

Date: 16 May 2024

Item: Risk and Assurance Report Quarter 4 2023/24

This paper will be considered in public

1 Summary

- 1.1 This report provides the Panel with an overview of the status of and changes to Enterprise Risk 1 (ER01) – ‘Inability to deliver safety objectives and obligations’, Enterprise Risk 2 (ER02) - ‘Attraction, retention, wellbeing and health of our employees’ and Enterprise Risk 3 (ER03) – ‘Environment including climate adaptation’.
- 1.2 This report also summarises the findings from the associated assurance activity of these risks based on second line of defence audit work by the Quality, Safety and Security Assurance (QSSA) team and third line of assurance work by the Internal Audit team within TfL’s Risk and Assurance Directorate. The report covers Quarter 4 of 2023/24 (10 December 2023 to 31 March 2024) (Q4).
- 1.3 A paper is included on Part 2 of the agenda, which contains supplementary information that is exempt from publication by virtue of paragraphs 3 and 7 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business and financial affairs of TfL that is commercially sensitive and likely to prejudice TfL’s commercial position; and information relating to ongoing fraud and criminal investigations and the disclosure of this information is likely to prejudice the prevention or detection of crime and the apprehension or prosecution of offenders. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendation

- 2.1 **The Panel is asked to note the report and the exempt supplementary information on Part 2 of the agenda.**

3 TfL Enterprise Risks

- 3.1 Risk reviews have been carried out for ER01, ER02 and ER03. ER02 and ER03 were discussed at the Executive Committee meeting on 7 March. ER03 is on the agenda for this meeting for its annual review in line with the rolling 12-month schedule. ER02 is scheduled to be discussed at the meeting of the Panel on 4 September 2024 and ER01 on 13 November 2024.

4 Annual Audit Plans

- 4.1 The annual QSSA and Internal Audit plans contain a series of audits at the second line and third line respectively that address ER01, ER02 and ER03 (audits against other Enterprise Risks are reported to the applicable Committee or Panel).
- 4.2 Internal Audit and the QSSA team have both agreed their respective 2024/25 audit plans. The plans will be reviewed in late Quarter 2 of 2024/25 to ensure that the Quarter 3 (Q3) and 4 content remains consistent with business risk and assurance needs.

5 Work of Note this Quarter

- 5.1 Appendix 1 provides details of the Internal Audit and QSSA audits undertaken in Q4. Audit reports issued are given a conclusion of 'well controlled', 'adequately controlled', 'requires improvement' or 'poorly controlled'. Individual findings within audit reports are rated as high, medium or low priority.

Internal Audit

- 5.2 A total of 43 Internal Audits were delivered in 2023/24, this is 90per cent of the annual plan and exceeded the 85 per cent target set. In Q4, Internal Audit issued one audit against ER01 'Safety Complaints Process' (poorly controlled) and two audits against ER02 'Impact of extreme weather – Snow' (memo) and 'Impact of extreme weather – Wind' (requires improvement). Additional information is contained in Appendix 1.
- 5.3 Two Internal Audits are in progress at the end of Q4: 'Headcount Controls Process' (ER02) and 'Impact of Extreme Weather – Heat' (ER03).

Quality, Safety and Security Assurance

- 5.4 A total of 93 audits were delivered by the QSSA team in 2023/24 which is 88 per cent of the annual plan and exceeded the 85 per cent target. Twenty two second line QSSA audits were delivered in Q4: 10 audits against ER01, two audits against ER03 and 10 'Integrated Systems Audits' which assess London Underground (LU) Operations teams compliance with a range of management system requirements.
- 5.5 The QSSA team issued two audits in Q4 against ER01 which were concluded as poorly controlled: DLR Fire Asset Management and Driving at Work, details are included in Appendix 1 and both have agreed and tracked action plans in place.
- 5.6 Three audits were concluded as 'requires improvement', all have agreed and tracked action plans in place:
- (a) LU Pumps Competence Management: The newly issued Pumps – Competence and Licensing Procedure was being followed. However, internal verification activities were not being carried out, as an Internal Verifier had not yet been trained at the time of the audit, therefore a specific action has been agreed to address this;

- (b) LU Emergency Lighting: There was no process for ensuring that the risk assessments were up to date and aligned with the asset register and some required documentation was not available. There are actions in place to implement electronic logbooks and ensure the test programme is adequately managed and maintained; and
- (c) First Aid Provision: While the contents of the management system were found to meet the requirements of legislation, there was inconsistent application of the requirements in all the areas sampled. A pan TfL plan is being prepared to communicate the revised requirements.

