

## Agenda

**Meeting: Audit and Assurance Committee**

**Date: Wednesday 16 March 2022**

**Time: 10:00am**

**Place: Conference Rooms 1&2,  
Palestra, 197 Blackfriars Road,  
London, SE1 8NJ**

### Members

Mark Phillips (Chair)  
Anurag Gupta (Vice-Char)  
Cllr Julian Bell  
Kay Carberry CBE  
Dr Mee Ling Ng OBE

Copies of the papers and any attachments are available on [tfl.gov.uk How We Are Governed](https://tfl.gov.uk/How-We-Are-Governed).

This meeting will be open to the public and webcast live on [TfL YouTube channel](#), except for where exempt information is being discussed as noted on the agenda.

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### Further Information

If you have questions, would like further information about the meeting or require special facilities please contact: Sue Riley, Secretariat Officer; Email: [sueriley@tfl.gov.uk](mailto:sueriley@tfl.gov.uk)

For media enquiries please contact the TfL Press Office; telephone: 0343 222 4141; email: [PressOffice@tfl.gov.uk](mailto:PressOffice@tfl.gov.uk)

Howard Carter, General Counsel  
Tuesday 8 March 2022

**Agenda  
Audit and Assurance Committee  
Wednesday 16 March 2022**

**1 Apologies for Absence and Chair's Announcements**

**2 Declarations of Interests**

General Counsel

**Members are reminded that any interests in a matter under discussion must be declared at the start of the meeting, or at the commencement of the item of business.**

**Members must not take part in any discussion or decision on such a matter and, depending on the nature of the interest, may be asked to leave the room during the discussion.**

**3 Minutes of the Meeting of the Committee held on 1 December 2021  
(Pages 1 - 8)**

General Counsel

**The Committee is asked to approve the minutes of the meeting of the Committee held on 1 December 2021 and authorise the Chair to sign them.**

**4 Matters Arising and Actions List (Pages 9 - 12)**

General Counsel

**The Committee is asked to note the updated actions list.**

**Audit, Risk and Assurance Items**

**5 Integrated Assurance Plan 2022/23 (Pages 13 - 26)**

Director of Risk and Assurance

**The Committee is asked to approve the Plan.**

**6 Risk and Assurance Quarter 3 Report 2021/22** (Pages 27 - 62)

Director of Risk and Assurance Report

**The Committee is asked to note the report and the supplemental information on Part 2 of the agenda.**

**7 Enterprise Risk Update - Governance Controls and Suitability (ER13)**  
(Pages 63 - 68)

General Counsel

**The Committee is asked to note the paper and the supplemental information on Part 2 of the agenda.**

**8 Independent Investment Programme Advisory Group Quarterly Report** (Pages 69 - 74)

General Counsel

**The Committee is asked to note the report and the management response.**

**9 Elizabeth Line Programme Assurance Quarter 3 Report 2021/22**  
(Pages 75 - 84)

Director of Risk and Assurance

**The Committee is asked to note the report.**

## **Accounting and Governance**

**10 Critical Accounting Policies** (Pages 85 - 88)

Chief Finance Officer

**The Committee is asked to note the paper.**

**11 Personal Data Disclosure to Police and Other Statutory Law Enforcement Agencies (2021)** (Pages 89 - 96)

Director of Compliance, Policing, Operations and Security

**The Committee is asked to note the paper.**

**12 Finance Control Environment Trend Indicators** (Pages 97 - 102)

Chief Finance Officer

**The Committee is asked to note the dashboard at Appendix 1.**

**13 Register of Gifts and Hospitality for Members and Senior Staff**  
(Pages 103 - 108)

General Counsel

**The Committee is asked to note the paper.**

**14 Members' Suggestions for Future Discussion Items** (Pages 109 - 112)

General Counsel

**The Committee is asked to note the forward plan and is invited to raise any suggestions for future discussion items for the forward plan and for informal briefings.**

**15 Any Other Business the Chair Considers Urgent**

**The Chair will state the reason for urgency of any item taken.**

**16 Date of Next Meeting**

**Monday, 6 June 2022 at 10.00am.**

**17 Exclusion of Press and Public**

**The Committee is recommended to agree to exclude the press and public from the meeting, in accordance with paragraphs 3, 5 & 7 of Schedule 12A to the Local Government Act 1972 (as amended), in order to consider the following items of business.**

## **Agenda Part 2**

**18 Risk and Assurance Quarter 3 Report 2021/22** (Pages 113 - 130)

Director of Risk and Assurance

**Exempt supplemental information relating to the item on Part 1.**

**19 Enterprise Risk Update - Governance Controls and Suitability (ER13)**  
(Pages 131 - 136)

General Counsel

**Exempt supplemental information relating to the item on Part 1.**

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# Agenda Item 3

## Transport for London

### Minutes of the Audit and Assurance Committee

Conference Rooms 1 and 2, Ground Floor, Palestra,  
197 Blackfriars Road, London, SE1 8NJ  
10.00am, Wednesday 1 December 2021

#### Members

Anne McMeel	Chair
Dr Lynn Sloman MBE	Vice-Chair
Cllr Julian Bell	Member
Kay Carberry CBE	Member
Dr Mee Ling Ng OBE	Member

#### Other Members

Anurag Gupta	Member (Observer – via Teams)
Mark Phillips	Member (Observer)

#### Executive Committee

Howard Carter	General Counsel
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#### Staff

Emily Clark	Direct Tax Manager (Minute Reference 77/11/21)
Neale Clarke	Senior Divisional Financial Controller (Minute Reference 75/11/21)
Patrick Doig	Group Finance Director and statutory Chief Finance Officer
Jill Elliot	Head of Internal Audit
Charles Frost	Indirect Tax Manager (Minute Reference 77/11/21)
Lorraine Humphrey	Interim Director of Risk and Assurance
David Jones	Interim Deputy to Chief Procurement Officer (Minute Reference 76/11/21)
Stacey Kalita	Head of Finance, Crossrail (Minute Reference 75/11/21)
Sam Longman	Head of Corporate Environment (Minute Reference 72/11/21)
Richard Mullings	Head of Counter-Fraud and Corruption
James Norris	Interim Head of Project Assurance
Rachel Shaw	Head of Financial Accounting and Tax
Mike Shirbon	Head of Integrated Assurance
Sue Riley	Secretariat

#### Also In Attendance

Janet Dawson	Partner, Ernst & Young
Doug Johnston	Associate Partner, Climate Change and Sustainability, Ernst & Young (Minute Reference 72/11/21)
Toby McKean	Manager, Climate Change and Sustainability, Ernst & Young (Minute Reference 72/11/21)
Caroline Mulley	Partner, Ernst & Young
Alison Munro	Independent Investment Programme Advisory Group Member
Elina Nebezheva	Manager, Ernst & Young

## **65/11/21 Apologies for Absence and Chair's Announcements**

The Chair welcomed everyone to the meeting. The discussions in public were being webcast to TfL's YouTube channel to ensure that public and press could observe the proceedings and decision making without the need to attend. The Chair apologised for the technical difficulties with the sound quality of the meeting.

The Chair welcomed the recently appointed TfL Board Member Anurag Gupta, who was observing the meeting via Teams, and Mark Phillips, who would be taking over as Chair of the Committee once the new Committee and Panel appointments had been agreed at the TfL Board meeting on 8 December 2021. The Chair thanked Committee Members and staff for their hard work and valuable contributions during her tenure as Chair, particularly the Vice-Chair Dr Lynn Sloman MBE.

The Chair also welcomed Jill Elliot, the recently appointed Head of Internal Audit, to her first meeting of the Committee.

Apologies had been received from Dr Nelson Ogunshakin OBE. Simon Kilonback, Chief Finance Officer and Rachel McLean, Chief Finance Officer, Crossrail, were also unable to attend the meeting and were deputised by Neale Clarke and Stacey Kalita (respectively).

The Chair reminded those present that safety was paramount at TfL and encouraged Members to raise any safety issues during discussions on a relevant item or with TfL staff after the meeting. No matters were raised.

Following the meeting Members were scheduled to meet with the Director of Risk and Assurance for the annual informal meeting.

## **66/11/21 Declarations of Interest**

The Chair noted that, as Vice-Chair of the Elizabeth Line Committee, she would not Chair the meeting for the discussion on the Elizabeth line item (Minute 75/11/21) and the Vice-Chair of the Audit and Assurance Committee would Chair the meeting.

Members confirmed that their declarations of interests, as published on [tfl.gov.uk](https://www.tfl.gov.uk), were up to date and there were no additional interests that related specifically to items on the agenda.

The declarations of interests for the recently appointed Board Members would be posted on the TfL website shortly.

## **67/11/21 Minutes of the Meeting of the Committee held on 15 September 2021**

**The Committee approved the minutes of the meeting held on 15 September 2021 and authorised the Chair to sign them.**



## **68/11/21 Matters Arising and Actions List**

Howard Carter introduced the paper, which set out progress against actions agreed at previous meetings of the Committee.

**The Committee noted the Actions List.**

## **69/11/21 EY Annual Audit Report**

Patrick Doig introduced the EY Annual Audit Report, which was presented by Janet Dawson, EY.

Patrick Doig confirmed that areas of improvement within procurement, identified by management and Internal Audit, had been addressed and Internal Audit continued to provide assurance on the changes.

The Chair highlighted that the lack of a long-term funding agreement was impacting EY's Value for Money judgement.

It was agreed that the Finance Directorate should capture, where possible, the impact of a lack of a long-term funding on TfL's ability to achieve value for money.

**[Action: Patrick Doig]**

**The Committee noted the report.**

## **70/11/21 External Audit Plan TfL, TTL and Subsidiaries – Year Ending 31 March 2022**

Janet Dawson, EY presented EY's plans for the audit of the financial statements for TfL, Transport Trading Limited and its subsidiaries for the year ending 31 March 2022.

The thresholds for performance materiality were kept under constant review.

**The Committee noted the paper.**

## **71/11/21 EY Report on Non-Audit Fees for the Period of 1 April – 30 November 2021**

Patrick Doig introduced the report setting out the details of fees billed by EY for non-audit services.

**The Committee noted the report.**

## **72/11/21 Task Force on Climate-related Financial Disclosures**

Doug Johnston and Toby McKean, EY, presented the Task Force on Climate-related Financial Disclosures (TCFD) reporting requirements and next steps to make the relevant

climate-related disclosures in future reporting cycles. Sam Longman was also present for this item.

A considerable amount of work had already been initiated by TfL and the impact of COP26 targets on TfL's transport systems and energy sourcing were being considered. Infrastructure resilience, financial risks of climate changes and impacts and stakeholder interest were all critical factors.

The Mayor's aspiration for London to be a centre of excellence in this area meant that climate change adaptation was a strategic issue for TfL and an integral part of the organisation and its risk management approach and governance. Monitoring of progress, scenario analysis and future modelling were all highlighted.

The Chair welcomed the report and proposed that the National Audit Office guidance on TCFD be considered at a future meeting. **[Action: Patrick Doig]**

The Committee stressed the need for an integrated approach across all Committees and Panels and inclusion in the reporting of Risk and Assurance to the Committee, which was proportionate and achievable.

Sam Longman confirmed that the Mayor's Transport Strategy provided a comprehensive strategic approach for challenging TfL's operations on climate change. Supply chains, transition and impact risk all required maturing, within a financially challenging environment, alongside improved data collection and a London wide approach.

Members highlighted the importance of reducing uncertainty, appropriate scenario modelling and an implementation road map. Given the current resource constraints and funding uncertainty, the Committee considered the initial focus should be on developing TfL's gap analysis and identifying best practice within other organisations, as well as identifying funding opportunities. **[Action: Sam Longman]**

A briefing on TCFD for all Board Members would be arranged. **[Action: Secretariat]**

**The Committee noted the paper.**

## **73/11/21 Risk and Assurance Quarter 2 Report 2021/22**

Lorraine Humphrey introduced the report setting out work completed by the Risk and Assurance Directorate during Quarter 2 of 2021/22, work in progress and planned activities. Jill Elliot, Richard Mullings, James Norris and Mike Shirbon were also present.

A six-month rolling audit plan was being progressed as a more agile and responsive approach to the needs of the organisation. Under the current Audit Plan, all deferred audits would be reconsidered as part of the risk based planning process for the 2022/23 plan and added to the following year. Any cancelled audits had been agreed with stakeholders and had been assessed as not required or were being picked up in other planned audits as appropriate.

Discussions were ongoing as to how climate risk could be integrated within TfL's Enterprise Risk approach and an informal discussion with Board Members and the Executive Committee would be arranged. **[Action: Lorraine Humphrey/Secretariat]**

It was agreed that a baseline measurement would be added to the Control Environment Trend Indicators graph, especially in relation to technology.

**[Action: Lorraine Humphrey]**

A revised approach to management action extensions was being considered and an update would be provided at the next meeting.

**The Committee noted the report and the supplemental information on Part 2 of the agenda.**

### **74/11/21 Independent Investment Programme Advisory Group Quarterly Report**

Alison Munro presented the Independent Investment Programme Advisory Group (IIPAG) quarterly report.

It was agreed that IIPAG would consider how best TfL's asset information should be recorded and validated.

**[Action: Alison Munro]**

Many of the common themes identified in the IIPAG report had been and would continue to be discussed by the Programmes and Investment Committee.

**The Committee noted the report and the management response.**

### **75/11/21 Elizabeth Line Programme Assurance Quarter 2 Report 2021/22**

The Vice-Chair chaired the meeting for this item. Lorraine Humphrey introduced the overview of programme assurance activity in relation to the Elizabeth line during Quarter 2 of 2021/22. Neale Clarke and Stacey Kalita were also present for this item.

Details of the assurance activities to be undertaken by second and third line functions prior to Revenue Service were provided to the Committee to show how assurance was being carried out effectively and without impacting on key work being undertaken across the organisation.

The Director of Risk and Assurance agreed to consider how assurance on the migration of residual activities, prior to the final transfer from Crossrail into TfL, would be provided.

**[Action: Lorraine Humphrey]**

Assurance information on Trial Operations testing reporting would be reviewed.

**[Action: Joan Buszewska]**

It was noted that the assurance around readiness for Phase 1 of Trial Operations had been presented to the Elizabeth Line Committee, as would assurance of the subsequent phases.

**The Committee noted the report and the supplemental information on Part 2 of the agenda.**

## **76/11/21 Finance Control Environment Trend Indicators**

Patrick Doig presented the update on Finance Control Environment Trend Indicators. David Jones was also present for this item.

The Chair welcomed the progress to date.

**The Committee noted the paper.**

## **77/11/21 Annual Tax Compliance Update**

Patrick Doig presented the key policies and documents that form TfL's Tax Governance Framework. Rachel Shaw, Emily Clark and Charles Frost were also present for this item.

The Committee welcomed the good practice by TfL in this area.

**The Committee noted the Anti-Tax Evasion Policy and the Anti-Tax Evasion Statement, the TfL Annual Tax Strategy and the Senior Accounting Officer Policy.**

## **78/11/21 Legal Compliance Report (1 April – 30 September 2021)**

Howard Carter presented the summary of information provided by each TfL Directorate for the Legal Compliance Report for the period 1 April 2021 – 30 September 2021.

**The Committee noted the report.**

## **79/11/21 Register of Gifts and Hospitality for Members and Senior Staff**

Howard Carter presented the quarterly update on the register of gifts and hospitality for Board Members and senior staff.

Members would be sent the annual reminder to register any gifts or hospitality received.

**The Committee noted the paper.**

## **80/11/21 Members' Suggestions for Future Discussion Items**

Howard Carter presented the current forward plan for the Committee.

**The Committee noted the paper.**

## **81/11/21 Any Other Business the Chair Considers Urgent**

There was no urgent business.

## **82/11/21 Date of Next Meeting**

The next scheduled meeting was due to be held on Wednesday 16 March 2022 at 10.00am.

## **83/11/21 Exclusion of Press and Public**

**The Committee agreed to exclude the press and public from the meeting, in accordance with paragraphs 3, 5 and 7 of Schedule 12A to the Local Government Act 1972 (as amended), in order to consider the following items of business: Risk and Assurance Quarter 2 Report 2021/22; and Elizabeth Line Programme Assurance Quarter 2 Report 2021/22.**

The meeting closed at 12.30pm.

Chair: \_\_\_\_\_

Date: \_\_\_\_\_

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## Audit and Assurance Committee



**Date:** 16 March 2022

**Item:** Matters Arising and Actions List

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### **This paper will be considered in public**

#### **1 Summary**

- 1.1 This paper informs the Committee of progress against actions agreed at previous meetings.
- 1.2 Appendix 1 sets out the progress against actions agreed at previous meetings.

#### **2 Recommendation**

- 2.1 **The Committee is asked to note the Actions List.**

#### **List of appendices to this report:**

Appendix 1: Actions List

#### **List of Background Papers:**

None

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## Audit and Assurance Committee Actions List (to be reported to the meeting on 16 March 2022)

### Actions from the meeting held on 1 December 2021

Minute No.	Item/Description	Action By	Target Date	Status/Note
69/11/21	<b>EY Annual Audit Report</b> The Finance Directorate to capture, where possible, the impact of a lack of a long term funding agreement on TfL's ability to provide value for money, cost benefit losses and implications for the end of year accounts.	Patrick Doig	16 March 2022 meeting.	Information circulated. Complete.
72/11/21 (1)	<b>Task Force on Climate Related Financial Disclosures (TCFD)</b> The National Audit Office guidance on TCFD to be considered at a future meeting.	Patrick Doig	6 June 2022 meeting.	Links to relevant documents can be found here: <a href="https://www.fsb-tcfid.org/">https://www.fsb-tcfid.org/</a> : <a href="https://tnfd.global/">https://tnfd.global/</a> .  Item scheduled on Forward Plan.
72/11/21 (2)	An informal briefing on TCFD for all Board Members to be arranged.	Secretariat	11 April 2022	Date scheduled. Complete.
72/11/21 (3)	The initial focus to be on developing TfL's gap analysis and identifying best practice within other organisations, as well as identifying funding opportunities.	Sam Longford	11 April 2022	Gap analysis underway. More detailed information to be shared at the Board briefing, including best practice and funding options.

<b>73/11/21 (1)</b>	<b>Risk and Assurance Quarter 2 Report 2021/22</b> An informal discussion on Enterprise Risk with Board Members and the Executive Committee to be arranged.	Secretariat	May 2022.	To be arranged. Pending.
<b>73/11/21 (2)</b>	A baseline measurement to be added to the Control Environment Trend Indicators graph, especially in relation to technology.	Lorraine Humphrey	16 March 2022 meeting.	Included in report on agenda. Complete.
<b>74/11/21</b>	<b>Independent Investment Programme Advisory Group Quarterly Report</b> IIPAG to consider how best TfL's asset information should be recorded and externally validated.	Alison Munro	6 June 2022 meeting.	Scheduled. In progress.
<b>75/11/21 (1)</b>	<b>Elizabeth Line Programme Assurance Quarter 2 Report 2021/22</b> The Director of Risk and Assurance to consider how assurance on the migration of residual activities, prior to the final transfer from Crossrail into TfL, could be provided.	Lorraine Humphrey	16 March 2022 meeting.	The Internal Audit team reviewed the residual works process and this has now been closed. The Crossrail Chief Finance Officer has confirmed that she is comfortable with the assessment and migration process, and it is a much lower risk than was originally envisaged. Complete.
<b>75/11/21 (2)</b>	Assurance information on Trial Operations testing reporting to be reviewed.	Joan Buszewska	16 March 2022 meeting.	Action outputs from the Trial Operations tests are being compiled and managed via a new Resilience workstream, which includes a weekly Reliability and Resilience meeting, where actions and owners are tracked and reviewed to ensure completion and that learning is embedded across the Operations teams. Complete.

**Actions from previous meetings: None**

## Audit and Assurance Committee

**Date:** 16 March 2022

**Item:** Integrated Assurance Plan 2022/23

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### **This paper will be considered in public**

## **1 Summary**

1.1 The purpose of this paper is to present the 2022/23 Integrated Assurance Plan (IAP) to the Committee for approval.

## **2 Recommendation**

2.1 **The Committee is asked to approve the Plan.**

## **3 Background**

3.1 The Risk and Assurance Directorate delivers assurance across TfL through the activities of Internal Audit, Integrated Assurance, Project Assurance, and Enterprise Risk Management (ERM). The work of the ERM team ensures there is a sound basis for the assurance activities carried out by the other functions. Each assurance function has its own detailed programme of work, the results of which provide the evidence for the Risk and Assurance Annual Report and the annual Internal Audit opinion.

