by KPMG's Channel Islands practice
TOTAL	1,553,810	7,500	277,308	Maximum allowable without prior agreement of TfL's Audit Committee is 20% of the total group statutory audit fee - £310,762

- (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.