5.7 Seven QSSA audits from the 2023/24 plan were in progress at the end of Q4, one against ER02, one against ER03 and five against ER01. All are scheduled for completion in early Quarter 1 of 2024/25 (Q1) and are included in the 85 per cent target for next year in addition to the 2024/25 audit plan:

- (a) 'DLR risk management and project competence';
- (b) 'High voltage substations integrated systems audit';
- (c) 'London Overground Construction Design and Management Regulations compliance';
- (d) 'Management of risk from hazardous substances';
- (e) 'RfLI safety of people at work';
- (f) 'TfL operations work on or near live conductors'; and
- (g) 'Waste management in LU depots'.

Counter-Fraud and Corruption

5.8 The Counter-Fraud and Corruption team investigate all fraud matters involving TfL employees and non-permanent labour. Summaries of significant new and ongoing staff cases are set out in the paper on Part 2 of the agenda. These cases are part of the wider fraud reporting that is submitted to the Audit and Assurance Committee.

6 Cancelled and Deferred Work

6.1 All cancellations and deferrals are undertaken in consultation with the relevant business teams. QSSA cancelled one audit in Q4: Safety, Health and Environment (SHE) Governance and Change Assurance – cancelled as this has been included within a broader audit in the 2024/25 programme (ER01).

6.2 Two QSSA audits were deferred to next year's audit plan:

- (a) Places for London Asbestos Management – deferred due to short term resourcing issues and has been rescheduled with agreement of the SHE and Hazardous Material teams (ER01); and
- (b) Emergency preparedness – deferred to Q3 as revised SHE management systems content is being published in Q1 2024/25 (ER01).

7 Performance and Trends

- 7.1 Performance data is provided in Appendix 2 on progress against the audit plan, audit ratings, rating trends by Enterprise Risk and business unit and progress against actions, with comparisons provided across the last two years.

Internal Audit

- 7.2 Ten ER01, ER02 and ER03 internal audits were completed in the last four quarters compared with six in the preceding four quarters. The increase is due to a specific programme of climate change risk related audits of extreme weather which have been completed in 2023/24. These audits have largely been completed with teams in the Chief Operating Officer area.

Quality, Safety and Security Assurance

- 7.3 Comparing the number of ER01, ER02 and ER03 QSSA audits for 2022/23 with 2023/24, the number of audits completed is very constant: 57 compared with 55. The distribution by Chief Officer team and Enterprise Risk is also consistent across the two years with any difference in the region of two-three per cent of total audits (see Appendix 2 for the full breakdown).
- 7.4 The distribution of audit conclusions is consistent across the two years with the exception of the number of audits concluded as 'poorly controlled'. Five audits were concluded as 'poorly controlled' in 2022/23 compared with two in 2023/24. Given the consistency in the other variables, this would indicate a strengthening of the controls relating to ER01 and ER03.
- 7.5 Work continues on the management of actions, particularly overdue actions with management teams and the relevant Chief Officers to resolve these. For ER01, ER02 and ER03 at the end of Q4 there were 95 open audit actions, 28 of which were overdue and 17 that were overdue by more than 100 days. This is a slight improvement from the previous quarter. All actions that are overdue by more than 100 days are reported to the Audit and Assurance Committee and are discussed with Chief Officers.

List of appendices:

Appendix 1: Audits Completed in Q4 against ER01, ER02 and ER03

Appendix 2: QSSA and Internal Audit Data

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A paper containing exempt supplementary information is included on Part 2 of the agenda.