3.2 In order to have a more dynamic and effective programme of audit work, we have taken a different approach to preparing the plan. We are proposing to move away from the traditional annual plan to a rolling 18-month programme. This will allow us more flexibility to respond quickly to changes in the Enterprise Level 0 and 1 risk, strategic and operational changes across TfL as well as any additional requests for assurance work from the business.

3.3 The IAP, attached at Appendix 1, sets out in detail the Internal Audit (third line of defence) work we plan to carry out in the first six months of 2022/23. The IAP includes, at Appendix 2, an indicative plan for the second half of the year. This is subject to review and provides the level of flexibility to meet any changes to the organisation's assurance needs. To provide a longer term view we have provided potential areas for inclusion for the first six months of 2023/24. Appendix 3 provides an overview of all our proposed activity over the next 18 months. The plan also shows the areas where there will be second line of defence audit or review activity carried out by other assurance teams, both within Risk and Assurance and elsewhere in TfL.

## 4 Development of the Plan

4.1 The plan has been produced through our evaluation of business risk and activity and our interaction with the business. We have also used intelligence gathered through our work across TfL. The starting point for development of our IAP is a review of the TfL Enterprise Risks and the key controls that have been identified over those risks. In addition, we focus our work on significant areas of business change and areas where we have found significant issues in the past.

4.2 The plan is built in three layers:

- (a) **risk-driven** – work that provides assurance over the management of specific risks or are based on themes and trends that could present a risk to the business;
- (b) **core** – repeat/cyclical assurance activities such as financial/people/procurement key control work, Safety, Health and Environment (SHE) management systems, grant certifications etc; and
- (c) **business led** – areas requested by the business or drawn from the ongoing cycle of business activity.

Supporting this is the information provided through the work of the ERM, Counter-fraud and Corruption, Integrated Assurance and Project Assurance teams.

4.3 The IAP also incorporates audit activity for the Elizabeth line, London Transport Museum (LTM) and the TfL Pension Fund. LTM and the TfL Pension Fund each have their own Audit Committee. We will present relevant sections of the IAP to those committees for review and approval as follows:

- (a) the TfL Pension Fund Audit Committee on 2 March 2022; and
- (b) the LTM Risk and Audit Committee on 25 April 2022.

4.4 Additionally, we share the IAP with the external auditors, Ernst & Young, and discuss, where appropriate, any areas where they wish to place reliance on our work.

## 5 Delivery of the Plan

5.1 The plan is based on the current staff levels within the Internal Audit team. Any changes in staff numbers will be reflected in amendments to the plan. It takes into account those audits that started in Quarter 4 of 2021/22 and where the agreed dates for reporting fall into next year. We are keen to move away from carrying a large percentage of the plan forward to the following year. The rolling programme approach will reduce the likelihood of this pattern continuing. We have tried to limit this carry over as much as possible. By doing so we have a plan that is deliverable, properly resourced and prioritised in terms of risk, business need and assurance that key controls are working effectively.

- 5.2 The plan will be reviewed regularly with additional planning meetings towards the end of each six-month period. This will ensure that we are providing assurance that reflects the organisation's current risk status, any major organisational changes or resource changes.

## **6 Other Audit and Review Activity**

- 6.1 The IAP highlights areas where second line of defence, audit and review activity, is being provided by other teams, in particular the Integrated Assurance and Project Assurance teams within Risk and Assurance. The Independent Investment Programme Advisory Group (IIPAG) provide third line assurance and the IAP indicates where this is provided. This work is not listed in detail in this IAP, however each of the teams agree their plan of work with the business as appropriate. IIPAG's work plan is approved by this Committee in line with their Terms of Reference.
- 6.2 The Integrated Assurance team carries out a programme of work focused primarily on SHE assurance, engineering quality assurance and security assurance at the second line of defence. The Integrated Assurance team's programme of work is coordinated with local safety, engineering and security assurance teams. Other assurance activities include oversight and reporting of TfL's compliance to the Payment Card Industry Data Security Standard to ensure adequate protection of payment card data.
- 6.3 The Project Assurance team carries out assurance reviews of projects and programmes across TfL's Investment Programme, with individual projects selected for review following a risk-based assessment. IIPAG (third line) review projects with an Estimated Final Cost over £50m or those under that threshold that they consider are risky, novel or have dependencies with larger programmes. Reports from Project Assurance reviews are considered alongside the authority request, depending on the size, complexity and risk of the project, at various investment meetings in all areas of TfL, the Commercial Approvals Meeting or by the officers under delegated authority. Project Assurance undertake continuous assurance of projects to feed into reviews and to assess risk profile of projects/programmes by considering cost, scope, programme and risk factors.
- 6.4 Project Assurance also conducts reviews of the 22 sub-programmes to inform their annual request for Authority at the Programmes and Investment Committee. IIPAG participate in these in line with their approved work plan.
- 6.5 Whilst not primarily an assurance provider, the Counter-Fraud and Corruption team often identifies control issues during its investigations and reports these to management together with recommended corrective actions. The Internal Audit team works closely with the Counter-Fraud and Corruption team as a useful source of intelligence for areas requiring audit attention.

**List of appendices to this report:**

Appendix 1 – Integrated Assurance Plan Phase 1 - 2022/23

Appendix 2 – Proposed Activity Phase 2 - 2022/23

Appendix 3 – 18 month Audit Programme on a page

**List of Background Papers:**

None

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## Detailed TfL 2022/23 Integrated Assurance Plan April – September 2022 (Phase 1)

- The IAP presents planned work for the first half of the financial year by Enterprise Risk Level 0

<b>Enterprise Risk 01</b>	<b>Major Health, Safety or environmental incident or crisis</b>		<b>Overall Control Rating Requires Improvement</b>
	<b>Integrated Assurance will deliver a portfolio of engagements at the second line relating to safety assurance in addition to the SHE and Engineering assurance teams.</b>		
Audit Title	Rationale and Outline Audit Scope		Directorate/ Client lead
<b>Health Surveillance</b>  (Business led)	Why now?	This is a request from the business following an issue found at a depot by the Health and Safety Executive. TfL have been sent a letter detailing the issues and improvements are required.	Lilli Matson, Chief Safety, Health and Environment Officer
	Audit objective	To provide assurance on the adequacy and effectiveness of key controls for health surveillance and ensuring that there are robust arrangements in place to ensure that the improvements required will be delivered.	
<b>Digital Assurance - Procurement of Digital Monitoring and Assurance System</b>  (Business led)	Why now?	The procurement is split into three parts and we have provided real-time assurance on two. This is the most expensive and complex of the packages. The entire Safety, Health and Environment (SHE) assurance regime is manual and there are no digital leading indicators, metrics or dashboards to indicate what the thousands of preventive SHE inspections completed each year are telling us in terms of compliance and culture.  This will also be a real-time audit and the timing of the audit mirrors the procurement process. This is a major change to how safety is managed in the business – moving from paper based to digital.	Lilli Matson, Chief Safety, Health and Environment Officer
	Audit objective	To provide assurance on the adequacy and effectiveness of key controls for the implementation of Digital SHE Assurance - procurement of Digital Monitoring and Assurance System.	

<b>Enterprise Risk 02</b>	<b>Attraction, retention and wellbeing of our employees</b>		<b>Overall Control Rating Requires Improvement</b>
Audit Title	Rationale and Outline Audit Scope		Directorate/ Client lead
<b>Movers and Leavers</b>  (Core work)	Why now?	There are core areas of the business which are audited on a cyclical basis. These tend to be key financial, people and procurement controls. We last audited this area three years ago when it was rated as Requires Improvement.	Maureen Jackson, Director of Business Services
	Audit Objective	We will assess the extent to which the overall control environment has improved since our last audit. This will include a walkthrough of the current processes, evaluation of any changes to processes and sample testing to confirm compliance with movers and leavers processes.	
<b>Staff and Contractor Vetting in Technology and Data (T&amp;D)</b>  (Business led)	Why now?	Staff and contractors in positions of authority require additional levels of vetting such as National Security Vetting or BS 7858 security screening to allow access to classified information or to assets. These are needed at recruitment stage and throughout employment.  There are concerns that current levels of vetting of existing staff and contractors holding positions of authority in T&D systems is not performed, or insufficiently performed at recruitment stage and throughout employment.	Shashi Verma, Director of Strategy and Chief Technology Officer
	Audit Objective	This audit will provide assurance on the adequacy and effectiveness of vetting controls for staff and contractors in positions of authority in T&D.	
<b>Enterprise Risk 03</b>	<b>Major Service Disruption</b>		<b>Overall Control Rating Adequately controlled</b>
Audit Title	Rationale and Outline Audit Scope		Directorate/ Client lead
<b>Climate Adaptation - Reporting</b>  (Risk driven)	Why now?	This is a high-risk area which could cause issues in future years if not addressed now leading to assets being degraded /inoperable. The business has advised that this is the right timing for us to do this audit. It will be done in conjunction with the climate adaptation data audit and follows the two previous climate adaptation audits in 2021/22.	Lilli Matson, Chief Safety, Health and Environment Officer
	Audit Objective	To review the key controls over collaborating, communicating, and reporting on climate adaptation across TfL and with external stakeholders and experts.	



<b>Climate Adaptation - Data Management</b>  (Risk driven)	Why now?	High risk area and could cause issues in future years if not addressed now leading to assets being degraded /inoperable. The business has advised that this is the right timing for us to do this audit. It will be done in conjunction with the climate adaptation reporting audit as they are linked.	Lilli Matson, Chief Safety, Health and Environment Officer
	Audit Objective	To review the adequacy and effectiveness over key controls for Identifying and improving data and systems to support adaptation activities.	
<b>Enterprise Risk 04</b>	<b>Major Security Incident</b>		<b>Overall Control Rating Requires Improvement</b>
<b>Integrated Assurance will deliver a portfolio of compliance and consultancy engagements at the second line relating to the Payment Card Industry Data Security Standard.</b>			
Audit Title	Rationale and Outline Audit Scope		Directorate/ Client lead
<b>Management of Network Drives</b>  (Risk driven)	Why now?	The potential failure to safeguard the organisation’s information from unauthorised access, loss or modification which could result in business interruption, legal action, civil and/or criminal liability, fines, and reputational damage. General Data Protection Regulation (GDPR) breaches result on average in fines of £1-5m.  Network drives are managed by T&D, but the data contained in them is managed and owned by parties other than T&D. There is a potential exposure to GDPR with existing network shares at a time when TfL has fully deployed its replacement with Microsoft cloud storage OneDrive.	Shashi Verma, Director of Strategy and Chief Technology Officer
	Audit Objective	Provide assurance on the adequacy and effectiveness of controls supporting access, ownership and cost allocation of shared drives.	
<b>Review of Datacentres</b>  (Risk driven)	Why now?	There are several hazards within a datacentre that can disrupt operations, lead to down time and potentially cause personal injuries. The last audit of TfL datacentres took place over five years ago.	Shashi Verma, Director of Strategy and Chief Technology Officer
	Audit Objective	Provide assurance on the adequacy and effectiveness of access and environmental controls to datacentres.	
<b>Cubic – Systems</b>	Why now?	Audit originally formed part of audit IA 21 012 (FY2021/22) but was descoped to form a separate	Shashi Verma,

<b>Availability</b> (Risk driven)		audit in FY2022/23.  Transport Trading Limited contracts with a third-party service provider, Cubic Transportation Systems Ltd (Cubic), in the Revenue Collection Contract agreement (effective from August 2015), the provision and maintenance of several components of the Oyster Pay As You Go (PAYG) ticketing system. Specifically, this includes the Central System database which holds all transactions received from every ticketing device where an Oyster card has been validated or used for retailing an Oyster product. The Central System is core to the effective operation of Oyster PAYG, reporting and revenue apportionment to Operators. Should there be a possible system failure and/or a breach in security, the collection system (including contactless cards) may fail temporarily. Revenue loss could be £10m per day (£5m from Oyster and £5m from Contactless) in addition to severe damage to the integrity of/loss of confidence in the fare collection system, reputational damage and additional costs to rectify failure/corruption.	Director of Strategy and Chief Technology Officer
	Audit Objective	To assess and evaluate the adequacy and effectiveness of a selection of key controls, in relation to the Central System managed by Cubic on behalf of TfL, with respect to systems availability.	
<b>Cubic – Systems Performance</b> (Risk driven)	Why now?	Audit originally formed part of audit IA 21 012 (FY2021/22) but was descoped to form a separate audit in FY2022/23. See narrative above.	Shashi Verma, Director of Strategy and Chief Technology Officer
	Audit Objective	To assess and evaluate the adequacy and effectiveness of a selection of key controls, in relation to the Central System managed by Cubic on behalf of TfL, with respect to system performance.	
<b>Enterprise Risk 07</b>	<b>Financial Sustainability</b>		Overall Control Rating TBC
Audit Title	Rationale and Outline Audit Scope		Directorate/ Client lead
<b>Use of Consultants and Professional Services</b> (Risk driven)	Why now?	Checks need to be made that consultants are being brought into the business via the correct route and that headcount and salary caps are not being avoided. Given our current funding position we need to ensure that consultancy contracts are awarded in line with TfL policy and process.	Jonathan Patrick, Chief Procurement Officer
	Audit Objective	Provide assurance on the adequacy and effectiveness of controls in place for the appointment of consultants.	

<b>Management of Single Sourcing Requests (SSRs) below £100,000</b>  (Risk driven)	Why now?	We completed an audit of SSRs of more than £100,000 in 2021/22 which found areas that could be improved. The process for SSRs below that threshold is different and we agreed that we would review less than £100,000 in the light of our findings. Given the external scrutiny of this area this needs to be done in Quarter 1 2022/23.	Jonathan Patrick, Chief Procurement Officer
	Audit objective	Provide assurance on the adequacy and effectiveness of the process for approving SSRs for low value (less than £100,000). Ensure that the process complies with the procurement policy and procedures.	
<b>Property Transfer Accounting</b>  (Business led)	Why now?	Over the last two to three years, Commercial Development has undertaken significant activity to create a single, ring fenced investment property portfolio in Transport Trading Limited Properties (TTLP) – a wholly owned subsidiary of TfL. The interim Group Finance Director has asked for assurance that TTLP's processes and controls are robust.	Ken Youngman, Divisional Finance Director /Laura McNeil, Head of Finance (Commercial Development)
	Audit objective	To determine the adequacy and effectiveness of the property transfer accounting process (between Finance and TTLP).	
<b>Invoicing of Third Parties at Victoria Coach Station</b>  (Business led)	Why now?	This audit has been requested by the business for a couple of years' running and some planning has already been undertaken in 2021/22. This is one of the few areas of the business that either break even or makes a small profit by bringing in revenue. It is therefore important that we have a robust process in place to ensure this works efficiently and effectively.	Louise Cheeseman, Director of Bus Operations
	Audit objective	To provide assurance over the adequacy and effectiveness of controls of third-party invoice approvals.	
<b>Assets Under Construction (AUC) Accounting Process</b>  (Risk driven)	Why now?	With the current funding position of the TfL group over the last couple of years impacting on decisions regarding the scope of certain projects, the accuracy and recoverability of AUC balances is an increasing area of audit focus. It was also identified as a risk in a previous audit.	Rajiv Sachdeva, Group Finance Director
	Audit objective	To examine and evaluate the adequacy and effectiveness of the AUC accounting process.	
<b>Group Saving Portfolio Tracking Process</b>  (Business led)	Why now?	New savings tracking process introduced - assurance critical as output is used by Finance in funding negotiations and tracking for ongoing financial sustainability. Group Finance Director identified need for review, but process is managed by HR.	Fiona Brunskill, Director of People and Culture Change
	Audit	To provide assurance over the adequacy and effectiveness of the new Group savings portfolio	

	objective	process.	
<b>Arts Council England (ACE)Funded Projects: Designation Development Fund</b>  (Core work)	Why now?	As per the LTM Audit and Risk Committee, availability of corporate funding significantly impacts budget. Certification of grants from the ACE are a priority for LTM.	Sam Mullins, Director of London Transport Museum
	Audit objective	Certify costs in respect of funding for the Designation Development Fund.	
<b>Benefits Realisation of Transformational Activities</b>  (Risk driven)	Why now?	London Underground has undergone various transformational programmes in the past few years, including Fit for the Future Stations and Engineering. These programmes were to drive efficiencies, including making us a more efficient organisation, as well as making financial savings. Given current financial pressures, there is heightened risk that expected benefits will not be delivered.	Rachel McLean, Chief Finance Officer – Crossrail and London Underground Finance Director
	Audit objective	To provide assurance that benefits from transformational activities have been realised.	
<b>Enterprise Risk 08</b>	<b>Delivery of TfL key investment programmes and projects</b>		<b>Overall Control Rating Requires Improvement</b>
	<b>Project Assurance will deliver a portfolio of assurance reviews at the second line of defence, in addition to work undertaken by the PMO team.</b>  <b>IIPAG will deliver a portfolio of assurance reviews at the third line of defence.</b>		
<b>Enterprise Risk 12</b>	<b>Asset condition unable to support TfL outcomes</b>		<b>Overall Control Rating Requires Improvement</b>
	<b>Integrated Assurance will deliver a portfolio of assurance reviews at the second line of defence, in addition to work by the Engineering Maintenance Assurance team.</b>		

<b>Enterprise Risk 13</b>	<b>Governance and Controls Suitability</b>		<b>Overall Control Rating Adequately controlled</b>
Audit Title	Rationale and Outline Audit Scope		Directorate/ Client lead
<b>Taxi and Private Hire (TPH) Controls for the new Licensing Process</b>  (Business led)	Why now?	From discussions with the Director of Licensing, Regulation and Charging and also identified by the Head of Counter-fraud and Corruption as a high-risk area where an audit would be of value. This is a new licensing process with the potential for both fraud and reputational risk.	Helen Chapman, Director of Licensing, Regulation and Charging
	Audit objective	Provide assurance on the effectiveness of the new licensing process.	
<b>Integration of Woolwich Ferry</b>  (Business led)	Why now?	The operation of the Woolwich Ferry was brought in-house having previously been contracted out. Requested by the Group Finance Director because it is a new area. As this is a free service it is crucial that it is managed and run efficiently. This audit was deferred from the 2021/22 plan due to resource pressures.	Darren Ellis, General Manager Woolwich Ferry
	Audit objective	To provide assurance on the adequacy and effectiveness of controls on the Woolwich Ferry integration into TfL.	
<b>Executive Recruitment</b>  (Core work)	Why now?	This is one of several cyclical recruitment related audits. This audit was initially in the 2021/22 plan, however, was deferred to 2022/23 given the HR team's workload at the time.	Tricia Wright, Chief People Officer
	Audit objective	Provide assurance on the adequacy and effectiveness of controls in place for executive recruitment.	
<b>Enterprise Risk 14</b>	<b>Opening of the Elizabeth Line</b>		<b>Overall Control Rating Adequately controlled</b>
Audit Title	Rationale and Outline Audit Scope		Directorate/ Client lead
<b>Crossrail Act Obligations</b>	Why now?	The Crossrail Act giving permission for the railway to be built, operated and maintained received Royal Assent in July 2008. The Act stipulates several obligations that should be met. Failure to deliver all obligations would significantly affect TfL's reputation.	Mark Wild, Chief Executive Officer Crossrail

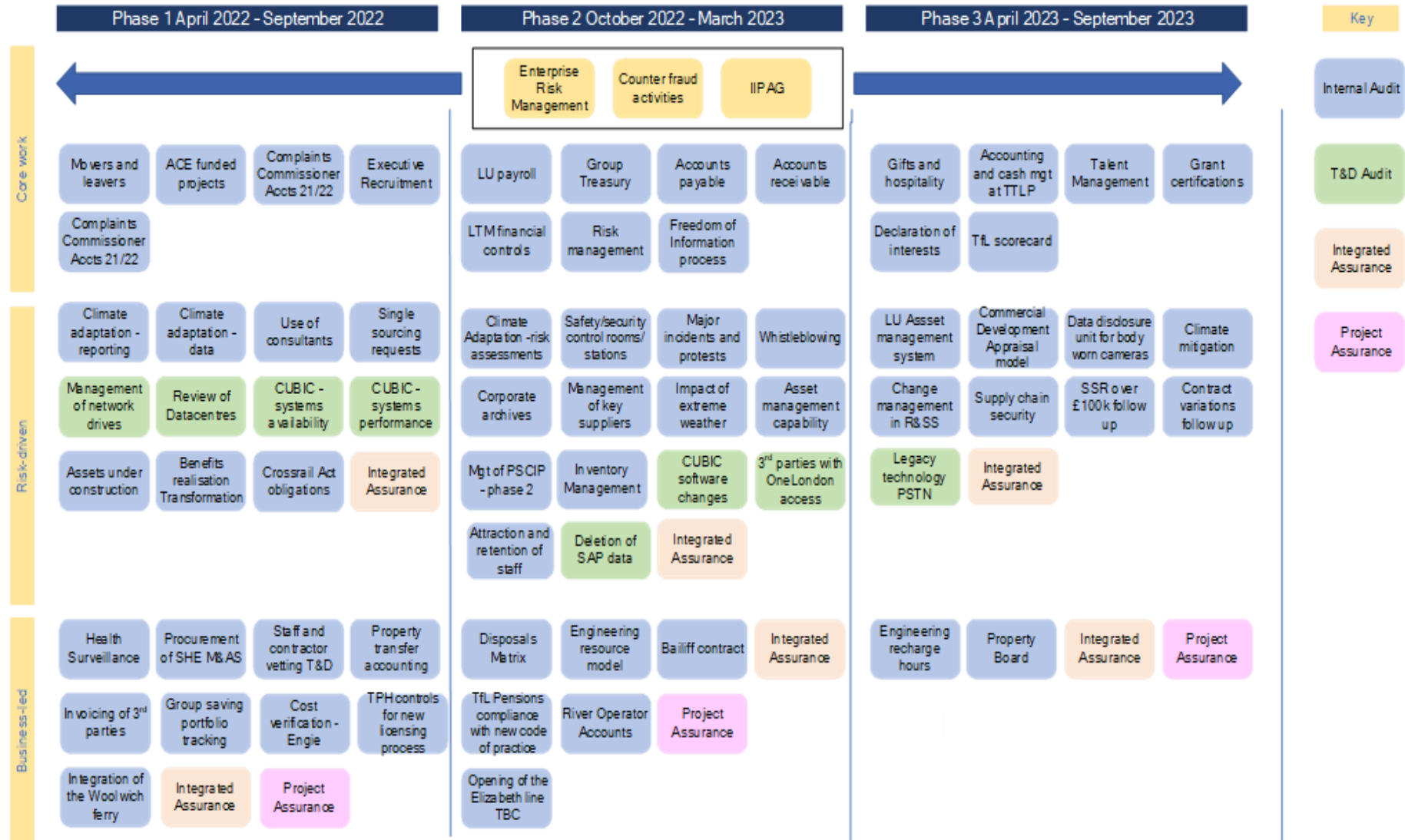
(Risk driven)	Audit objective	To provide assurance that obligations in the Crossrail Act have been met.	
<b>Cost Verification – Engie</b> (Business led)	Why now?	Engie is a contractor working on the Elizabeth line. TfL pays Engie a significant amount every period; approximately £10m. Given current financial pressures, it is imperative any money being paid out is accurate and fully supported.	Rachel McLean, Chief Finance Officer – Crossrail and London Underground Finance Director
	Audit objective	To certify that payments to Engie are accurate and appropriate.	
<b>Complaints Commissioners Accounts 2021/22</b> (Core work)	Why now?	An independent Crossrail Complaints Commissioner was appointed by the Secretary of State for Transport. An annual review of the Complaints Commissioner's accounts is completed to ensure figures are correct, and that the account comply with the Accounts Direction issued on behalf of the Crossrail High Level Forum.	Mark Wild, Chief Executive Officer Crossrail
	Audit objective	To provide assurance on the accuracy of the Crossrail Complaints Commissioner's accounts for 2021/22.	
<b>Complaints Commissioners Accounts 2022/23</b> (Core work)	Why now?	The independent Crossrail Complaints Commissioner will cease in September 2022 and this is a final review of the Complaints Commissioner's accounts. It will ensure figures are correct, and that the accounts comply with the Accounts Direction issued on behalf of the Crossrail High Level Forum.	Mark Wild, Chief Executive Officer Crossrail
	Audit objective	To provide assurance on the accuracy of the Crossrail Complaints Commissioner's accounts for 2022/23.	

## Proposed Coverage 2022/23 Phase 2

- There are 27 potential audits for delivery between October 2022 and March 2023

Enterprise Risk No.	Enterprise Risk	Audit Title	Core/Risk/Business
ER01	Major Safety, Health or Environmental incident or crisis	Disposal Matrix	Business led
ER02	Attraction, retention and wellbeing of our employees	Attraction and retention of staff	Risk driven
ER03	Major Service Disruption	Engineering Resource Model – interaction between delivery lead and business	Business led
		Climate adaptation – risk assessments	Risk driven
ER04	Major Security Incident	Safety and security of control rooms and stations	Risk driven
		Major incidents and protests	Risk driven
		Whistleblowing	Risk driven
		Corporate Archives	Risk driven
		Cubic – Implementation of Software changes	Risk driven
		Third parties with OneLondon access	Risk driven
		Deletion of SAP data	Risk driven
ER05	Supply Chain disruption	Management of critical (key) suppliers by the P&SC team	Risk driven
ER07	Financial Sustainability	London Underground payroll	Core work
		River Operator Accounts	Business led
		Inventory management	Risk driven
		Management of the new bailiff contract for debt recovery	Business led
		Group Treasury	Core work
		Accounts payable	Core work
		Accounts receivable	Core work
London Transport Museum financial controls	Core work		
ER12	Asset condition unable to support TfL outcomes	Impact of extreme weather	Risk driven
		Asset management capability	Risk driven
ER13	Governance and controls suitability	Risk Management	Core work
		Management of the PSCIP, procurement and supply chain improvement programme phase 2	Risk driven
		TfL pensions compliance with the new code of practice	Business led
		Freedom of Information process	Core work
ER14	Opening of the Elizabeth Line	To be reviewed in line with Stage 5b	TBC

Integrated Assurance Plan proposed/indicative coverage April 2022 – September 2023





## Audit and Assurance Committee



**Date:** 16 March 2022

**Item:** Risk and Assurance Quarter 3 Report 2021/22

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**This paper will be considered in public**

### **1 Summary**

- 1.1 The purpose of this report is to inform the Committee of the work completed by the Risk and Assurance Directorate during Quarter 3 of 2021/22 (Q3), the work in progress and planned to start, and other information about the Directorate's activities.
- 1.2 A paper is included on Part 2 of the agenda, which contains exempt supplemental information that is exempt from publication by virtue of paragraphs 3, 5 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 Committee is asked to note the report and the supplemental information on Part 2 of the agenda.**

### **3 Director Update**

- 3.1 This is the third quarterly report for 2021/22 to the Committee highlighting the activities of five of the six teams making up the Risk and Assurance Directorate, namely: Enterprise Risk; Internal Audit; Integrated Assurance; Project Assurance; and Counter-fraud and Corruption. Elizabeth line assurance work is covered elsewhere on the agenda.
- 3.2 In Quarter 4 of 2021/22 (Q4) the Integrated Assurance team will change its name to 'Quality, Safety and Security Assurance'. Feedback from stakeholders was that 'Integrated Assurance' was not self-explanatory and not widely understood across the business, nor did the team identify with and take ownership of the team name. 'Quality, Safety and Security Assurance' provides a more accurate description of the work the team does, the subjects addressed and the key stakeholders we work with. The name change does not alter the work the team does, the methodology or the standards to which they work and it has been discussed and agreed with all key internal stakeholders.

- 3.3 In Q3 audit work continues to be behind programme with Internal Audit at 39 per cent and Integrated Assurance at 50 per cent. Details of the reasons for this are set out below. The expectation is that Internal Audit will reach 70 per cent of their plan and Integrated Assurance 85 per cent by the end of the financial year.
- 3.4 Audit planning has been taking place in Internal Audit and Integrated Assurance. The Integrated Assurance Plan is covered elsewhere on the agenda. The plan is risk based and has been made more robust and will be updated on a rolling basis.
- 3.5 The team provided key papers to support the new Executive Committee Group Performance, Risk and Assurance meeting. There was a good discussion on the general papers with helpful guidance on the draft agenda for the Executive Committee/Board Enterprise Risk informal discussion session that will take place in spring 2022. Further work to support that meeting is now underway.
- 3.6 Active Risk Manager (ARM), the risk management software tool used in TfL, has been successfully upgraded. Work is in progress to explore additional functionality that may help simplify the aggregation and disaggregation of Level 1 Enterprise Risks in one system rather than having separate forms and manual interventions needing to be made. This could also reduce the administrative burden for reporting and presentation of risks.
- 3.7 In Project Assurance reviews over the last year, three key themes have arisen most frequently. These are sufficiency of staff resources, development of business cases and robustness of Estimate Final Costs (EFCs). The Project Assurance team are undertaking further work to better understand these common issues and the progress being made within the business to address them. In particular, the team is undertaking a focused deep dive on the detailed reasons for inadequate EFCs and potential options for driving an improvement in this area.
- 3.8 A suspect, previously jailed for two years and eight months for conspiracy to defraud TfL by supplying concessionary Oyster cards to ineligible members of the public through social media, has been the subject of Proceeds of Crime Act confiscation proceedings, leading to the confiscation of £89,000, seized from his bank accounts. This money had been accumulated as a direct result of his criminal activities. TfL has been awarded £35,000 as compensation, which has now been paid in full.

## **4 Enterprise Risk Management**

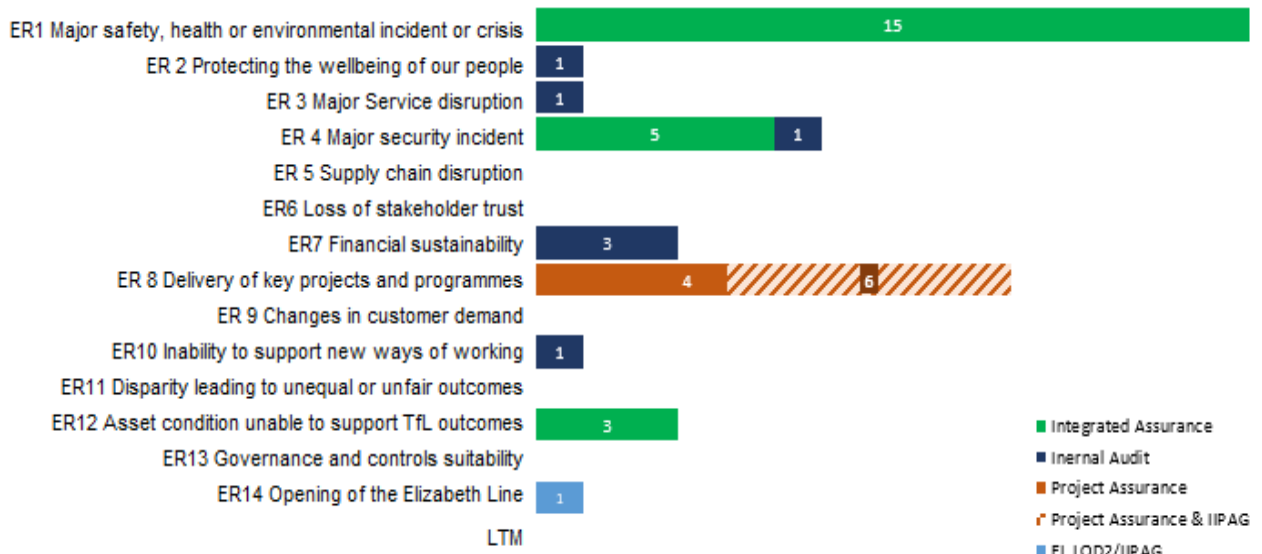
- 4.1 The following Level 0 Enterprise Risks reviews were facilitated by the team in the last quarter:
- (a) Attraction, retention and wellbeing of our employees (ER2);
  - (b) Major service disruption (ER3);
  - (c) Major security incident (ER4);
  - (d) Loss of stakeholder trust (ER6);
  - (e) Delivery of TfL key investment programmes and projects (ER8);

- (f) Governance and Controls Suitability (ER13); and
  - (g) Opening of the Elizabeth Line (ER14).
- 4.2 The outcomes of ER3, ER6, ER8 and ER13 will now go to the relevant Committees and Panels according to the agreed schedule for the current financial year.
- 4.3 The title of ER2 'Protecting the wellbeing of our employees' has changed to 'Attraction, retention and wellbeing of our employees' due to repositioning of the focus, as agreed at an Executive Committee meeting in November 2021.
- 4.4 ER13 'Governance and controls suitability' is scheduled for discussion elsewhere on the agenda for this meeting.
- 4.5 ER14 'Opening of the Elizabeth Line' has been broadened to also cover stages 5b and 5c of the programme.
- 4.6 The top six strategic Level 1 Elizabeth line risks have been developed and approved.
- 4.7 A list of current Level 0 risks and the schedule of Enterprise Risks to be reviewed by the relevant Committee or Panel for 2022/23 has been agreed. These are both included in Appendix 1.

## **5 Audit and Assurance**

- 5.1 In TfL, assurance is delivered in accordance with the 'three lines of defence' model:
- (a) First line of defence – control and monitoring arrangements carried out by the functions responsible for managing the risks/controls;
  - (b) Second line of defence – typically assurance reviews, audit and inspection regimes carried out by teams separate from those responsible for managing the risks/controls, but reporting through the TfL management hierarchy; and
  - (c) Third line of defence – fully independent audit and review activities, typically with a strategic focus, and reporting to the Executive Committee, this Committee and other Committees and Panels.
- 5.2 Figure 1 below indicates the assurance activity for Q3 by team/group mapped against the Enterprise Risks (if a risk is not listed this means that no work has been completed against it during the year so far).

**Figure 1 – Assurance activity mapped to Enterprise Risk**



## Internal Audit

- 5.3 Internal Audit provide third line assurance through independent, objective and evidence-based audits. A full list of audit reports issued is at Appendix 2, audits in progress at Appendix 3, work planned to start in Q4 at Appendix 4, and details of changes to the audit plan at Appendix 5. The Internal Audit Q3 summary is included as Appendix 6. Appendices 2-5 exclude Elizabeth line audits, details of which are included in the Elizabeth line Programme Assurance paper elsewhere on the agenda.
- 5.4 The carryover of 19 audits from 2021/22 has hampered the delivery of the current programme which did not have sufficient provision for this volume of work. Vacant posts and a previous hesitancy to reprofile the plan when new audits are added has also not helped. This goes some way to explain why delivery is currently at 39 per cent. However, the team are now making good progress on the remainder of the plan. Delivery is being closely monitored to limit the amount of carry over into next year. Our ambition is to deliver 70 per cent of the programme to draft/final report out with the business by year end. There are eight audits with agreed delivery dates past the end of the financial year and this has been accounted for in our 2022/24 audit plan.
- 5.5 Seven audit reviews were completed in this quarter. Three memos, one grant certification and three audit reports were issued (details are set out in Appendix 2). Of the three audit reports the work on Digital Assurance was found to be adequately controlled. The work on Tenant Billing and Climate Adaptation (planning) both required improvement. Further details are provided in Appendix 6 and the business has accepted the findings for both audits and is working to close them out.
- 5.6 In Q3 there were 10 changes to the audit plan (excluding Elizabeth line): four new audits were added, two were cancelled and there were four deferrals. Details of these are set out in Appendix 5.

## **Mayoral Directions**

- 5.7 Mayoral Directions fall into three broad categories: those addressing technical issues relating to statutory powers; those related to commercial development activities; and those related to projects and programmes.
- 5.8 There has been one recent direction to TfL, which does not affect Internal Audit activity:
- (a) Further to a funding agreement with the government dated 1 June 2021, and an extension and amendments to that June 2021 agreement made on 17 December 2021, the Mayor committed to implementing an overall increase on fares of Retail Price Index (RPI) +1 per cent. On 14 February 2022, the Mayor directed TfL to implement a Fares Revision to deliver this commitment, while ensuring the increase in fares is as affordable as possible for Londoners. The fares increase was implemented from 1 March 2022. (MD2937 on 14 February 2022)

## **Management Actions**

- 5.9 The team monitors the completion of all Internal Audit management actions and confirms whether management has adequately addressed them. We report by Directorate on the percentage of actions closed on time over the past six periods. Appendix 6 provides additional information relating to action management trends over the last six periods. The percentage of actions closed on time has improved significantly from 36 per cent at the end of Quarter 1 to 76 per cent at the end of Q3. The percentage of actions given an extension for completion is high at 65 per cent. This needs to be investigated further with a view to reducing this over the coming months.
- 5.10 Appendix 6 also includes information on overdue actions at the end of Q3. There are 16 actions arising from Internal Audits more than 60 days overdue at that date. Progress towards closing out actions is discussed with stakeholders regularly and there are valid reasons for those that are overdue.

## **Integrated Assurance**

- 5.11 The Integrated Assurance team carries out second line of defence audits, primarily in relation to health and safety and engineering compliance, and compliance with Payment Card Industry Data Security Standard. Audit reports issued by the team follow a similar system of audit conclusions and priority ratings for issues as the Internal Audit team.
- 5.12 A summary of work carried out by Integrated Assurance in Q3 is included as Appendix 7.

- 5.13 At the end of Q3 progress delivery of the Integrated Assurance audit plan stood at 50 per cent (see Appendix 7). Whilst this is still behind schedule, there has been significant progress in Q3 compared with the end of Quarter 2 when progress stood at 25 per cent. The combination of successful recruitment and a back loaded audit plan is delivering the required improvement in performance for Q3 and Q4 and we will meet the target of 85 per cent by year end.
- 5.14 Audits are only cancelled or deferred at the request of, or in agreement with the audit sponsor or risk owner with the decision rationale recorded in the audit database. In Q3 nine audits were cancelled and two deferred where assurance was no longer required or needed to be rescheduled. Five of the nine cancelled audits were due to the reintroduction of ('Plan B') Covid-19 restrictions on site visits that prevented the audits from taking place. For transparency, cancelled and deferred audits are reported in detail to the Safety, Sustainability and Human Resources Panel.
- 5.15 Ten topic audits, nine Integrated Systems audits and four payment card industry compliance audits were completed in Q3: of the 10 topic audits one audit was concluded as 'poorly controlled':
- (a) 21 735 – Surface Transport Electrical Inspections: We were requested to undertake this audit by the team responsible for electrical testing to test the robustness of their inspection and monitoring arrangements. Compliance with the requirements of British Standard 7671 (Requirements for Electrical Installations) could not be fully demonstrated. There was a gap across the asset areas in data collection, information, recording, storage and document management of reports/certificates. Actions addressing these have been accepted and the team are progressing agreed actions.
- 5.16 The Integrated Assurance team undertook a consultancy assignment for the Compliance, Policing, Operations and Security (CPOS) Directorate to provide assurance in relation to the Local Security Action plans (LSAPs) to determine if the preventative security measures designed by CPOS had been effectively implemented across TfL. The report considered the roll out of the LSAPs and provided quantitative and qualitative analysis of the results of interviews undertaken as part of the LSAP process and interviews conducted in the fieldwork for the report. The report concluded that the roll out had been successful and there were agreed logical next steps to further mature the TfL security culture. Consultancy reports are not given a conclusion as they are not compliance orientated. A briefing on the report and next steps for action were presented and agreed at the TfL Executive Security Group.
- 5.17 Across the last six periods there has been a steady trend of 64 per cent of actions closed on time. Seventeen per cent of actions were granted an extension (in compliance with our procedure), which is a decreasing trend. The combination of these two trends means there has been an increase in the number of overdue actions. As of Q4 there are currently 45 overdue actions out of a total of 85. It is noted that the actions from four audits in four different areas make up a significant proportion of the total number of overdue actions (34 out of 45). Actionees receive routine reminders from the audit team and overdue actions are escalated to the applicable management teams to try and resolve.

## **Project Assurance**

- 5.18 The Project Assurance team carries out second line assurance reviews of projects and programmes across TfL's Investment Programme, with individual projects selected for review following a risk-based assessment. Generally, projects with an EFC over £50m are also subject to third line input from the Independent Investment Programme Advisory Group (IIPAG). However, IIPAG's agreed work-bank is determined by the project's risk profile, which includes some projects less than £50m, and not all sub-programmes are reviewed. The IIPAG Quarterly Report is included elsewhere on the agenda. Reports from Project Assurance reviews are considered alongside the Authority request at the sub-programme board or operating business board depending on the size of the project.
- 5.19 Project Assurance also conducts reviews of the sub-programmes to inform annual requests for Authority at the Programmes and Investment Committee.
- 5.20 Project Assurance reviews do not carry an overall conclusion in the same way as audit reports, however, issues raised may be designated as critical issues. The Project Assurance team follows up on all recommendations to ensure they have been addressed and reports on those that are overdue to the Programmes and Investment Committee.
- 5.21 Three sub-programme reviews were undertaken during the quarter, with IIPAG involved in all three reviews. In the same time frame seven project assurance reviews were undertaken, with IIPAG involved in three of these. These reviews gave rise to 38 recommendations being made by Project Assurance, of which four were considered to be critical issues, with IIPAG making five recommendations of which none were critical. All recommendations and critical issues were accepted by the teams involved and are being actioned to an agreed timeline.
- 5.22 A summary of the work completed by the Project Assurance team in Q3 is included as Appendix 8.