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Appendix 1 – Audits Completed in Quarter 4 of 2023/24 against ER01, ER02 and ER03

Quality, Safety and Security Assurance (QSSA) Audits Issued in Q4

ER01 Inability to deliver safety objectives and obligations

Chief Officer	Ref.	Audit Title	Objectives	Conclusion	Summary of Findings
–Chief Operating Officer	23 719	Management of Platform Train Interface (PTI) Risk	Provide assurance that recommendations from the Waterloo Rail Accident Investigation Branch (RAIB) investigation have been implemented and that governance controls such as training, briefings and working groups are operating as intended	Memo	<p>This consultancy work reviewed the extent to which there is effective governance of PTI risk and whether there was evidence of effective closure of the RAIB recommendations resulting from an incident at Waterloo station in May 2020.</p> <p>Seven recommendations were agreed regards strengthening the effectiveness of PTI governance meetings, communications between the meetings, creating a PTI resource library, ensuring PTI improvement plans are in place for all lines and consideration to more checks on effectiveness of Formal Investigation Report actions.</p>
Chief Operating Officer	23 752	Docklands Light Railway (DLR) Fire Asset Management	Assess Keolis Amey Docklands (KAD) effectiveness of planning, organisation, control, monitoring, and review of the preventive and protective measures regarding fire safety on the DLR as required by the Regulatory Reform (Fire Safety) Order 2005	Poorly Controlled	There was an inadequate change control process and lack of clarity regarding roles and responsibilities which were factors in the accuracy of the fire plans on site.
Chief Operating Officer	23 755	London Underground (LU) Pumps Competence Management	Assess the pumps competence management system compliance with Office of Rail and Road Guidance and internal standards following the previous Poorly Controlled audit	Requires Improvement	The newly issued Pumps – Competence and Licencing Procedure (PR0478) was being followed. Internal verification activities were not being carried out, as an Internal Verifier had not yet been trained.
Chief Operating Officer	23 758	LU Emergency Lighting	Seek assurance that emergency lighting provision and maintenance on LU stations is in accordance with external and internal requirements	Requires Improvement	There was no process for ensuring that the risk assessments were up to date and aligned with the asset register and some required documentation was not available. There are actions in place to implement electronic logbooks and the test programme is adequately managed and maintained.
Chief Operating Officer	23 764	First Aid Provision	Seek assurance that the First Aid requirements of the Safety, Health and Environment (SHE)	Requires Improvement	While the contents of the management system was found to meet the requirements of legislation, there was inconsistent application of the requirements in all the areas sampled.

Chief Officer	Ref.	Audit Title	Objectives	Conclusion	Summary of Findings
			Management System are being met		
Chief Operating Officer	23 777	Management of Fatigue – Compliance, Policing, Operations and Security (CPOS), London River Services (LRS) and Woolwich Ferry	Seek assurance that the requirements of TfL's Management System and the relevant regulations are adhered to regarding the management of fatigue	Adequately Controlled	The fatigue management system of CPOS, LRS and Woolwich Ferry were reviewed against the Pan-TfL Fatigue Risk Management Plan. All three areas demonstrated a good level of understanding in fatigue management and adequate level of controls and measures to manage the risk from fatigue.
Chief Operating Officer	23 794	Driving at Work	Seek assurance that the driving at work requirements of the SHE Management System are being met	Poorly Controlled	The management system documents lacked clarity and a number of critical elements were not complied with, this included risk assessment, training and assurance.
Chief Operating Officer	23 797	Protection Supplier Audit - AGS	Provide assurance that AGS are providing competent protection staff in accordance with contractual, Quality, Environmental, Safety and Health (QUENSH) and LU Standards requirements	Well Controlled	AGS Limited were found to be managing and providing competent protection staff and support activities in accordance with the contract QUENSH conditions and LU standards.
Chief Operating Officer	23 809 U	LU Signalling Competence (Institution of Railway Signalling Engineers (IRSE))	Seek assurance that the procedure and associated activities covering IRSE Licensing within LU Assessing Agency meet the requirements of the awarding body	Well Controlled	The processes and procedures in place fully meet the requirements of the relevant IRSE Licensing Standard and Procedures