## **Customer Feedback**

- 5.23 Integrated Assurance issued 14 questionnaires of which nine were returned (64 per cent). Satisfaction rates for Integrated Assurance remains above 90 per cent. A summary of their customer feedback forms is included as Appendix 9.
- 5.24 Internal Audit issued four questionnaires of which none were returned. This highlights issues about the numbers of feedback forms being sent out and secondly why they are not being returned. This is something that is being investigated this quarter and feedback will be given in the Q4 report on this matter

## **6 Counter-fraud and Corruption**

- 6.1 The Counter-fraud and Corruption (CFC) team carries out investigations in all cases of suspected and alleged fraud. They also carry out a proactive programme of fraud awareness, prevention and detection activities designed to minimise TfL's exposure to fraud risk.
- 6.2 A summary of the team's activities during Q3, including information on significant closed fraud investigations, is included as Appendix 10.

- 6.3 Of the four cases closed in Q3, three resulted in internal disciplinary action being taken against TfL employees and one was dealt with through a referral to Action Fraud.
- 6.4 The CFC team continues to raise awareness of fraud and corruption across TfL through targeted sessions and presentations. During Q3, members of the team provided a fraud awareness presentation to colleagues from the London Transport Museum (80+ attendees). The presentation was designed to focus on the risk of fraud against charities, particularly through impersonation fraud and the financial and reputational impact fraud has on the sector.
- 6.5 Details of significant new and ongoing fraud investigations during Q3 is included in the paper on Part 2 of the agenda.

## **7 Resources**

- 7.1 At the end of Q3 the Directorate was carrying eight vacancies: three in Internal Audit, one in Project Assurance, one in Integrated Assurance, and three support roles including a Fraud data analyst role.
- 7.2 All recruitment activity in the Directorate is on hold in line with the TfL position on only critical recruitment going ahead at this time. We are managing across the teams but regularly reviewing impacts and will submit requests to restart recruitment on a case by case basis as necessary.

## **8 Control Environment Trend Indicators**

- 8.1 The Q3 indicators are included as Appendix 11.

### **List of appendices to this report:**

Appendix 1: Level 0 Risks & Enterprise Risk Schedule 2022-23  
Appendix 2: Internal Audit reports issued in Q3 2021/22  
Appendix 3: Work in Progress at the end of Q3 2021/22  
Appendix 4: Work planned for Q3 2021/22  
Appendix 5: Cancelled/ deferred/new audits from 2021/22 audit plan  
Appendix 6: Internal Audit Q3 summary  
Appendix 7: Integrated Assurance Q3 summary  
Appendix 8: Project Assurance Q3 summary  
Appendix 9: Customer Feedback Q3 summary  
Appendix 10: Counter-Fraud and Corruption Q3 summary  
Appendix 11: Control Environment Trend Indicators

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

### **List of Background Papers:**

None

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## Level 0 Risks - Appendix 1

Level 0 TfL Enterprise Risks				
Risk No.	Risk	Owner	Manager(s)	Mayor's Transport Strategy / Corporate Strategy
ER1	Major safety, health or environmental incident or crisis	Chief Safety, Health and Environment Officer	Head of Insights & Direction; Head of Corporate Environment; Head of Occupational Health & Wellbeing; Head of Transport Strategy & Planning	MTS: Healthy streets and healthy people
ER2	Attraction, retention and wellbeing of our employees	Chief People Officer	Head of Strategic Planning and Governance; Head of Occupational Health & Wellbeing	CS: People and stakeholders
ER3	Major service disruption	Chief Operating Officer	Director of Network Management; Director of Bus Operations; Director of Rail and Sponsored Services; Director of LU Asset Performance & Capital Delivery; Director of People and Cultural Change	MTS: A good public transport experience
ER4	Major security incident	Chief Customer and Strategy Officer	CTO & Director of Strategy; Director Compliance Policing & On-Street; Chief Operating Officer	MTS: Healthy streets and healthy people
ER5	Supply chain disruption	Chief Finance Officer	Chief Procurement Officer	MTS: A good public transport experience
ER6	Loss of stakeholder trust	Director of Communications and Corporate Affairs	Group Finance Director; Director of Legal	CS: People and stakeholders
ER7	Financial sustainability	Chief Finance Officer	Group Finance Director	CS: Finance
ER8	Delivery of key projects and programmes	Chief Capital Officer	Director of Project & Programme Delivery; Delivery Director, LU Director of Asset Performance and Capital Delivery, Director of PMO	MTS: A good public transport experience
ER9	Changes in customer demand	Chief Customer and Strategy Officer	CTO & Director of Strategy; Director of City Planning; Director of Public Transport Service Planning	CS: Finance
ER10	Inability to support new ways of working	Chief People Officer	Head of Business Partnering	MTS: A good public transport experience

## Level 0 TfL Enterprise Risks

Risk No.	Risk	Owner	Manager(s)	Mayor's Transport Strategy / Corporate Strategy
ER11	Disparity leading to unequal or unfair outcomes	Director of Diversity, Inclusion and Talent	Chief Safety, Health & Environment Officer; CTO & Director of Strategy; Director of City Planning;	CS: People and stakeholders
ER12	Asset condition unable to support TfL outcomes	Chief Operating Officer	Director of TfL Engineering Asset Strategy	MTS: A good public transport experience
ER13	Governance and controls suitability	General Counsel	Director of Legal	MTS: All MTS themes
ER14	Opening of the Elizabeth Line	TfL Commissioner	Chief Operating Officer; Operations Business Manager	MTS: A good public transport experience

## TfL Level 0 Enterprise Risks – 2022/23 Schedule

#	Enterprise Risk	Owner	Exco Routing Date	Exco Date	Committee Panel	Committee Panel Routing Date	Committee Panel Date
ER1	Major safety, health or environmental incident or crisis	Lilli Matson	26 April 2022	5 May 2022	SSHRP	13 June 2022	29 June 2022
ER2	Attraction, retention and wellbeing of our employees	Tricia Wright	26 April 2022	5 May 2022	SSHRP	13 June 2022	29 June 2022
ER3	Major Service disruption	Andy Lord	3 January 2023	12 January 2023	CSOPP	20 February 2023	8 March 2023
ER4	Major security incident	Gareth Powell	8 July 2022	19 July 2022	AAC	5 September 2022	21 September 2022
ER5	Supply chain disruption	Simon Kilonback	26 April 2022	5 May 2022	FC	6 June 2022	22 June 2022
ER6	Loss of stakeholder trust	Matt Brown	3 January 2023	12 January 2023	CSOPP	20 February 2023	8 March 2023
ER7	Financial sustainability	Simon Kilonback	8 July 2022	19 July 2022	FC	20 September 2022	6 October 2022
ER8	Delivery of key projects and programmes	Stuart Harvey	3 January 2023	12 January 2023	PIC	13 February 2023	1 March 2023
ER9	Changes in customer demand	Gareth Powell	11 October 2022	20 October 2022	FC	7 November 2022	23 November 2022
ER10	Inability to support new ways of working	Tricia Wright	11 October 2022	20 October 2022	SSHRP	31 October 2022	16 November 2022
ER11	Disparity leading to unequal or unfair outcomes	Marcia Williams	11 October 2022	20 October 2022	CSOPP	18 November 2022	6 December 2022
ER12	Asset condition unable to support TfL outcomes	Andy Lord	8 July 2022	19 July 2022	CSOPP	16 September 2022	4 October 2022

ER13	Governance and controls suitability	Howard Carter	27 April 2023	18 April 2023	AAC	TBC 23/24	TBC 23/24
ER14	Opening of the Elizabeth Line	Andy Byford	27 April 2023	18 April 2023	ELC	TBC 23/24	TBC 23/24

Exco Group Performance, Risk and Assurance Meetings			
Meeting Date	Routing deadline	Risk #	Enterprise Risk
12 January 2022	10 January 2022	ER6 ER8 ER13	Loss of stakeholder trust Delivery of key projects and programmes Governance and controls suitability
5 May 2022	26 April 2022	ER1 ER2 ER5	Major safety, health or environmental incident or crisis Attraction, retention and wellbeing of our employees Supply chain disruption
19 July 2022	8 July 2022	ER4 ER7 ER12	Major security incident Financial sustainability Asset condition unable to support TfL outcomes
20 October 2022	11 October 2022	ER9 ER10 ER11	Changes in customer demand Inability to support new ways of working Disparity leading to unequal or unfair outcomes
12 January 2023	3 January 2023	ER3 ER6 ER8	Major Service disruption Loss of stakeholder trust Delivery of key projects and programmes
27 April 2023	18 April 2023	ER13 ER14	Governance and controls suitability Opening of the Elizabeth Line

Safety, Sustainability and Human Resources Panel (SSHRP)			
Meeting Date	Routing deadline	Risk #	Enterprise Risk
29 June 2022	13 June 2022	ER1  ER2	Major health, safety or environmental incident or crisis Attraction, retention and wellbeing of our employees
14 September 2022	26 August 2022		
16 November 2022	31 October 2022	ER10	Inability to support new ways of working
22 February 2023	6 February 2023		

Customer Service and Operational Performance Panel (CSOPP)			
Meeting Date	Routing deadline	Risk #	Enterprise Risk
13 July 2022	27 June 2022		
4 October 2022	16 September 2022	ER12	Asset condition unable to support TfL outcomes
6 December 2022	18 November 2022	ER11	Disparity leading to unequal or unfair outcomes
8 March 2023	20 February 2023	ER3 ER6	Major Service disruption Loss of stakeholder trust

Finance Committee (FC)			
Meeting Date	Routing deadline	Risk #	Enterprise Risk
22 June 2022	6 June 2022	ER5	Supply chain disruption
6 October 2022	20 September 2022	ER7	Financial Sustainability
23 November 2022	7 November 2022	ER9	Changes in customer demand
8 March 2023	20 February 2023		

<b>Audit &amp; Assurance Committee (AAC)</b>			
<b>Meeting Date</b>	<b>Routing deadline</b>	<b>Risk #</b>	<b>Enterprise Risk</b>
6 June 2022	17 May 2022		
21 September 2022	5 September 2022	ER4	Major security incident
30 November 2022	14 November 2022		
15 March 2023	27 February 2023		

<b>Programmes and Investment Committee (PIC)</b>			
<b>Meeting Date</b>	<b>Routing deadline</b>	<b>Risk #</b>	<b>Enterprise Risk</b>
18 May 2022	29 April 2022		
20 July 2022	4 July 2022		
19 October 2022	3 October 2022		
14 December 2022	28 November 2022		
1 March 2023	13 February 2023	ER8	Delivery of key projects and programmes

<b>Elizabeth Line Committee (ELC)</b>			
<b>Meeting Date</b>	<b>Routing deadline</b>	<b>Risk #</b>	<b>Enterprise Risk</b>
25 May 2022	9 May 2022		
14 July 2022	28 June 2022		
29 September 2022	13 September 2022		
24 November 2022	8 November 2022		
26 January 2023	10 January 2023		
16 March 2023	28 February 2023		

## Transport for London Audit and Assurance Committee

### Internal Audit reports issued in Q3 2021/22

### Appendix 2

- There were seven reports issued during the quarter

Enterprise Risk	Directorate	Ref	Audit title	Summary of Finding	Conclusion	H	M	L
<b>ER02 Protecting the wellbeing of our employees</b>	General Counsel	21 042	Gifts and Hospitality	During the planning process we identified several key adequacy issues and some enhancements within the gifts and hospitality control environment. These were identified under the areas of Policy, Communication, Recording and Authorisation, Review and Monitoring, and Training. Issues need to be addressed before assurance can be provided on the effectiveness of controls.	Memo			
<b>ER04 Major security incident</b>	Customers Communication & Technology	20 402	Enterprise IT Security Layer	<p>There were several scope areas that could either not be tested or were only partially tested. Not all the evidence required was provided because of several key staff changes and staff were too busy with other projects. Given the lack of evidence we can only conclude on a limited number of the original scope areas as we have been unable to fully assess the operating effectiveness of the overall controls detailed in the scope.</p> <p>We have assessed the design of controls from review of the submitted policies and standards and have made two recommendations based on our review.</p> <ul style="list-style-type: none"> <li>- Management should update the 'SOC Incident Response Plan' to include guidance on when an incident needs to be reported to law enforcement agencies and which agencies it should be reported to. If required, management should consult with the Department for Transport to determine how this might best be implemented. Information can also be obtained from the National Cyber Security Centre, who provide CNI (Critical National Infrastructure) with advice, support and guidance.</li> <li>- Management should ensure that all policies,</li> </ul>	Memo			

## Transport for London Audit and Assurance Committee

Enterprise Risk	Directorate	Ref	Audit title	Summary of Finding	Conclusion	H	M	L
				standards and guidance documents are reviewed, signed off and implemented.				
<b>ER07 Financial sustainability</b>	Customers Communication & Technology	21 026	Clean Mobile Energy (7th review)	<p>Total cost certified is €34,191 and covers the period 1/1/21 - 29/4/21.</p> <ul style="list-style-type: none"> <li>- Expenditure claimed was in line with rules and complies with conditions of the grant.</li> <li>- Expenditure is related to activities in line with the application form.</li> <li>- No evidence of infringements of rules or double financing of expenditure was identified.</li> </ul>	Memo			
<b>ER10 Inability to support new ways of working</b>	Customers Communication & Technology	20 405	Digital accessibility TfL	<p>A range of controls are in place designed to ensure compliance with the requirements set by the Web Content Accessibility Guidelines (WCAG) 2.1 - the Digital Accessibility standard - in particular:</p> <p>An internal project has been underway that was initiated in 2019 with the objective of ensure the current TfL website meets Digital Accessibility requirements.</p> <p>An initial review of compliance levels has been undertaken based on status against the A and AA Digital Accessibility WCAG 2.1 criteria with corresponding actions and remediation plans.</p> <p>Staff training on Digital Accessibility requirements has been delivered this year to facilitate digital accessibility conformance.</p> <p>We agreed that the current website - <a href="https://tfl.gov.uk">https://tfl.gov.uk</a> - is partially compliant with WCAG 2.1 requirements. However, we acknowledge that TfL have processes in place that have been operating to improve digital accessibility where applicable and action continues to be undertaken. Moreover, the new TfL website that is in development sets out an objective of conformance with digital accessibility standards and requirements.</p>	Adequately Controlled	0	3	0



## Transport for London Audit and Assurance Committee

Enterprise Risk	Directorate	Ref	Audit title	Summary of Finding	Conclusion	H	M	L
				The management actions noted because of this audit relate to the TfL main website however, the need to implement these recommendations across all TfL websites should be considered where applicable. Our opinion is based on the risk implications of the issues identified, rather than any specific individual issue raised.				
<b>ER07 Financial sustainability</b>	Finance	20 611	Tenant Billing	There were five high and three medium priority issues found. The high priority issues are as follows: 1) no agreed KPIs; 2) unsatisfactory rent collection rates; 3) increase in rent arrears since outsourced; 4) increase in unallocated cash; and 5) high volume and slow processing of change notes.	Requires Improvement	5	3	0
<b>ER03 Major service disruption</b>	Pan TfL	21 010	Climate Adaptation - Planning	There were three high and one medium priority issue identified. The high priority issues are as follows: 1) lack of an overarching adaptation strategy or strategic view of the related risks; 2) supplier and asset climate risk is not fully understood and asset planning and mitigations may not be adequate for adaptation; and 3) key suppliers are not monitored for Climate Adaptation Plans.	Requires Improvement	3	1	0
<b>ER07 Financial sustainability</b>	Surface Transport	21 064	Additional Dedicated Home to School and College Transport Funding (Part 2)	Provision of extra Covid-secure buses and associated services, eg cleaning and communications via posters, to enable school pupils to be transported to school when there was reduced capacity due to social distancing on public service buses.  This review certified expenditure was spent in line with the terms and conditions attached to the grant.	N/A			

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## Transport for London Audit and Assurance Committee

### Work in progress at the end of Q3 2021/22

### Appendix 3

- There were 14 audits in progress (excluding Elizabeth line) at the end of the quarter

Enterprise risk	Directorate	Ref	Audit title	Objective	Current Status
ER01 Major health, safety or environmental incident or crisis	Finance	21 003	Construction Design and Management (CDM) Regulations	To provide assurance that the arrangements regarding Commercial Development acting as the Client under the CDM Regulations are adequate and effective.	In Progress
ER04 Major security incident	Customers Communication & Technology	21 014	Data Loss Prevention (DLP)	Assess the adequacy and effectiveness of DLP controls in relation to personal, sensitive and confidential data.	In Progress
ER07 Financial sustainability	Finance	21 028	Commercial Development's asset management strategy to maximise secondary revenue income	To provide assurance over the adequacy and effectiveness of Commercial Development's asset management strategy for maximising secondary revenue income and the extent to which these are being delivered in line with the business plan.	In Progress
ER07 Financial sustainability	Human Resources	21 031	Pensioner Payroll	Provide assurance on the adequacy and effectiveness of controls for Pensioner Payroll.	In Reporting
ER07 Financial sustainability	Customers Communication & Technology	21 032	Fixed Asset Accounting	To determine the effectiveness of the processes and controls for accounting for TfL's fixed assets.	In Reporting
ER10 Inability to support new ways of working	Finance	21 038	SAP Business Planning Consolidation Tool (BPC)	To assess and evaluate the adequacy of the development and implementation of the SAP BPC enhancements, the preventative controls for daily loads of data, and the roles and accountabilities (RACI) for access controls.	In Progress
ER13 Governance and controls suitability	Customers Communication & Technology	21 045	Recruitment	Provide assurance on the adequacy and effectiveness of controls within recruitment.	In Progress
ER07 Financial sustainability	Finance	21 057	Effectiveness of the due diligence process for new tenants	Provide assurance on the adequacy and effectiveness of Commercial Development's due diligence process for new retail tenants including financial vetting.	In Progress

## Transport for London Audit and Assurance Committee

Enterprise risk	Directorate	Ref	Audit title	Objective	Current Status
<b>ER07 Financial sustainability</b>	Finance	21 058	Governance of Single Sourcing Requests	The purpose of the audit was to provide assurance that the governance process in place to manage the use of single sourcing (or non-competitive) procurements is robust and effective and in line with recommendations from previous audit findings on Single Source Requests (SSRs).	In Reporting
<b>ER07 Financial sustainability</b>	Finance	21 059	Governance of Contract Variation Recommendations	To provide assurance that the governance process in place to manage the use of contract variations is robust and effective.	In Reporting
<b>ER07 Financial sustainability</b>	Finance	21 060	Management of Defined Costs - Track Programme Contract	To provide assurance that the controls around the management of defined costs are effective.	In Reporting
<b>ER13 Governance and controls suitability</b>	General Counsel	21 063	Declaration of Interest	Provide assurance of the adequacy and effectiveness of controls around declarations of interest.	In Reporting
<b>ER03 Major service disruption</b>	Pan TfL	21 066	Climate Adaptation – roles, responsibilities and knowledge	To provide assurance that roles and responsibilities around Climate Adaptation are clearly allocated and understood.	In Reporting
<b>ER04 Major security incident</b>	Customers Communication & Technology	21 012	Cubic User Access Management Controls	To assess and evaluate the adequacy and effectiveness of a selection of key controls, in relation to the Central System managed by Cubic on behalf of TfL, with respect to user access management.	In Progress

## Transport for London Audit and Assurance Committee

### Work planned to start in Q4 2021/22

### Appendix 4

- There are 15 audits planned to start (excluding Elizabeth line) during the next quarter

Enterprise risk	Directorate	Ref	Audit title	Objective
<b>ER01 Major health, safety or environmental incident or crisis</b>	Safety Health and Environment	21 005	Procurement of a Digital Safety Health and Environment System (SHEMS) with role-based capabilities -ITT to Contract Award	Provide assurance that the procurement process for the digital SHE Management System is effective.
<b>ER02 Protecting the wellbeing of our employees</b>	Human Resources	21 007	Core Line Manager Training (staff wellbeing)	Provide assurance on the adequacy and effectiveness of line manager training to support wellbeing of staff.
<b>ER04 Major security incident</b>	Customers Communication & Technology	21 016	Security of Bring Your Own Device (BYOD)	Provide assurance on the effectiveness of the strategy to ensure security of TfL data during use of BYOD.
<b>ER04 Major security incident</b>	Customers Communication & Technology	21 017	Software License Management	Assess the adequacy and effectiveness of controls in place to manage risks associated with software licensing across TfL.
<b>ER10 Inability to support new ways of working</b>	Customers Communication & Technology	21 019	IT Disaster Recovery and Operational Resilience	Provide assurance over TfL's ability to withstand and recover from disruptive IT events.
<b>ER07 Financial sustainability</b>	Commercial Development	21 027	Commercial Development Financial Sustainability Plan	Provide assurance that the controls over the Financial Sustainability plan in Commercial Development are adequate and effective.
<b>ER07 Financial sustainability</b>	Commercial Development	21 029	LTM Security of Valuable Collections	Determine the effectiveness of the measures for ensuring the preservation and security of the London Transport Museum's valuable collections. Valuable collections are those with a high financial value and/or rare items mostly kept at the Acton Depot and the London Transport Museum, Covent Garden.
<b>ER08 Delivery of key projects and programmes</b>	Major Projects	21 036	Benefits Realisation	Provide assurance that controls in place to deliver programme benefits are adequate and effective.
<b>ER10 Inability to support new ways of working</b>	Finance	21 039	The Estate Management Strategy	Provide assurance on the adequacy and effectiveness of the Estate Management Strategy to show efficiency - cost per full time equivalent space and to reduce associated head office running costs.

## Transport for London Audit and Assurance Committee

Enterprise risk	Directorate	Ref	Audit title	Objective
<b>ER13 Governance and controls suitability</b>	Surface Transport	21 043	Integration of Woolwich Ferry	Provide assurance on the adequacy and effectiveness of controls on the Woolwich Ferry integration.
<b>ER13 Governance and controls suitability</b>	General Counsel	21 046	Risk Management in TfL	Provide assurance on the adequacy and effectiveness of risk management in TfL.
<b>ER07 Financial sustainability</b>	Finance	21 065	Tenant Billing Lessons Learned	Provide assurance over lessons learned on the tenant billing and rent collection processes and procurement.
<b>ER01 Major health, safety or environmental incident or crisis</b>	Safety Health and Environment	21 067	Procurement of Digital decision support tools – Invitation to Tender (ITT) up to Contract Award	Provide real time assurance on the effectiveness of the procurement process employed for the Development and Implementation of the SHE Management System digital decision-making tool.
<b>ER07 Financial sustainability</b>	Finance	21 070	TfL Scorecard	Provide assurance that 2021/22 year-end results on the TfL Scorecard are being accurately reported.
<b>ER07 Financial sustainability</b>	Finance	21 068	ACE-funded projects: The Cultural Recovery Fund Part 3	Certify the statement of income and expenditure prepared by the London Transport Museum in accordance with the 29 October 2021 Cultural Recovery Fund offer letter. The statement relates to the activity for which the grant was made, which runs from 1 November 2021 to 31 March 2022.

## Transport for London Audit and Assurance Committee

### Changes to the 2021/22 audit plan

### Appendix 5

- There were 10 changes to the plan (excluding Elizabeth line) since the last Committee: four new, two cancellations and four deferrals

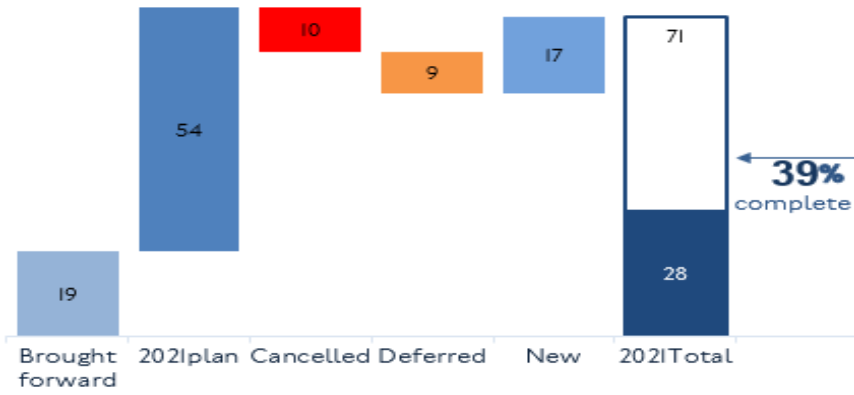
Ref	Audit Title	Status	Audit Comments
21 067	Procurement of Digital decision support tools - ITT up to Contract Award	New	The objective of this audit is to provide real time assurance on the effectiveness of the procurement process employed for the Development and Implementation of the SHE Management System digital decision-making tool.
21 068	ACE-funded projects: The Cultural Recovery Fund Part 3	New	To certify the statement of income and expenditure prepared by the London Transport Museum in accordance with the 29 October 2021 Cultural Recovery Fund offer letter.
21 070	TfL Scorecard	New	To provide assurance that 2021/22 year-end results on the TfL Scorecard are being accurately reported.
21 071	Obsolescence of Critical Operational Systems	New	To provide assurance that adequate controls are in place to prevent critical operational systems becoming obsolete.
21 030	LU Modernisation Programme (Phase 2)	Deferred	Audit deferred to 2022/23 due to work being carried out for the Department for Transport and the rapidly changing landscape around this area. Work proposed for Quarter 2 2022/23.
21 041	Asset Management Improvement Plan		This audit has been deferred due to recent organisation changes and will commence in Quarter 2 2022/23. It will look at our strategy for achieving ISO 5500.
21 044	Management of the Procurement and Supply Chain Improvement Programme (Phase II)		Audit deferred as the implementation phase is now expected to start at the beginning of the next financial year (2022/23). Review also being carried out by IIPAG so needed to ensure there was no duplication of assurance.
21 004	Pandemic Recovery		This audit has been deferred to 2022/23 in the light of the pan TfL lessons learned exercise currently being undertaken by all areas. We may revisit this topic next year to see how effective the lessons learned have been.
21 015	Implementation of the security programme	Cancelled	Based on the work done by Integrated Assurance this work will be cancelled as they have covered this scope. This was agreed by the Director of Compliance, Policing, Operations and Security. Possible inclusion in the internal Audit Plan for 2024/25.
21 052	Network and Information Systems (NIS) regulations	Cancelled	Following addition of several new audits, a risk prioritisation exercise and based on fact that there is additional assurance via Integrated Assurance in this area has led to this review being cancelled.

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# Appendix 6: Internal Audit Q3 Summary

## Audit plan 2021/22 in Q3



- The carryover of 19 audits from 2021/22 has hampered the delivery of the current programme which did not have sufficient provision for this volume of work. Vacant posts and a previous reluctance to reprofile the plan when new audits are added has also not helped. However, the team are now making good progress on the remainder of the plan. Delivery is being closely monitored to limit the amount of carry over into next year.
- Our ambition is to deliver 70 per cent of the programme to draft/final report out with the business by year end. There are eight audits with agreed delivery dates that fall into next year and this is included our 2022/24 plan.
- Seven reviews have been completed in this quarter, three memos, one grant certification and three audit reports. Tenant Billing and Climate Adaptation audits were assessed as requiring improvement.
- There were five high priority issues identified for Tenant Billing; no agreed KPIs, unsatisfactory rent collection rates, increase in rent arrears following outsourcing, increase in unallocated cash and a high volume and slow processing of change notes.
- For Climate Adaptation we found that there was no overarching adaptation strategy, supplier and asset climate risk is not fully understood and key suppliers are not monitored for Climate Adaptation plans.

## Reports

07

Issued In Q3

40

Issued In the Last 4 Quarters

## Audit ratings by Directorate - last 4 Quarters

	PC	RI	AC	WC	M/C
Crossrail		3	2	1	1
CCT		2	2		7
Finance		2	1	1	1
Gen.Counsel		2			1
HR		2	1	1	
LU			1	1	
Pan TfL		1			
Surface	1	2		1	3
<b>Total</b>	<b>2.5%</b>	<b>35.0%</b>	<b>17.5%</b>	<b>12.5%</b>	<b>32.5%</b>

- PC Poorly Controlled
- RI Requires Improvement
- AC Adequately Controlled
- WC Well Controlled
- M/C Memo/Consultancy

## Action Management

### Overall Tfl Performance

Measure	No.	%	6-period trend	Count	Status
Closed on time	117	76%		56	Overdue
Extended	100	65%		162	Open

### Bv Directorate

Directorate	Overdue	Closed on time	Based on actions due in the last six periods
CCT	<span style="color: green;">■</span> 6	59%	
Crossrail	<span style="color: orange;">■</span> 2	18%	
Finance	<span style="color: brown;">■</span> 2	78%	
Gen. Counsel	<span style="color: green;">■</span> 4 <span style="color: orange;">■</span> 1 <span style="color: brown;">■</span> 2	80%	
HR	<span style="color: green;">■</span> 8 <span style="color: orange;">■</span> 3 <span style="color: brown;">■</span> 3	100%	
LU	<span style="color: green;">■</span> 1	93%	
<b>Major Projects</b>			
Surface	<span style="color: green;">■</span> 12 <span style="color: brown;">■</span> 9	89%	
SHE			
Pan TfL		50%	

- 0-30 days
- 31-59 days
- 60-99 days
- 100+ days

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# Appendix 7: Integrated Assurance Audit Q3 Summary

## Audit plan 2021/22 in Q3



### Key Highlights

Current progress against the audit plan is 50 per cent at the end of Quarter 3. This is still behind target but significant progress from 25 per cent complete at the end of Quarter 2, the projection is positive for Quarter 4.

23 audits were completed in Quarter 3, one was concluded as 'poorly controlled' and has agreed actions in place: Surface Transport Electrical Inspections. The audit is discussed in greater detail in the body of the report.

Four audits were concluded as requires improvement:

- Management of DLR Rolling Stock Assets and Configuration: There was one high priority finding relating to the absence of a configuration management process for fleet assets.

- LU Service Control Training and Competence: The findings related to an absence of risk-based training needs analysis and there were gaps in the assurance of assessor competence and assurance activities.

- LU Track Drainage Management: Evidence was available to show that inspection and maintenance of assets was being undertaken and recorded, although not all parts of the standard were complied with.

- LU Rolling Stock Competence Management. Elements of Competence Management System reference document R0623 and the associated London Underground Skills Development management documents had not been fully implemented.

## Audit ratings by Directorate - last 4 Quarters

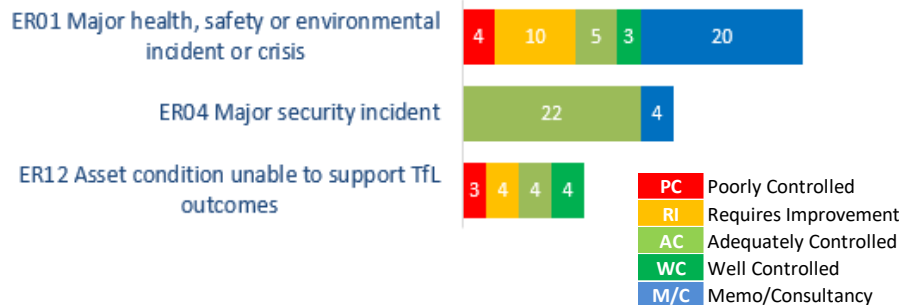
	PC	RI	AC	WC	M/C
CCT			10		3
Finance	2		2	1	
LU	3	10	7	4	20
MPD				1	
Pan TfL			1		1
Surface	3	4	10	1	
<b>Total</b>	<b>9.6%</b>	<b>16.9%</b>	<b>36.1%</b>	<b>8.4%</b>	<b>28.9%</b>

## Overall TfL Performance

Measure	No.	%	Action Management	
			6-period trend	
Closed on time	103	64%		
Extended	27	17%		

**53** Overdue  
**85** Open

## Audit Rating By Enterprise Risk – last 4 Quarters



**PC** Poorly Controlled  
**RI** Requires Improvement  
**AC** Adequately Controlled  
**WC** Well Controlled  
**M/C** Memo/Consultancy

## By Directorate

	Overdue	Closed on time
CCT		
Crossrail		
Finance	6 3	85%
Gen. Counsel		
HR		
LU	1 7 1 10	59%
Major Projects	2	75%
Surface	1 4 12 3	63%
SHE	3	67%
Pan TfL		

Based on actions due in the last six periods

0-30 days  
 31-59 days  
 60-99 days  
 100+ days

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## Appendix 8: Project Assurance Quarterly Report

Q3 (Periods7-9) 2021/22

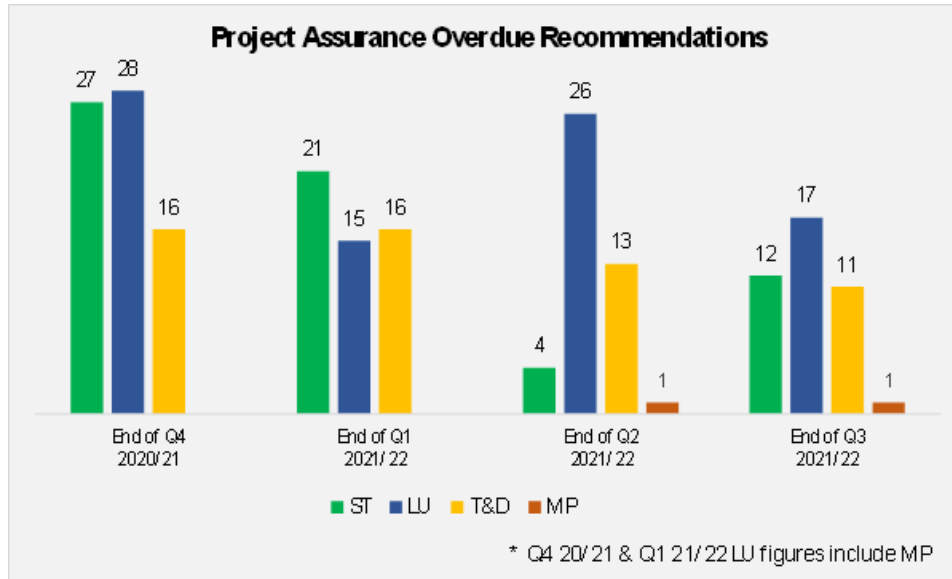
From the reviews undertaken in Quarter 3 we continue to see concerns around availability of staff resources and a lack of robustness in the preparation and reporting of Estimated Final Costs (EFC). Retention of staff across all functions is adding to the staff resourcing challenges (fuller details are covered in main paper).

### Sub-Programme Reviews

	Recommendation (Critical Issues)	Commentary
LU Fleet	5 (0)	The London Underground (LU) Fleet sub-programme covers three portfolios: Fleet Heavy Overhauls (delivering large scale, planned maintenance of the passenger fleets); Asset Performance and Capital Delivery Fleet (comprising projects to modify passenger trains); and Engineering Vehicles (covering vehicles supporting the track renewal programme). The sub-programme EFC is £1.7bn, with £1.4bn cost-to-go. The IIPAG and TfL Project Assurance review concluded that overall the sub-programme is in good health, with asset strategies now mature. However, gaps in the management, commercial and production resources have a noticeable impact on delivery performance, causing delays and prolongation costs. Business cases at sub-programme and portfolio levels need to be updated and need to robustly demonstrate value for money.
Barking Riverside Extension	4 (1)	The project is well-managed. However, there has been little progress with commercial recruitment and the team remain under-resourced. Actioning recoveries/compensation events appropriately is key to the final cost being achievable. Close monitoring of progress, movements and risks is required leading up to critical final stage signalling possessions. The station civils works and urban realm are key risks that will need to continue being robustly and proactively managed leading up to the commencement of passenger services in autumn 2022.
Railway Systems Enhancements	0 (0)	Due to the low risk and low value of the Railway Systems Enhancements sub-programme assurance is undertaken via continuous assurance. As part of this the team gave a progress update to IIPAG and TfL Project Assurance and no significant concerns were found. The cost-to-go is £26.6m across seven projects. A £3.6m provision – separate from quantified risk allocations – covers cost and scope uncertainty, notably for remedial works to address asset concerns on the Northern and Jubilee lines. These works are being costed and negotiated with the supplier.

## Open and Overdue Recommendations

The following graph shows the number of overdue Project Assurance recommendations at the end of each of the last four quarters. The data shows the business area that the recommendations relate to; LU being London Underground, ST being Surface Transport, T&D being Technology and Data, and MP being Major Projects.



At the end of Quarter 3 there were 127 open recommendations, with 35 of these overdue against their completion date. The reasons they are overdue are understood and they are discussed regularly at portfolio boards so there is sufficient scrutiny at senior level on them.

At the end of Quarter 3 the overdue recommendations included three overdue critical issues; two of these have since been closed with one remaining open, this relates to the Central line Signalling and Control Life Extension Project and the need to ensure that the business case demonstrates value for money for all elements of the scope. The delay in completing this is due to resource issues which are known and being dealt with.

**Integrated Assurance Customer Feedback Form Summary in Q3 2021/22**

**Appendix 9**

Integrated Assurance has issued 14 questionnaires, nine returned (64%), average score of 95.8%

<b>Integrated Assurance Customer Feedback</b>	<b>Average Score</b>	<b>Satisfied</b>	<b>Dissatisfied</b>	<b>Not applicable</b>
Accuracy of the findings	88.9%	8	1	0
Communication with us during the audit	100.0%	9	0	0
Effectiveness of the management actions	100.0%	9	0	0
Our professional manner	100.0%	9	0	0
Our receptiveness to your concerns	100.0%	8	0	1
Our understanding of your area	88.9%	8	1	0
Scheduling of the audit	88.9%	8	1	0
Time taken to receive the final report	100.0%	9	0	0
<b>Total</b>	<b>95.8%</b>	<b>68</b>	<b>3</b>	<b>1</b>

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# Appendix 10: Counter-fraud and Corruption Q3 Summary

## Fraud investigation

During Q3, six new cases were opened (2020/21 Q3: two new cases) and four cases were closed. Of the six newly opened cases, two cases involved allegations of fraud within procurement and supply chain activities and one case involved an attempted payment diversion fraud committed against TfL by an unknown third party. Two financial investigations were conducted involving two subjects and three bank accounts. One Suspicious Activity Report (SAR) checks were undertaken during the quarter. The Counter-fraud and Corruption (CFC) team also undertook investigations into 50 miscellaneous referrals during the quarter.

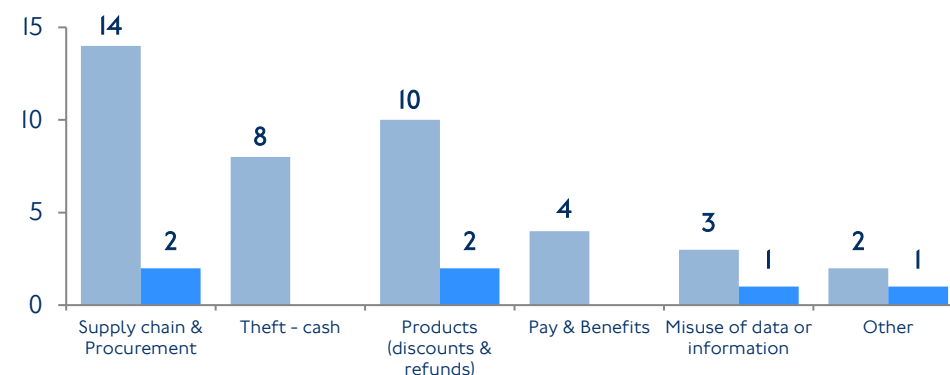
## Fraud prevention

- The CFC team hosted their annual Fraud Awareness Week remotely, which took place in conjunction with National Fraud Awareness Week. To raise awareness of fraud, the CFC team worked with the Comms Team to produce a 'click-bait' intranet article and separate holiday fraud bulletin that resulted in over 3,800 views. Other activities included daily Yammer 'Did you know' posts from the Head of CFC on fraud related topics, fraud awareness presentations on digital screens in our main office buildings, a digital desktop advertisement about reporting fraud and a short video highlighting the work of the CFC team and notable recent convictions.

## Cases by directorate

Investigations	B/F	New	Closed	C/F
LU	22	3	1	24
Surface Transport	4	0	1	3
CCT	7	0	1	6
Crossrail	3	0	0	3
Major Projects	1	0	1	0
Commercial Dev.	1	0	0	1
General Counsel	2	2	0	4
Human Resources	1	0	0	1
Finance	0	1	0	1
<b>Total</b>	<b>41</b>	<b>6</b>	<b>4</b>	<b>43</b>

## Cases by type New and Brought Forward

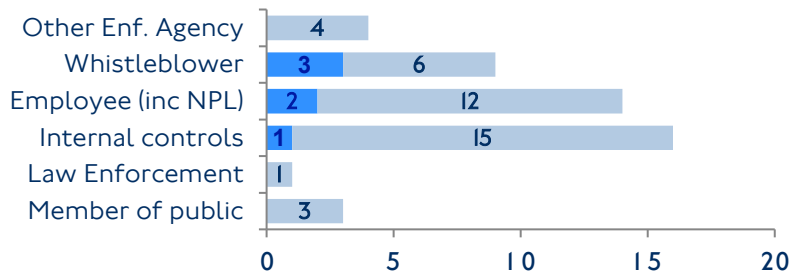


## Significant closed cases

### Case 21-910 Allegation of TfL email account compromise and attempted payment fraud

A senior employee's TfL email account was compromised and an attempt made to obtain payment on a fraudulent invoice, valued at £148,600. The Cyber Security team confirmed that the senior employee's account details were likely compromised through 'credential stuffing' or a 'phishing' email. The CFC team identified that two fraudulent emails were sent from the senior employee's account in the early afternoon of 16 September 2021, the first to Accounts Payable, requesting payment on the fraudulent invoice and the second an hour later, confirming the urgency of payment. Following receipt of this second email, fraud was suspected and confirmation was obtained from the senior employee that he had not sent either email. No payments were made. The incident was reported to Action Fraud. No suspects have been identified. The Cyber Security team reported that a misconfiguration in suspicious login detection has been discovered and corrected, meaning that Cyber Security Operations should now be notified of this type of attack in the future. This case is now closed.