Integrated Systems Audits undertaken by QSSA

Chief Officer	Ref.	Audit Title	Objectives	Conclusion	Summary of Findings
Chief Operating Officer	23 772	Euston & Green Park Area Integrated Systems Audit	Provide assurance that key requirements contained in the management system are being met	Not Rated	83 per cent conformance, 42 Green, 2 Amber, 8 Red (compliant, minor non-compliance, major non-compliance)
Chief Operating Officer	23 774	Wembley Park Traincrew Integrated Systems Audit	Provide assurance that key requirements contained in the management system are being met	Not Rated	68 per cent conformance: 23 Green, 1 Amber 10 Red (compliant, minor non-compliance, major non-compliance)
Chief Operating Officer	23 775	Acton Town Traincrew Integrated Systems Audit	Provide assurance that key requirements contained in the management system are being met	Not Rated	67 per cent conformance rate: 22 Green, 0 Amber, 11 Red, (compliant, minor non-compliance, major non-compliance)
Chief Operating Officer	23 799	Northumberland Park Depot Integrated System Audit	Provide assurance that key requirements contained in the management system are being met	Not Rated	78 per cent conformance rate 50 Green, 3 Amber 11 Red (compliant, minor non-compliance, major non-compliance)
Chief Operating Officer	23 801	Gloucester Road Area Integrated Systems Audit	Provide assurance that key requirements contained in the management system are being met	Not Rated	70 per cent conformance rate 40 Green 2 Amber 15 Red, (compliant, minor non-compliance, major non-compliance)
Chief Operating Officer	23 802	Oval Area Integrated Systems Audit	Provide assurance that key requirements contained in the management system are being met	Not Rated	72 per cent conformance, 41 Green, 3 Amber, 13 Red (compliant, minor non-compliance, major non-compliance)
Chief Operating Officer	23 803	Ladbroke Grove Area Integrated Systems Audit	Provide assurance that key requirements contained in the management system are being met	Not Rated	74 per cent conformance, 31 Green, 4 Amber, 10 Red (compliant, minor non-compliance, major non-compliance)
Chief Operating Officer	23 804	Farringdon Area Integrated Systems Audit	Provide assurance that key requirements contained in the management system are being met	Not Rated	70 per cent conformance, 38 Green, 0 Amber, 16 Red (compliant, minor non-compliance, major non-compliance)
Chief Operating Officer	23 805	White City Traincrew Integrated Systems Audit	Provide assurance that key requirements contained in the management system are being met	Not Rated	48 per cent conformance, 15 Green, 0 Amber, 16 Red (compliant, minor non-compliance, major non-compliance)
Chief Operating Officer	23 806	High Barnet Traincrew Integrated System Audit	Provide assurance that key requirements contained in the management system are being met	Not Rated	69 per cent conformance, 24 Green, 1 Amber, 10 Red (compliant, minor non-compliance, major non-compliance)

ER03 Environment including climate adaptation undertaken by QSSA

Chief Officer	Ref.	Audit Title	Objectives	Conclusion	Summary of Findings
Chief Operating Officer	23 716	TfL Environmental Risk Assessment	To follow up on previous Poorly Controlled Audit, including areas not sampled before	Adequately Controlled	There has been a significant improvement since the last audit with four of the five locations sampled having adequate Environmental Risk Assessments completed, communicated, and reviewed as required.
Chief Operating Officer	23 763	Greenwich Power Station Greenhouse Gas Monitoring	To assess effectiveness of Greenwich Generating Station's arrangements for data monitoring and reporting of CO2 emissions for the UK Emissions Trading Scheme (UK ETS)	Well Controlled	There is no cause for concern, the data monitoring and reporting of CO2 emissions was well managed for year 2023. The installation Annual Emissions Monitoring report was verified by Lucideon CICS Limited in February 2023, this is in-line with the requirement of report submission on or before 31 March each year.

Internal Audit: Reports issued in Quarter 4 of 2023/24

ER01 Inability to deliver safety objectives and obligations undertaken by Internal Audit

Chief Officer	Ref	Audit Title	Objectives	Conclusion	Summary of Findings
Customer and Strategy	23 030 (U)	Safety Complaints Process	To provide assurance that safety complaints received by the Customer Contact Operations (CCO) team are handled efficiently and effectively.	Poorly Controlled	<p>The audit covered the processes in place from receipt, recording and investigation, action taken, reporting of the results and the assurance of safety complaints across TfL.</p> <p>Inconsistencies in the way processes were applied were identified and actions to address all areas have been made and agreed with implementation of the actions being closely monitored.</p>