## Cases by source New and Brought Forward



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**Control Environment Indicators**

**Internal Audit indicators – rolling average (4 Quarters)**

	Q1 20/21	Q2 20/21	Q3/20/21	Q4 20/21	Q1 21/22	Q2 21/22	Q3 21/22	Q4 21/22	Trend
Poorly Controlled	5.3%	0.0%	0.0%	0.0%	2.5%*	2.1%	2.4%		
Requires Improvement or Poorly Controlled	50%	58.6%	59%	50%	50%	43.8%	36.6%		

**Technology**

	Q1 20/21	Q2 20/21	Q3/20/21	Q4 20/21	Q1 21/22	Q2 21/22	Q3 21/22	Q4 21/22	Trend
Internal system availability (SLA baseline is 99.6%)	99.99%	99.96%	99.99%	99.89%	99.87%	99.81%	99.60%		

**Information Governance – rolling total**

	Q1 20/21	Q2 20/21	Q3/20/21	Q4 20/21	Q1 21/22	Q2 21/22	Q3 21/22	Q4 21/22	Trend
Number of FOI requests	2687	2551	2315	2205	2286	2488	2609		
On time FOI responses	99.4%	99.7%	99.8%	99.9%	99.9%	99.9%	99.9%		

\* Notes: Correction to last Q1 2021/22 - a mis calculation made last quarter as only took consideration for the Q1 2021/22 instead of rolling 4 quarters.

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## Audit and Assurance Committee



**Date:** 16 March 2022

**Title:** Enterprise Risk Update - Governance Controls and Suitability (ER13)

---

### **This paper will be considered in public**

#### **1 Summary**

- 1.1 This paper provides an overview of the Level 0 Enterprise Risk 13 – “Governance and controls suitability” (ER13).
- 1.2 A paper is included on the Part 2 agenda which contains supplementary information that is exempt from publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL. 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 Committee is asked to note the paper and the exempt supplemental information on Part 2 of the agenda.**

#### **3 Risk Assessment**

- 3.1 ER13 assesses whether TfL’s governance and controls are fit for purpose and if they provide adequate support to meet the changing demands on TfL and expectations of our stakeholders.
- 3.2 The key causes that relate to risk exposure for ER13 are: not being aware of or following appropriate processes; failure to seek appropriate approvals for decisions; not keeping up to date with changes that affect our governance arrangements (eg changes in legislation); failure to comply with and update strategic controls; and ineffective controls or failure of control measures.
- 3.3 The key consequences could be: reputational damage; transactions and projects operating without appropriate approval or oversight; possible financial loss from third parties; regulatory action and/or penalties due to breach of regulations; and safety, health or environmental (SHE) damage due to incidents/accidents occurring as a result of inappropriate or ineffective governance and decision-making.
- 3.4 The probability and impact of the risk and the control measures to address it are regularly reviewed and are always reassessed following any significant issues arising relating to governance or any actions arising from a related audit report. Following a recent review, the current probability of the risk occurring increased from very low to low, based on the greater scrutiny and regulation of data controls and data loss and compliance with procurement processes. Due to adequate

controls being in place, the current and target SHE impacts were reduced from medium to very low, Customer/Stakeholder impacts were reduced from medium to low and Stakeholder Confidence impacts were reduced from high to low.

- 3.5 Current Finance impact increased from medium to very high and the target Finance impact increased from medium to high, both changes made based on TfL's current funding position. This has led to an increase in the overall current risk score and Finance impact being out of tolerance level.
- 3.6 Overall control effectiveness rating continues to be 'Adequately controlled' as all controls are designed correctly, are in place and are operating effectively.

## **4 Controls and Mitigation**

- 4.1 Twenty-two controls have been identified – 13 preventative and nine corrective. All nine corrective controls have been assessed as effective for both design and operation.
- 4.2 Of the 13 preventative controls, seven were assessed as effective for both design and operations and these are:
- (a) Governance Framework;
  - (b) delivery of the Integrated Assurance Plan, monitoring of the completion of actions and reporting to the TfL Board's Committees and Panels;
  - (c) Terms of Reference and oversight of the TfL Board, Committees and Panels are kept under regular review and changes made when necessary;
  - (d) Greater London Authority and London Assembly oversight;
  - (e) transparency and strategic policy and publications framework;
  - (f) annual Board effectiveness reviews with an independent review every three years; and
  - (g) communication of election guidance.
- 4.3 The remaining six preventative controls assessed as effective for design but partially effective for operation are:
- (a) Standing Orders;
  - (b) TfL's Management System (TfL policies, controls and processes);
  - (c) privacy and data protection compliance programme;
  - (d) cybersecurity programme;
  - (e) Governance Statement for the Annual Report (includes the Governance Improvement Plan); and
  - (f) TfL's Enterprise Risk Management Framework.

4.4 The below table provides a summary of various actions taken to further reduce risk exposure.

Key Issue	Action
Effectiveness of decision-making	<p><b>Ongoing:</b> TfL’s Standing Orders are kept under regular review and changes made when necessary to ensure the effectiveness of decision-making so that decisions are as robust as possible to legal challenge. A Board review of the effectiveness of its decision-making is conducted each year and the outcome of the 2021 review was discussed at the 8 December 2021 Board meeting. Delegated decision-making and organisational governance is regularly reviewed in the light of experience, organisational requirements, changed circumstances and changes in legal requirements or professional standards and guidance. An externally led review will be commissioned for 2022.</p>
TfL’s Management System	<p><b>Ongoing:</b> We continue to engage with various business areas to ensure that relevant content currently outside the system, for example policies that apply to all staff, is included in the Management System. Trams, Surface (Assets), Technology &amp; Data, Finance and SHE are currently creating and/or migrating new content. Attention is also focussed on reviewing and updating existing content.</p>
Privacy and data protection	<p><b>Ongoing:</b> Verification, input and refresh of mapping of personal data continues and plans have been implemented for regular data refresh.</p> <p><b>Ongoing:</b> Regular assurance is sought from key suppliers that they are complying with their data protection obligations.</p> <p><b>Completed:</b> Our Data Protection Impact Assessment template has been updated.</p> <p><b>Completed:</b> The Information Commissioner’s Office Age Appropriate Design Code came into force on 2 September 2020 with a 12-month transition period. We identified and logged issues relating to the code and internal guidance was developed and is available in the Management System.</p> <p><b>In progress:</b> A table top exercise to test personal data breach and incident management processes forms part of the planned resilience activity that will be delivered under the Cyber Security Strategy. In September 2021, Cyber Security held the first of a series of incident management exercises which included testing that incident management process on a basic level is done. A personal data breach will be a focus of a later exercise in 2022.</p>

<b>Key Issue</b>	<b>Action</b>
Coordinated approach to Digital Accessibility across TfL	<b>In progress:</b> A co-ordinated set of measures were implemented to achieve compliance with the Digital Accessibility Regulations, which took full effect on 23 September 2020, and these continue to be worked through.
Annual Governance Statement (including the Governance Improvement Plan)	<b>Completed:</b> A review of compliance with the TfL Code of Governance in 2020/21 was presented to the Committee at the 7 June 2021 meeting. The Committee also: approved the Annual Governance Statement, for inclusion in TfL's 2020/21 Annual Report and Accounts; noted the progress against the 2020/21 Governance Improvement Plan; and approved the 2021/22 Governance Improvement Plan.
TfL's Enterprise Risk Management Framework	<b>Ongoing:</b> TfL's Enterprise Risk management processes are well established and are regularly reviewed to ensure they are fully effective. We are on track to meet our commitment to the TfL Board to have the 14 Enterprise Risks reviewed by the relevant Committee or Panel by 2021/22 year end.

- 4.5 Some of the above key issues are included in the 2021/22 Governance Improvement Plan, approved by the Committee at its meeting on 7 June 2021. We are also in the processes of reviewing a number of aspects of our governance arrangements as part of the implementation of the recent changes to the Executive Committee and to ensure the ongoing efficiency and effectiveness of our internal control procedures.

## **5 Internal Audit Reviews**

- 5.1 To date Internal Audit has completed one review, with three in progress, of matters that fall within the scope of ER13. The three reviews in progress refer to Declarations of Interest, Recruitment and TfL Procurement and Supply Chain Capacity to take on the procurement of the Elizabeth line's existing contracts and recruitment.
- 5.2 The completed review was in response to the Department for Business, Energy & Industrial Strategy consultation 'Restoring trust in audit and corporate governance' (the White Paper). This set out a package of measures aimed at improving the UK's audit, corporate reporting, and corporate governance systems. The objective of the audit was to assess the proposals made in the White Paper, identify whether it contained any proposals that would either impact directly on TfL, or had the potential to be adopted as good practice by TfL. This follows previous internal audit work on the associated Brydon report.



5.3 The proposals within the White Paper were still in the consultation period with no guarantee as to which would become regulatory or legal requirements. The Internal Audit review highlighted a number of cases where TfL currently does not meet the requirements of proposed regulatory or legal changes, and where work may be required to achieve future compliance. As the White Paper is primarily focused on the external audit process with only brief mention of internal audit, we did not consider there to be any significant implications for the work of the TfL Internal Audit team.

**List of appendices to this report:**

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

**List of Background Papers:**

None

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## Audit and Assurance Committee



**Date:** 16 March 2022

**Item:** Independent Investment Programme Advisory Group Quarterly Report

**This paper will be considered in public**

### 1 Summary

1.1. This paper presents the Independent Investment Programme Advisory Group (IIPAG) Quarterly Report for March 2022. It describes the work undertaken since the last report presented to the Committee in December 2021.

### 2 Recommendation

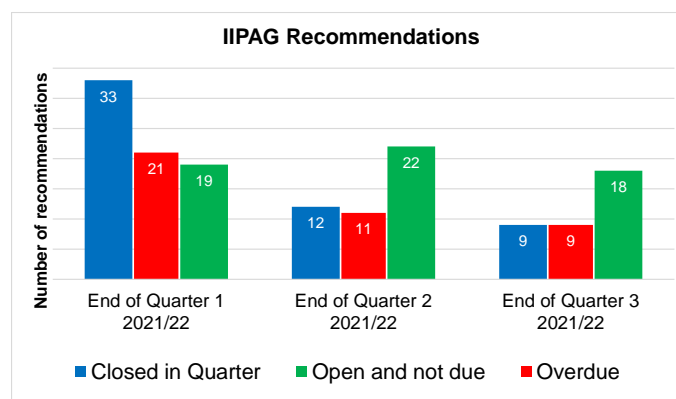
2.1 **The Committee is asked to note the Independent Investment Programme Advisory Group’s Quarterly Report and the management response.**

### 3 IIPAG Quarterly Report

3.1 Under its Terms of Reference, IIPAG is required to produce quarterly reports of its advice on strategic and systemic issues, logs of progress on actions and recommendations and the effectiveness of the first and second lines of project and programme assurance.

3.2 IIPAG’s Quarterly Report for March 2022 is included as Appendix 1 to this paper.

3.3 Figure 1 sets out the status of the IIPAG recommendations at the end of each of the last three quarters, none of the IIPAG recommendations currently overdue relate to critical issues.



**Figure 1: Status of IIPAG Recommendations**

3.4 There were no new unagreed or critical IIPAG recommendations made during Quarter 3 of 2021/22.

## **4 Management Response to IIPAG Quarterly Report**

- 4.1 We welcome IIPAG's reports on the Tottenham Hale Station Upgrade Project and TfL Supply Chain Contracts and the recommendations that have been made. Progress on the implementation of recommendations will be reported to future meetings of the Programmes and Investment Committee.

### **Tottenham Hale Station Upgrade**

- 4.2 In relation to specific projects in London Underground, our Capital Delivery teams are implementing the learning from this project including changes to delivery models and procurement strategies. This is already showing benefit on other projects.
- 4.3 We will assess our existing relationship meetings with Network Rail (NR) and will implement executive level sponsorship to support effective joint working with NR. We will also work with departments across the business to review and improve the Project Service Agreement between TfL and NR.

### **TfL Supply Chain Contracts**

- 4.4 A review and characterisation of the future portfolio will be undertaken to inform how best to target and address the recommendations to develop a business level contracting strategy and set the timescales for implementation.
- 4.5 We will review Pathway products and assess whether to enhance existing products or create a new one for the approval of commercial strategies at an early stage of project development, and subsequently during the project life. Additionally, two additional gates have already been introduced into Pathway to assess market readiness and contract award.
- 4.6 TfL already engages regularly with other UK infrastructure clients to share common challenges and good practice and will be establishing a regularised series of meetings to focus on sharing of learning and best practice.
- 4.7 The Procurement and Supply Chain (P&SC) Directorate is finalising its senior manager change programme which has focussed on establishing the right capacity and capability to lead the function and appointments have already been made to reflect this. Stronger leadership of commercial strategy can be taken forward as part of the 2022/23 work plan for the P&SC Improvement Programme.

### **List of appendices to this report:**

Appendix 1: Independent Investment Programme Advisory Group - Quarterly Report to Audit and Assurance Committee March 2022

### **List of Background Papers:**

None

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## Independent Investment Programme Advisory Group – Quarterly Report to Audit and Assurance Committee March 2022

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### 1. Introduction

- 1.1. This report to the Committee describes IIPAG's activities from December 2021 to January 2022. It contains no new strategic recommendations from the small number of sub-programme reviews we have undertaken in this period but contains some conclusions from our cross-cutting work. It also describes our approach to our work programme for 2022/23.

### 2. IIPAG activity

- 2.1. We have undertaken the following Sub Programme reviews which will be considered at the March meeting of the Programmes and Investment Committee:
- Air Quality and Environment
  - Technology and Data
- 2.2. We are engaged in continuous assurance of the 4LM programme. We also had an update briefing on the Healthy Streets programme, which was awaiting confirmation of its forward budget, and participated in a commercial review of the Old Street project. The accompanying paper from TfL Project Assurance describes management progress in implementing IIPAG's recommendations from sub-programme and project reviews
- Tottenham Hale
- 2.3. The Programmes and Investment Committee asked us to undertake a review of the reasons for cost increases and delays on the Tottenham Hale project, and how these were reported to the Committee. We found that the main reasons for cost increases and delays lay in changes in scope and specification, and difficulties in securing necessary agreements with Network Rail and the Train Operating Company. These factors were compounded by early contract award and the nature of the contract, and underestimation of the risks to schedule and cost. We noted that changes have since been made to TfL systems and guidance which should reduce the likelihood of some of the problems arising again, or at least their severity. We have made recommendations for further improvements around the relationship with Network Rail, risk allowances, and governance.

### 3. Progress with cross-cutting work

#### TfL Supply Chain Contracts

- 3.1. The purpose of this cross cutting review was to provide advice on whether the standard contract forms used on TfL infrastructure enhancement projects are appropriate for the type of work being delivered, whether they are effective in delivering value for money and certainty of out-turn cost and schedule, and whether they are being administered effectively. Our report has been provided to the Programmes and Investment Committee.
- 3.2. Our conclusion is that the choice of contract form, including the standard use of the New Engineering Contract (NEC) suite, has no direct bearing on the cost and schedule delays and levels of commercial dispute experienced. Having said that, we also noted some cases in which the selection of NEC Options was

inappropriate to the project circumstances and did contribute to delays and cost increases.

- 3.3. In our view the impact of these factors is dwarfed by that of a number of issues which are common on problem projects, including immaturity of scope at the point of contract award, immaturity of design, poor risk evaluation and management, insufficiently detailed project information such as site investigation or asset condition, pressure to deliver to a deadline, and accrual of unresolved variations.
- 3.4. We think that these issues need to be addressed both at the project level and at the business level. We have made recommendations for improvements relating to: TfL's business level contracting strategy; the leadership of commercial strategy; sharing of learning and best practice with other major UK infrastructure owning clients; development of a more wide ranging project commercial strategy template; approval of commercial strategies at an early stage of project development and subsequently during the project life, as part of the five case Business Case; a review of the effectiveness of pre-contract Pathway gate reviews; and increasing the access of projects to capital delivery commercial expertise, both during development and delivery.
- 3.5. We have also undertaken a review of lessons learned from the recent legal challenges to two major TfL procurements. This will be reported to the TfL Finance Committee in March 2022
- 3.6. Other cross cutting reviews still in progress are:
- 3.7. Risk. Despite the efforts of TfL risk managers as well as extensive guidance and process, our experience is that the risk associated with TfL projects is often underestimated, resulting in cost and schedule overruns. In this cross cutting review we are bringing together our experience of how TfL treats risk in the Investment Programme in order to provide advice on how it might be improved.
- 3.8. Programme Management Office (PMO) Progress Report. IIPAG reviewed the PMO some eighteen months ago. In the course of February 2022, we are revisiting the progress that has been made since then, and asking whether the improvement efforts are delivering the desired results.
- 3.9. Asset Information Part 2. The second part of this review considers how asset data is generated. Interviews are complete, and the review is moving into the writing up phase.
- 3.10. Procurement and Supply Chain (P&SC) Improvement Programme. IIPAG reviewed the P&SC Improvement Programme 2 years ago. The current IIPAG review of progress with this programme started in mid-January and the interviews are currently under way.

#### **4. Approach to work programme for 2022/23**

- 4.1. During 2021/22 the uncertainties and constraints affecting TfL's finances had a significant impact on the volume and timing of our sub-programme and project reviews, compared with what we expected at the beginning of the year. Given that these uncertainties are continuing, and also that TfL's recent reorganisation is likely to lead to some changes in the composition of sub-programmes, we have decided not to try to produce a detailed forward plan for 2022/23 at this stage. The list of sub-programmes and projects that we identified last year as meriting IIPAG involvement was risked based, and we do not expect that this will change

significantly for 2022/23. We plan to review the position when there is greater clarity on funding and organisational changes, in Q1 2022/23.

4.2. Although the volume of our sub-programme and project work was lower in 2021/22, we undertook an increased amount of cross-cutting work. As noted above a number of reviews are in progress and these are likely to continue into 2022/23. These are:

- Risk
- Programme Management Office Progress Report
- Asset Information Part II
- Procurement & Supply Chain Improvement Programme Progress Report

4.3. In addition, we expect to undertake the following additional cross-cutting reviews/assurance in 2022/23:

- Annual review of benchmarking, with a focus on cost estimating
- Annual Review of Lines of Defence 1 and 2
- Investment Governance (through continuous assurance)
- Network Rail relationship
- Progress on aspects of value for money (e.g. non monetised impacts)

4.4. We found that our review of Tottenham Hale, described earlier in this report, gave us considerable insight into issues over the life of the project that are not so clear from our annual project reviews. We therefore propose to aim to do another 'deep dive' of an individual project, to be agreed with management, during the course of 2022/23.

4.5. We would welcome suggestions from the Committee for any additional topics that we should review.

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## Audit and Assurance Committee



**Date:** 16 March 2022

**Item:** Elizabeth Line Programme Assurance Quarter 3 Report 2021/22

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**This paper will be considered in public**

### **1 Summary**

1.1 This paper provides an overview of programme assurance activity in relation to the Elizabeth line during Quarter 3 of 2021/22 (Q3).

### **2 Recommendation**

2.1 **The Committee is asked to note the paper.**

### **3 Background**

3.1 The Crossrail Integrated Assurance Framework (IAF) was established in June 2019, based on a Three Lines of Defence (3LoD) model comprising:

- (a) Line 1 - Management functions of Crossrail, Rail for London (Infrastructure) Limited and key interfaces;
- (b) Line 2 - Project and Programme Assurance Elizabeth line (PPA-EL); and
- (c) Line 3 - TfL Internal Audit and a sub-group of the Independent Investment Programme Advisory Group (IIPAG-EL).

3.2 This paper reports specifically on Line 2 (PPA-EL), Line 3 (Internal Audit) and Line 3 (IIPAG-EL) assurance progress.