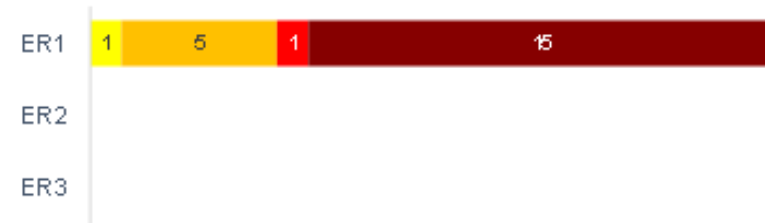
ER03 Environment including climate adaptation undertaken by Internal Audit

Chief Officer	Ref	Audit Title	Objectives	Conclusion	Summary of Findings
Chief Operating Officer	23 038	Impact of extreme weather - Snow	To provide assurance on the adequacy and effectiveness of controls in place to deal with the impact of extreme weather.	Memo	The study findings and TfL's climate risk assessment indicate that there will be less cold-weather disruption due to lower than normal chance of ice and snow. Due to this lower risk, an adjustment of the current severe and adverse weather plans for snow and ice as extreme events is not necessary. Actions to improve weather plans for audits for extreme events of

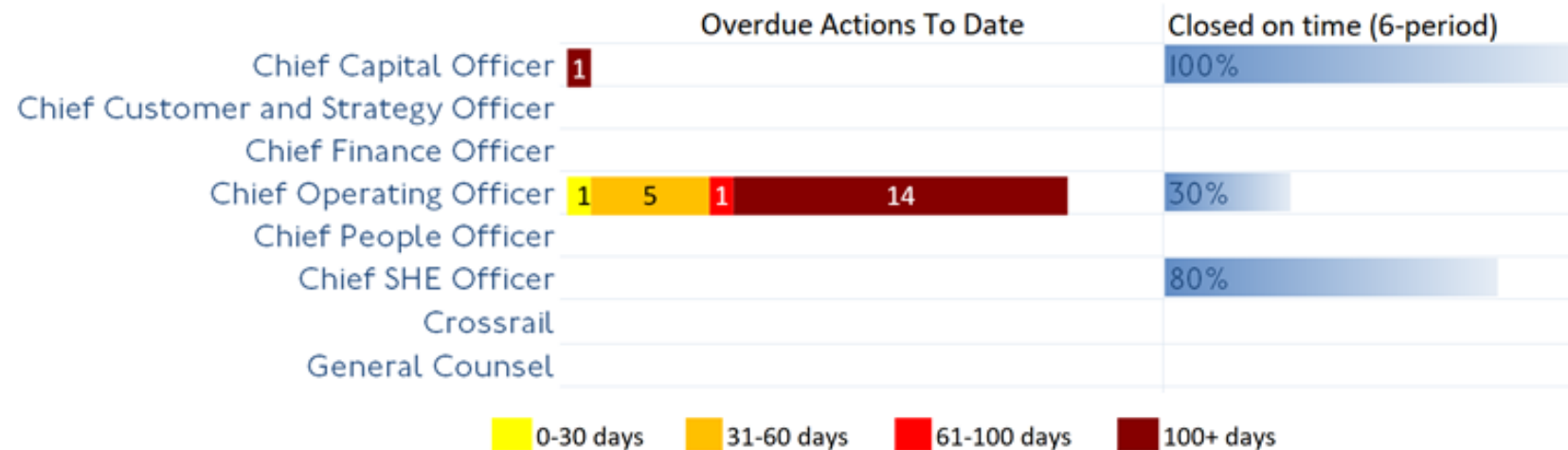
					heavy rain and flooding, heat and wind will result in improvements to all weather plans, including those for snow and ice.
Chief Operating Officer	23 040	Impact of extreme weather - Wind	To provide assurance on the adequacy and effectiveness of controls in place to deal with the impact of extreme weather.	Requires Improvement	The seasonal plans have not been reviewed and updated to accommodate new information on wind as an extreme event in isolation or as part of a combined event with another weather hazard. As a result, the control environment requires improvement.