3.3 The teams meet periodically with a panel of advisers and the Project Representative to ensure that assurance is carried out by the right team, at the right time and to avoid duplication and minimise overlap of effort.

3.4 A risk based Integrated Assurance and Audit Schedule is being developed for the next six months and will be discussed with key stakeholders before being submitted to the necessary groups and Committees for sign off.

### **4 Line 2 (PPA) Assurance**

4.1 Excellent progress has been made since the last report and the Elizabeth line is progressing at pace, building confidence that the railway is nearing completion and getting closer to being ready for Revenue Service. The train and overall

system performance continues to build and there are still additional software drops and other interventions to further improve operational performance.

- 4.2 Line of Defence 2 (LoD2) Assurance continues to provide assurance on an ongoing continuous assurance basis as well as carrying out a series of Targeted Assurance Reviews on key areas where there are risks identified, which may impact upon Revenue Service and beyond. Formal reporting continues to be through the LoD2 Periodic Assurance Review (PAR) Reports.
- 4.3 Since the last meeting of the Committee, LoD2 has issued PAR Reports covering Periods 8, 9, 10 and 11 of 2021/22, which have provided input to the periodic Integrated Assurance Report to the Elizabeth Line Delivery Group and the Elizabeth Line Committee.
- 4.4 In relation to the timeline to complete, based upon our Period 11 assessment, it is the opinion of LoD2 assurance that whilst the schedule for bringing the Elizabeth line into Revenue Service is under pressure, considering the balance of risks, it is currently most likely to still be on-track to open within 'first half of 2022'.
- 4.5 Regarding cost to complete, current costs and financial commitments are still within the approved budget. Costs to complete the works remain under pressure but cost reduction works are ongoing, and contract close out negotiations with the Tier 1 Suppliers nears completion enabling all remaining costs to be fully understood and provisioned for.
- 4.6 On completion of the works, the project has continued to make significant progress since the last report, key progress highlights including:
  - (a) the introduction of a new release of Siemens software ELR110 during December 2021, and new train software H5.4 improving the overall system reliability performance;
  - (b) Trial Running in the Central Operating Section continues with increasing periods of 12 trains per hour;
  - (c) stations progress continues with the transfer of responsibility for Canary Wharf to the Infrastructure Manager Rail for London (Infrastructure), leaving only Bond Street remaining;
  - (d) maintenance productivity and access continue the trajectory to support projected Revenue Service requirements; and
  - (e) Trial Operations phase 2 with the first mass evacuations exercises having been completed and lessons learned for the Operations teams.
- 4.7 Key indicators of maintenance performance are being monitored to provide greater clarity around the average fault identification and diagnosis interval and the overall fault-to-fix cycle time, both of which are improving week on week.

## **5 Line 3 (TfL Internal Audit) Assurance**

- 5.1 This section covers the Internal Audit activities that were agreed in the Integrated Assurance and Audit Schedule shared at the last meeting.

- 5.2 In Q3 no audit reports were issued, four audits are in progress and three audits are planned to commence in Quarter 4 of 2021/22 (Q4).

### **Audit Delivery**

- 5.3 A full list of audits in progress at the end of Q3 is included as Appendix 1, work planned to start in Q4 is included as Appendix 2, and details of changes to the Audit Plan is included as Appendix 3.
- 5.4 A reprioritisation exercise was recently completed of the Audit Plan to ensure assurance was being provided against the relevant risks. As a result, four audits have been cancelled and two audits added, all of which are detailed in Appendix 3.
- 5.5 There has been an evident shift in the accountability of audits moving from Crossrail to cover all of the Elizabeth line. These have been reflected in the focus of new audits in Q4.

### **Management Actions**

- 5.6 There are currently seven open actions that have only recently gone overdue. All are in the process of being followed up and are of no cause for concern.

## **6 Line 3 (IIPAG-EL) Assurance**

- 6.1 The terms of reference of the IIPAG-EL sub-group require the group to provide a look ahead of its proposed areas of interest and work. The previous work plan has been completed and a revised list of areas of interest has been proposed as part of the revised Audit and Assurance Plan. This plan is maintained by LoD2 and reviewed within the Elizabeth Line Programme Assurance Group which is co-ordinated by LoD2/PPA. Progress with the IIPAG-EL's previous three main areas of focus is summarised as follows:
- (a) Baseline 1.2 (BL1.2) – the sub-group has received regular updates from LoD2, the Project Representative and other stakeholders, reviewing the logic and compliance to the programme. A number of suggestions have been put forward by IIPAG-EL to the Planning teams as they develop the next version of the baseline incorporating the detailed schedule to take us from Stage 3 (Revenue Service) to Stage 5b and 5c of the programme delivery.
  - (b) supporting the work of the Railway Assurance Board - the Integrated Technical Assurance Panel (ITAP) – the sub-group has engaged with ITAP, gaining an understanding of the planning arrangements and implications for closing out the remaining assurance dependencies. This continues to be a key area of focus for the Assurance team; and
  - (c) digital railway – the sub-group has completed its review of this area including an assessment of cyber security concerns.
- 6.2 The new targeted areas for IIPAG-EL will be included in the next Integrated Assurance and Audit Schedule mentioned above.

6.2 The overall assessment by LoD3 (IIPAG-EL sub-group) is that the overall assurance framework has continued to operate effectively over the last quarter.

## 7 Integrated Audit and Assurance Plan

The 3LoD IAF maintains an integrated plan of assurance activity coordinated through the Elizabeth Line Programme Assurance Group forum. The areas proposed to be covered from now in the lead up to Revenue Service and beyond until Stage 5b and 5c is currently being agreed across all stakeholders.

### List of Appendices:

Appendix 1: Line 3 (TfL Internal Audit) Work in progress at the end of Q3 2021/22

Appendix 2: Line 3 (TfL Internal Audit) Work due to start in Q4 2021/22

Appendix 3: Line 3 (TfL Internal Audit) Changes to the 2021/22 Audit Plan

### List of Background Papers:

None

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## Audit and Assurance Committee

### Work in progress at the end of Q3 2021/22

### Appendix 1

- There were four audits in progress at the end of the quarter

Enterprise risk	Directorate	Ref	Audit title	Objective	Current Status
ER14 Opening of the Elizabeth line	Crossrail	20 507	Crossrail HSE Framework	To provide assurance over the adequacy and effectiveness of the Health, Safety (HSE) and Environment framework.	In Progress
ER14 Opening of the Elizabeth line	Crossrail	21 048	Crossrail Complaints Commissioner Accounts	To provide assurance on the accuracy of the Crossrail Complaints Commissioner Accounts for 2020/21.	In Progress
ER14 Opening of the Elizabeth line	Crossrail	21 061	Demobilisation of Tier 1 Contractors -phase 2	To provide assurance that the controls around Tier 1 contractor demobilisation are adequate and effective.	In Progress
ER14 Opening of the Elizabeth line	Crossrail	21 062	Disposal of Temporary Assets	To provide assurance that the controls around the disposal of temporary assets are adequate and effective.	In Progress

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## Audit and Assurance Committee

### Work planned to start in Q4 2021/22

### Appendix 2

- There are three audits planned to start during the next quarter

Enterprise risk	Directorate	Ref	Audit title	Objective
<b>ER14 Opening of the Elizabeth Line</b>	Crossrail	21 051	Information Management and Transfer	To review the effectiveness of controls around information management and transfer from Crossrail to TfL.
<b>ER13 Governance and Controls Suitability</b>	Crossrail	21 069	P&SC capacity to take on Elizabeth line procurement activities	To provide assurance that Procurement and Supply (P&SC) Chain have the capacity to effectively take on procurement activities for the Elizabeth line.
<b>ER12 Asset Condition unable to Support TfL Outcomes</b>	Crossrail	21 071	Obsolescence of Critical Operational Systems (new addition)	To provide assurance that adequate controls are in place to prevent critical operational systems becoming obsolete.

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## Audit and Assurance Committee

### Changes to the 2021/22 audit plan

### Appendix 3

- There were six changes to the plan this quarter, four cancellations and two new audits

Ref	Audit Title	Status	Audit Comments
21 047	Management of Crossrail Residual works	Cancelled	Project Assurance are better placed to provide assurance as it becomes a regular programme. Sponsor will liaise with Project Assurance. Programme is in too early a state to gauge the effectiveness of how the programme is being managed.
21 049	Employer's completion process	Cancelled	This audit has been cancelled due to changes in risk and business priorities.
21 050	Management of Crossrail direct contracts	Cancelled	This audit has been cancelled to avoid duplication. KPMG are carrying out assurance work on the productivity and demobilisation of Bond Street and Canary Wharf, which will include elements of our scope.
21 053	Organisational Effectiveness	Cancelled	This audit has been cancelled to avoid duplication. This scope will be incorporated by LoD 2/IIPAG in a targeted review of the operational effectiveness of all parties to receive the Elizabeth line.
21 069	P&SC capacity to take on Elizabeth line procurement activities	New	To provide assurance that Procurement and Supply Chain (P&SC) have the capacity to effectively take on procurement activities for the Elizabeth line.
21 072	Scope allocation surgery process	New	To provide assurance on the adequacy of controls in place for allocating costs to outstanding works on the Elizabeth line prior to passing them across to TfL.

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## **Audit and Assurance Committee**

**Date: 16 March 2022**

**Item: Critical Accounting Policies**

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### **1 Purpose and decision required**

- 1.1 The purpose of this paper is to update the Committee on the Group's critical accounting policies to be applied in deriving the form and content of TfL's Statement of Accounts for the year ending 31 March 2022.
- 1.2 This update reflects any changes to the CIPFA/Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code of Practice on Local Authority Accounting (the "Code") and any other changes to International Financial Reporting Standards ("IFRS") which may have an impact on TfL's Statement of Accounts for the year ending 31 March 2022.

### **2 Recommendation**

- 2.1 **The Committee is asked to note th the paper.**

### **3 Background**

- 3.1 TfL's Statement of Accounts is prepared in accordance with the provisions of the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 ("the Regulations"). The form and content followed in preparing the Statements are as prescribed in the Regulations and by the Code. The accounting policies followed are also substantially as prescribed by the Code.
- 3.2 The Code is updated annually by the CIPFA/LASAAC Joint Committee, a standing committee of the CIPFA and LASAAC, and is based on European Union Adopted IFRS, with adaptations and interpretations considered necessary for the local government context. The 2021/22 Code has been prepared on the basis of accounting standards and interpretations in effect for accounting periods commencing on or after 1 April 2021.
- 3.3 This paper deals with changes to the critical accounting policies as they relate to the Statement of Accounts for the year ending 31 March 2022.

## **4 Developments in 2021/22 Code**

- 4.1 The 2021/22 Code introduces a small number of amendments to the accounting requirements, which are described below. These amendments are not expected to have a material impact on the TfL's Statement of Accounts for the year ending 31 March 2022.

### **Reporting requirements of Interest Rate Benchmark Reform**

- 4.3 Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform and additional disclosures related to interest rate benchmark reform.
- 4.4 The impact of the Interbank Offered Rate (IBOR) reform has been documented and it has been assessed to have minimal impact on TfL's Accounts for 31 March 2022 year end. The instruments that used to reference the GBP London Interbank Offered Rate (LIBOR) are lease contracts and interest rate swaps hedging the finance cost related to those leases. The interest rate swaps were treated in accordance with normal IFRS 9 hedge discontinuation rules, while the leases met the economically equivalent criteria to be able to apply the practical expedient allowed under the guidance for the continuation of hedging.

### **Reporting of Estimation Uncertainty**

- 4.5 The Presentation of the Financial Statements section has been amended to include a reference to IAS 1 Presentation of Financial Statements, with respect to the reporting of estimation uncertainty.

### **Replacement of IPSAS 29 with IPSAS 41 Financial Instruments**

- 4.6 The Financial Instruments section has been amended to recognise that IPSAS 29 Financial Instruments: Recognition and measurement, has been replaced with IPSAS 41 Financial Instruments. This does not change the measurement and recognition provisions.

### **Definition of a Business: Amendments to IFRS 3**

- 4.7 Definition of a Business: Amendments to IFRS 3 have been introduced in the 21/22 Code. The amendments clarify the definition of a business, with the aim of helping entities to determine whether a transaction should be accounted for as an asset acquisition or a business combination.

### **IFRS 16 Leases**

- 4.8 CIPFA/LASAAC has agreed to defer the adoption of IFRS 16 to the 2022/23 Code, meaning that, for local authorities generally, IFRS 16 will need to be adopted from 1 April 2022. The TfL Group, however, with the agreement from CIPFA/LASAAC, early-adopted IFRS 16 from 1 April 2019, to be consistent with the adoption date under the IFRS standards that are relevant for all its subsidiary entities. TfL also adopted the Code interpretation of IFRS 16 in relation to the accounting requirements for leases at peppercorn or nominal lease payments, or for nil consideration which stipulates that the principles in the Code for the treatment of

donated assets be followed.

- 4.9 For 2021/22 the Group has also adopted Amendments to IFRS 16 Covid-19 Related Rent Concessions. These amendments provide practical relief to lessees from applying IFRS 16 guidance on lease modification accounting for rental concessions arising as a direct consequence of the coronavirus pandemic.

## **5 UK Climate-related Financial Disclosure Regulations**

- 5.1 Mandatory climate-related financial disclosure requirements are brought into UK legislation for certain large companies from April 2022. The requirements will be based on the Task Force for Climate-Related Financial Disclosures recommendations which encourage disclosure across four key areas: governance, strategy, risk management, and metrics and targets.
- 5.2 In January 2022, The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 and The Limited Liability Partnerships (Climate-related Financial Disclosure) Regulations 2022 were made law. The proposals are implemented through secondary legislation amending the Companies Act 2006 and the Limited Liability Partnerships Act 2000.
- 5.3 TfL has a programme in place to develop its climate change reporting methodology in line with the requirements and will be reporting separately to the Committee on progress.

## **6 Future Changes to IFRS**

- 6.1 Other standards and interpretations mandatory for years commencing on or after 1 January 2022, include the following. These amendments are expected to have limited impact on the TfL Accounts for the year ending 31 March 2023.
- 6.2 Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use:-
- (a) Reference to the Conceptual Framework – Amendments to IFRS 3;
  - (b) Amendments from the 2018-2020 annual improvements cycle;
  - (c) Amendments to IAS 37 in relation to onerous contracts;
  - (d) IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter; and
  - (e) IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities.
- 6.3 Other standards and interpretations mandatory for years commencing on or after 1 January 2023, include the following; these new standards/amendments are expected to have limited impact on the TfL Accounts for the year ending 31 March 2024:

### **IFRS 17 Insurance Contracts**

- (a) this standard will replace IFRS 4 and provides an accounting model for insurance contracts that is more useful and consistent for insurers than the existing IFRS 4 standard;

The standard is not expected to have an impact on the TfL Group consolidated accounts;

- (b) amendments to IAS 1 on classification of current versus non-current Liabilities;
- (c) amendment to IAS 8 on Definition of Accounting Estimates;
- (d) amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements; and
- (e) amendment to IAS 12 on Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

**List of appendices to this report:**

None

**List of Background Papers:**

Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015, as amended.

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## Audit and Assurance Committee

**Date:** 16 March 2022

**Item:** Personal Data Disclosure to Police and Other Statutory Law Enforcement Agencies (2021)

### This paper will be considered in public

## 1 Summary

1.1 This paper provides an update to the Committee on the disclosure of personal data to the police and other Statutory Law Enforcement Agencies (SLEAs) in 2021 for the prevention and detection of crime in London.

## 2 Recommendation

2.1 **The Committee is asked to note the paper.**

## 3 Background

3.1 TfL, and its operators, provide valuable support to the police and other SLEAs efforts to prevent, investigate and detect crime, safeguard the most vulnerable and assist in catching and convicting offenders. This is done through TfL's significant investment in roads and transport policing services for London, our strong operational partnerships with London's police services and through the provision of personal data that TfL and its operators hold. This support is vital to the Mayor's aspirations to improve the safety and security of London.

3.2 TfL holds a range of information about its customers and employees which is of significant value to our partners in the police and in other law enforcement agencies in the prevention and detection of crime and in safeguarding the most vulnerable in our society. In disclosing personal details to the police and other statutory law enforcement bodies<sup>1</sup> without the subject's consent, TfL must be mindful of its duties under data protection legislation. We exercise the exemption under Schedule 2 Part 1 and Schedule 2 Part 2 of the Data Protection Act 2018 for the purposes of crime prevention and detection. We consider all requests on a case-by-case basis and release personal data where it is lawful to do so and is consistent with our powers.

3.3 This paper provides the Committee with a summary picture of the data disclosed in 2021 against trends for the previous four years.

3.4 TfL's policy on the disclosure of personal data to the police and other law enforcement agencies can be found at <http://content.tfl.gov.uk/aac-20150309-part-1-item13-policy-on-disclosure-of-personal-data.pdf>.

<sup>1</sup> Includes national security and other agencies with a statutory role in crime prevention and detection. Non-police bodies include agencies such as the Driver and Vehicle Standards Agency (DVSA), local authorities, HM Revenue and Customs, and the National Crime Agency.

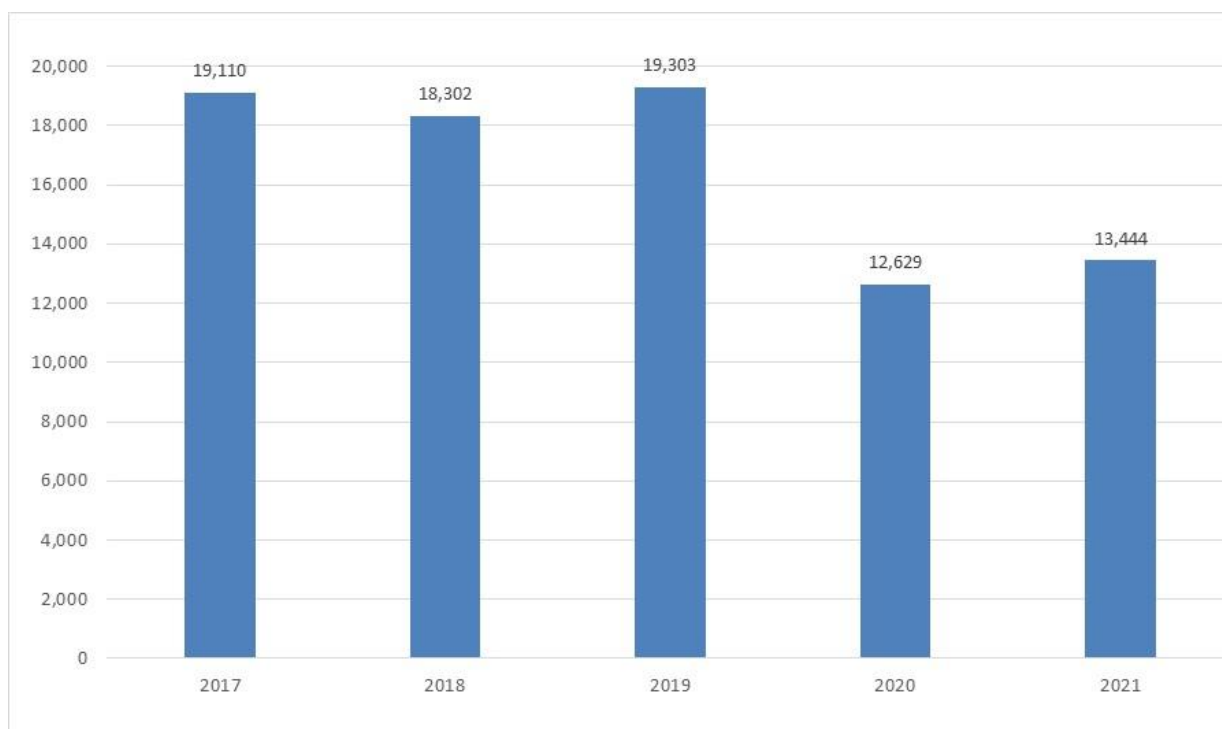
- 3.5 TfL's Directorate of Compliance, Policing, Operations and Security (CPOS) manages the day-to-day operation of data disclosure, and deal with the bulk of requests for personal data made by the police and other SLEAs.
- 3.6 To resource adequately the growing demand for TfL's data without increasing costs to TfL we established a pioneering partnership unit in 2009 with officers and staff from the British Transport Police (BTP) and the Metropolitan Police Service (MPS) attached to TfL, working under the direction of a TfL manager and subject to regular auditing. In addition, the MPS Roads and Transport Policing Command resource a dedicated unit to liaise with bus operators and assist in the identification and retrieval of bus CCTV for the purpose of crime investigation. TfL's bus operators provide significant support to the police to investigate crimes that occur both on and off the bus network.
- 3.7 A number of other business areas which hold personal data disclose directly to the police under the guidance of CPOS and General Counsel. This is to avoid the unnecessary transfer of personal data within TfL. These business areas disclose data in accordance with the TfL policy and are subject to regular auditing to ensure compliance:
- (a) requests for access to CCTV held by London Underground (LU). These requests are currently processed directly by LU where the BTP acts as the data processor.
  - (b) requests for information on taxi and private hire licensees, held by TfL's Licensing, Regulation and Charging Directorate for the investigation of sexual offences and other alleged or suspected criminal activity involving a licensee as a suspect or witness; and
  - (c) requests for CCTV for bus stations and London River Services.
- 3.8 CPOS operates a 24/7, 365 day call out service to support urgent police requests. This arrangement, funded by the MPS, means that the police can obtain electronic ticketing data and related information for incidents that are deemed of national importance, there is a tangible and significant threat to life, or a threat the transport system.