Audit Progress against 2023/24 Plan

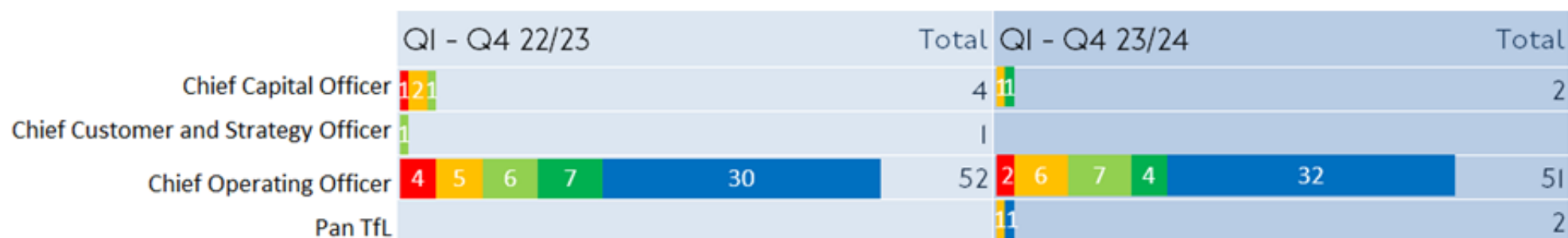
Action Management (ER1, 2 & 3) - By Enterprise Risk by Overdue Days



Action Management (ER1, 2 & 3) - By Directorate by Overdue Days



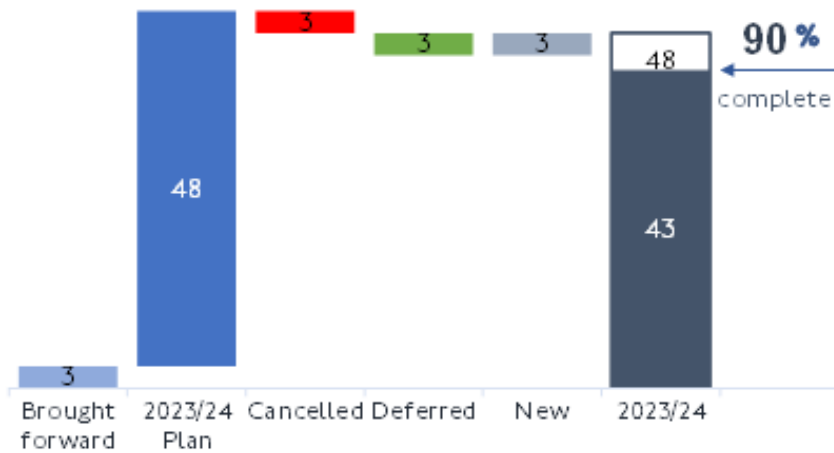
Audit Conclusion Comparison by Chief Officer Team (over 4 quarters)



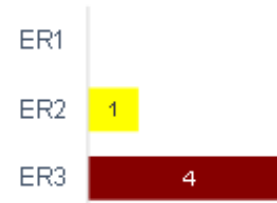
Audit Conclusion Comparison by Enterprise Risk (over 4 quarters)



All Audit Progress against 2023/24 Plan



Action Management (ER1, 2 & 3) - By Enterprise Risk by Overdue Days



Action Management (ER1, 2 & 3) - By Directorate by Overdue Days

Directorate	Overdue Actions To Date	Closed on time (6-period)
Chief Capital Officer	0	100%
Chief Customer and Strategy Officer	1	0%
Chief Finance Officer	1	50%
Chief Operating Officer	3	0%
Chief People Officer	0	0%
Chief SHE Officer	0	0%
Crossrail	0	0%
General Counsel	0	0%

■ 0-30 days
 ■ 31-60 days
 ■ 61-100 days
 ■ 100+ days

Audit Conclusion Comparison by Chief Officer Team (over 4 quarters)

	Q1 - Q4 22/23	Total	Q1 - Q4 23/24	Total
Chief Customer and Strategy Officer	1 1	2	1 1	2
Chief Operating Officer			4 1	5
Chief People Officer			1 1	2
Chief SHE Officer	1 3	4	1	1

Audit Conclusion Comparison by Enterprise Risk (over 4 quarters)

	Q1 - Q4 22/23	Total	Q1 - Q4 23/24	Total
ER01 Inability to deliver safety objectives and obligations	2	2	1	1
ER02 Attraction, retention, wellbeing and health of our employees	1 1	2	1 1 1	3
ER03 Environment including climate adaptation	1 1	2	4 2	6

■ Poorly Controlled
 ■ Requires Improvement
 ■ Adequately Controlled
 ■ Well Controlled
 ■ Not Rated