## **4 Overview of Data Requests and Disclosures**

- 4.1 Chart 1 show the volume of all police and SLEA data requests for ticketing data, Body Worn Video (BWV) or LU CCTV for the last five full calendar years. The total number of data requests made in 2021 was 13,444, a six per cent increase on 2020 (815 additional requests). Of the requests, 7,893 were for ticketing data, 5,420 were for LU CCTV and 131 for BWV.



Chart 1: Breakdown of request (by volume) for ticketing data, BWV and LU CCTV data



4.2 There are several key factors that influence the number of requests received from the police and other SLEAs each year. These include the level and nature of crime on TfL’s public transport networks as well as wider crime in London, the number of serious safeguarding incidents both on and off the transport network and national security investigations.

4.3 TfL continued to provide valuable support to the MPS’ efforts to help locate highly vulnerable people. TfL data was requested in the investigation of 1,082 high risk missing persons, 51 per cent higher (364 additional requests) than the previous year. This included significant support from TfL and its bus operators for the investigation of Sarah Everard’s disappearance and, tragically, the subsequent investigation of her abduction and murder. TfL’s support for high risk missing persons cases is an important and increasing part of the TfL Data Disclosure Team’s workload. The team continues to work very closely with the MPS to improve processes to ensure that data is turned around as quickly as possible.

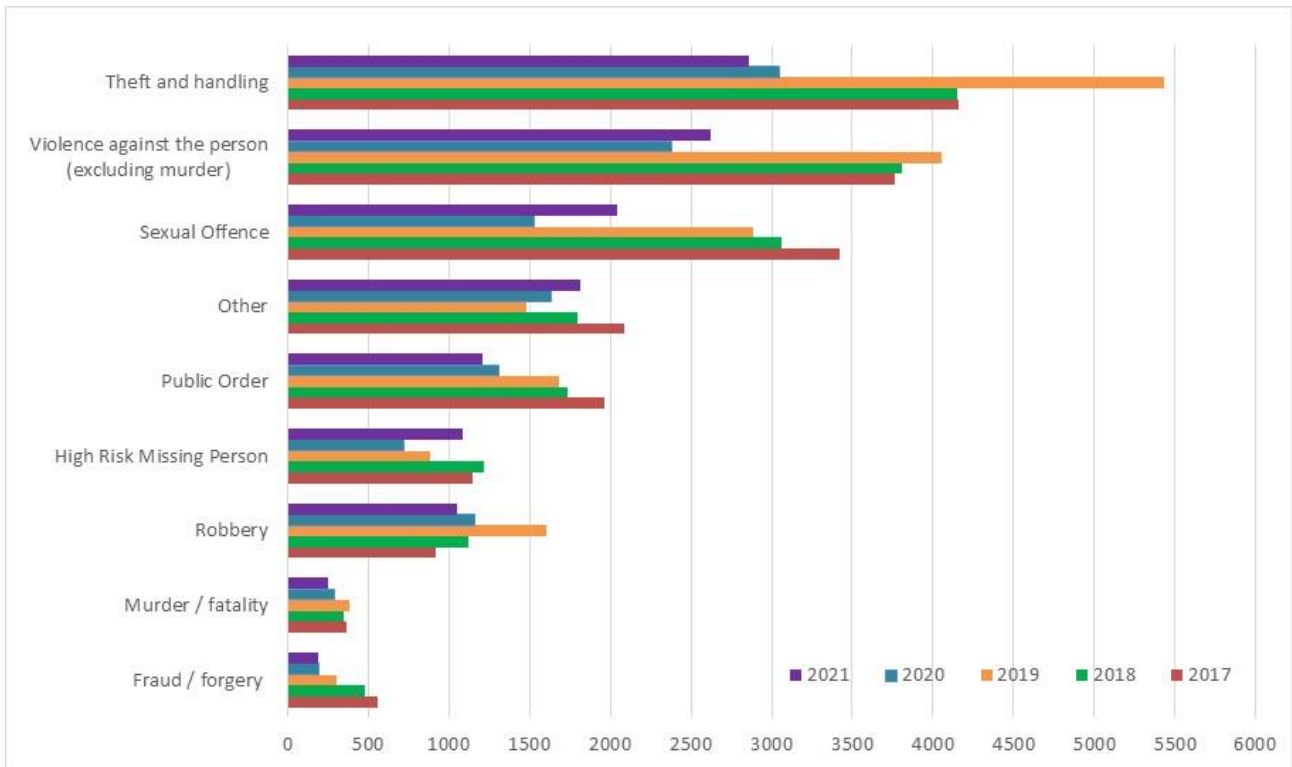
4.4 TfL dealt with 249 requests relating to murder and fatality investigations. These are often complex cases that require a significant level of activity by TfL. TfL is acutely aware of how important the timely disclosure of ticketing data and CCTV is for investigating and solving these crimes and will do all it can to support police. TfL’s bus operators should also be recognised for the vital support they provide to the police in these circumstances – often outside of business hours and at their own cost.

4.5 In 2021, ridership on TfL’s public transport networks was up by approximately 13 per cent compared with 2020. Despite this, crime on TfL’s public transport levels remained at a similar level to 2020 with approximately 25,000 offences recorded by transport policing partners during the year.

4.6 The table below shows the police data requests for personal data held by TfL (ticketing data, CCTV or BWV) by crime or incident type. Categories with fewer than

150 requests are not shown. Requests for taxi and private hire licensee details are reported separately below.

Chart 2: Data request by crime / incident type



4.7 Most requests in 2021 (2,857 requests / 21 per cent of total) were related to theft and handling offences. This reflects the fact that theft remains the highest volume crime on TfL’s public transport networks despite significant reductions in offence levels over the last two years. The level of theft in 2021 was nine per cent lower than in 2020 and 55 per cent lower than 2019.

4.8 The level of reported sexual offences on TfL’s public transport networks in 2021 increased by 28 per cent. This increase was anticipated because of the significant and ongoing efforts by TfL and its policing partners to tackle sexual harassment across the public transport network. This included the launch of the ‘zero tolerance to sexual harassment’ communications campaign with posters across the network, social media and editorial content. Police requests for ticketing data, BWV and LU CCTV for the investigation of sexual offences was up by 34 per cent in 2021 compared with the previous year.

4.9 One hundred and thirty-one requests were for BWV footage captured by TfL’s frontline customer-facing staff. The overwhelming majority of these requests related to the investigation of work-related violence and aggression incidents against TfL staff.

4.10 Table 1 shows a breakdown of data requests by requesting agency (by percentage) for 2021.

Table 1: Data requests by requesting agency

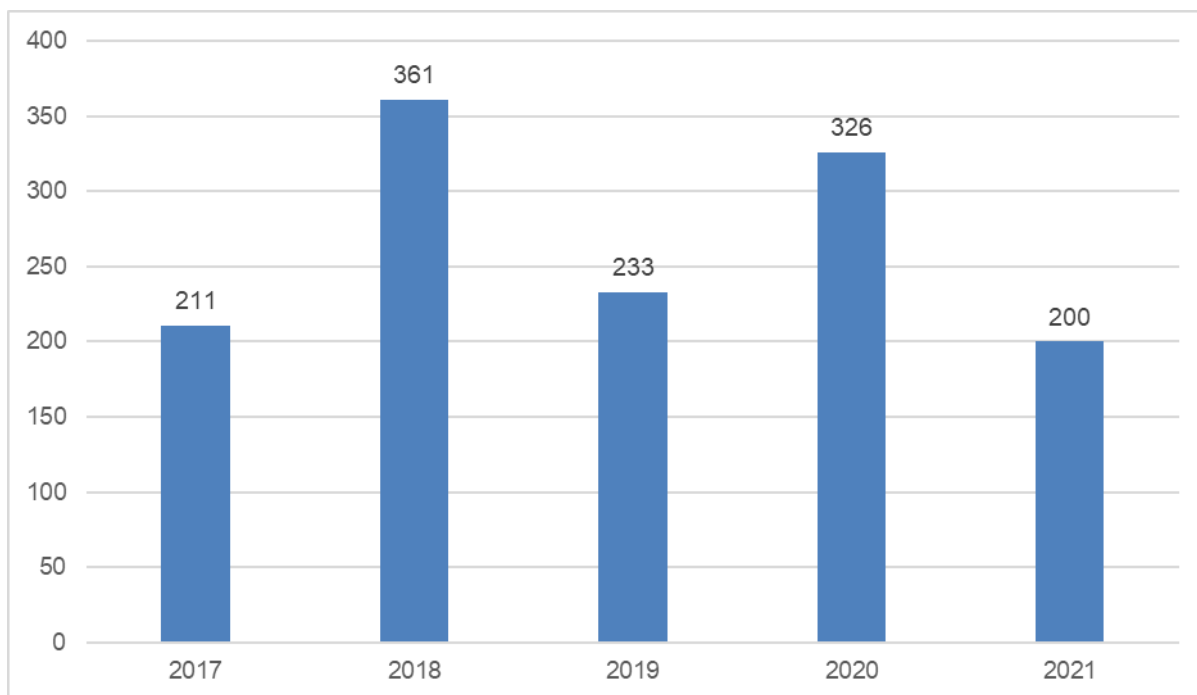
<b>SLEA</b>	<b>No of requests</b>	<b>2021 (%)</b>
MPS	6762	50%
BTP	6108	45%
Other police forces	275	2%
Non-police bodies that have a statutory role in crime prevention and detection	150	1%
National Security	98	1%
City of London Police	28	<1%
Bus Company (for personal injury / insurance claims)	23	<1%

- 4.11 In addition to the requests to TfL for personal data, the MPS made 5,070 requests directly to our bus and rail operators for CCTV. This included 254 requests for CCTV relating to murder investigations, 1,229 for violence against the person offences, 1,171 for road traffic collisions, 471 for robbery and 425 for sexual offences. The requests were to support investigations of both transport and non-transport related crimes and incidents.
- 4.12 While this paper focuses on the disclosure of personal data to the police and other law enforcement agencies, it is important to recognise TfL's wider role in helping to identify the buses that may be relevant to a police investigation. This assistance helps to narrow the police investigation and minimise the amount of personal data that is requested.

## **5 Taxi and Private Hire Requests**

- 5.1 There were 200 data requests for information on taxi and private hire drivers and vehicles in 2021 which is a return to more normal levels. Both 2018 and 2020 were outliers because of changes in reporting guidance and its implementation.
- 5.2 All private hire operators have a condition on their licences to report all alleged or suspected criminal conduct to the police in an appropriate and timely way to ensure that the incident is investigated. Operators may receive notification of a potential crime as a complaint from a passenger using their services, a driver or another member of the public. Any suspicious activity identified through their own assurance systems is also reported to TfL and to the police for investigation. Operators can report these issues to the police more easily now through an online reporting tool.

Chart 5: Taxi and Private Hire - Breakdown of Requests (by volume)



5.3 The majority of requests were received from the MPS. Table 2 shows a breakdown of data requests by requesting agency. Data was disclosed for 89 per cent of the requests and data was not held for 11 per cent of requests.

Table 2: Data requests by requesting agency

SLEA	No of Requests	2021 %
MPS	152	76%
Other police forces	30	15%
National Crime Agency	14	7%
British Transport Police	3	1.5%
Non-police bodies that have a statutory role in crime prevention and detection	1	0.5%
City of London Police	0	0%

5.4 The breakdown of requests by type of licensee is shown in the table 3.

Table 3: Breakdown of requests by Private Hire and Taxi

Type of licensee	No of Requests	2021 (%)
Private Hire driver	158	79%
Taxi driver	20	10%
Dual Licence	2	1%
Operator	0	0%
Other	20	10%

## **6 Conclusion**

- 6.1 TfL data released to the police and other SLEAs for the investigation, prevention and detection of crime on the TfL network and across London continues to prove to be a vital crime prevention tool. TfL continues to make a significant contribution to safety and security in London with TfL's data and support leading to the identification, apprehension and prosecution of offenders.

### **List of appendices to this report:**

None

### **List of Background Papers:**

None

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## **Audit and Assurance Committee**

**Date:** 16 March 2022

**Item:** Finance Control Environment Trend Indicators

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### **This paper will be considered in public**

#### **1 Summary**

1.1 The purpose of this paper is to report to the Committee on the Financial Control Environment Trend Indicators

#### **2 Recommendation**

2.1 **The Committee is asked to note the paper.**

#### **3 Background**

3.1 This paper reports on the Quarter 3 Financial Control Environment Trend Indicators, as set out in Appendix 1, informing the Committee of the control environment across the Finance, Business Services and Procurement and Supply Chain functions of TfL.

#### **List of appendices to this report:**

Appendix 1: Financial Control Environment Trend Indicators Dashboard

#### **List of Background Papers:**

None

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# TfL Audit & Assurance Committee Performance Metrics Quarter 3, 2021/22

## Appendix I

16 March 2022



# Audit Committee performance metrics to Q3, 2021/22

Total operating income: £172m lower than the Revised Budget. Passenger income is £2,126m in the year to date, which is almost double that from last year, but (£182m) below Budget. This is mainly driven by lower Tube journeys, with income £194m lower than expected – this is partly offset by higher bus income, which has seen a slight increase in ticket yield.

Other operating income is £10m higher than Budget, driven by higher Road User Charging, media and property income.

Operating costs £280m below Budget: Core costs are £85m better, owing to efficiencies and lower staff costs. Exceptional costs are £170m lower than budget, following the release of central contingency held to mitigate high-risk uncertainties and the timing of provisions.

Total capital expenditure (excluding Crossrail): £257m lower than Budget, largely a result of project slippage and deferrals, partly driven from the short term and stop-start nature of the current funding agreements.

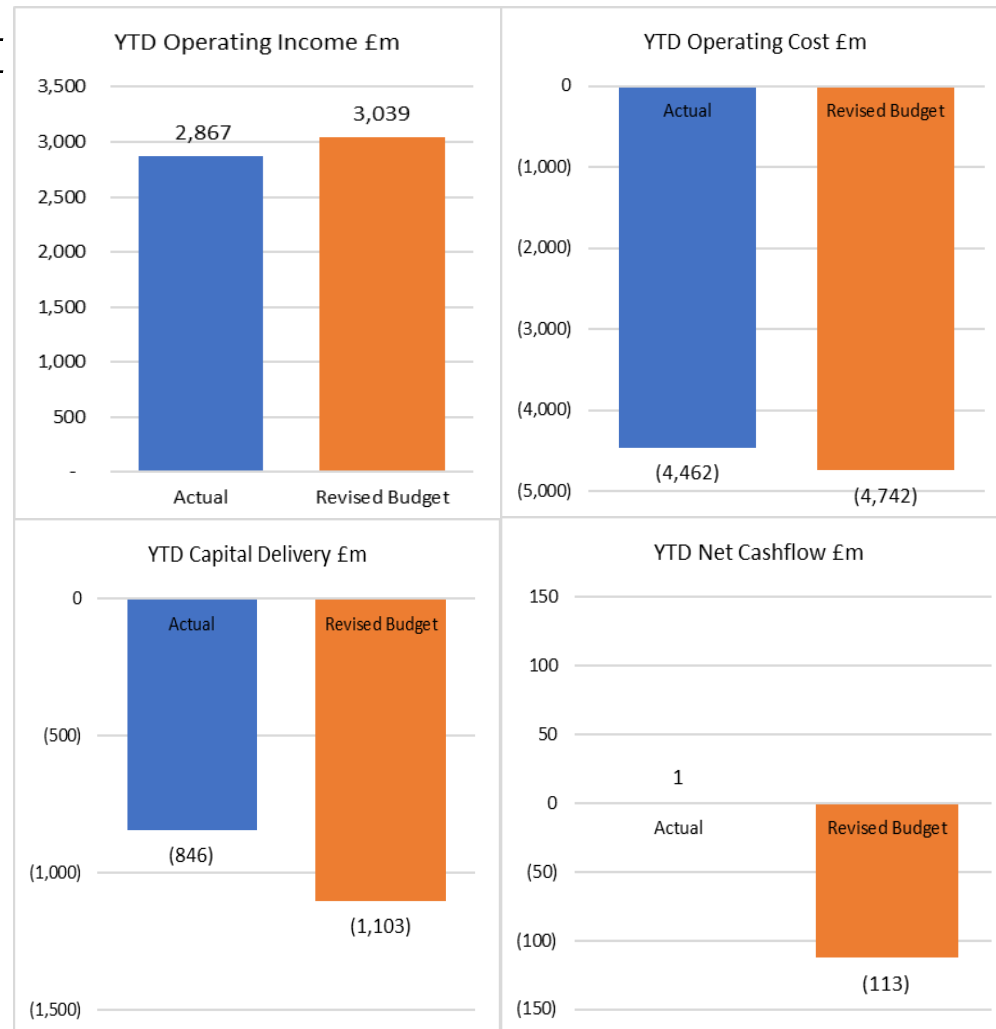
## Forecasting Accuracy

### Quarterly Forecasting Accuracy\*

£m	Q4 2021	Q1 2022	Q2 2022	Q3 2022
<b>Operating Income</b>	699	800	899	1,168
Variance to reported Budget	29	196	(137)	(30)
<b>Operating Cost</b>	(1,967)	(1,487)	(1,493)	(1,482)
Variance to reported Budget	268	71	76	246
<b>Capital Delivery**</b>	(517)	(271)	(288)	(287)
Variance to reported Budget	20	191	202	209
<b>Net Cashflow</b>	(78)	42	74	(115)
Variance to reported Budget	(5)	(163)	44	111

### YTD Forecasting Accuracy - Q3 2021/22

£m	YTD
<b>Operating Income</b>	
Actual	2,867
Revised Budget	3,039
<b>Operating Cost</b>	
Actual	(4,462)
Revised Budget	(4,742)
<b>Capital Delivery</b>	
Actual	(846)
Revised Budget	(1,103)
<b>Net Cashflow</b>	
Actual	1
Revised Budget	(113)



\*Reporting is against the 2020/21 Revised Budget for Q4 2021, the March TfL Budget for Q1 2022 and the 2021/22 Revised Budget for Q2-Q3 2022

\*\* Total TfL capital expenditure excludes amounts relating to Crossrail

# Audit Committee performance metrics to Q3, 21/22

Value of open items > 30 days on the bank reconciliation has increased to £290k. Overall open items have been reduced significantly in Q3 with the items less than 30 days open standing at £2.1 m.

\*The volume of manual remains consistent as present fluctuating around 20%.

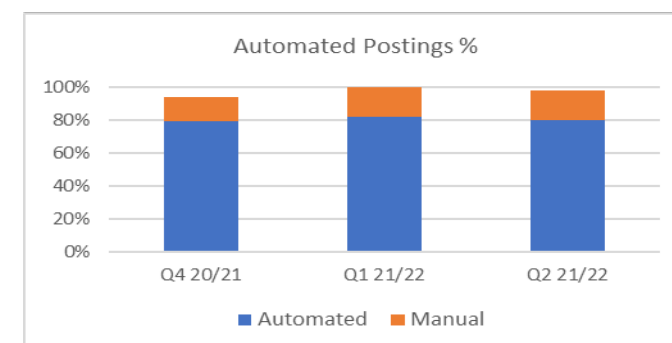
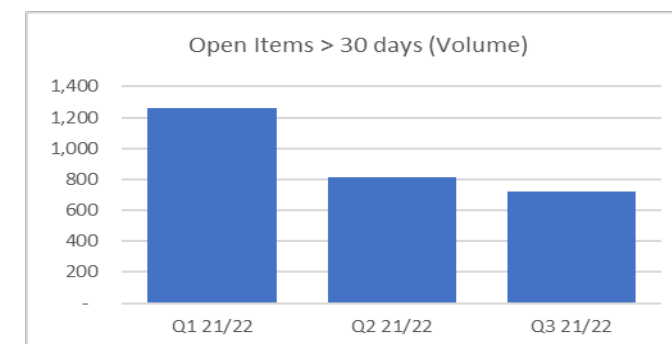
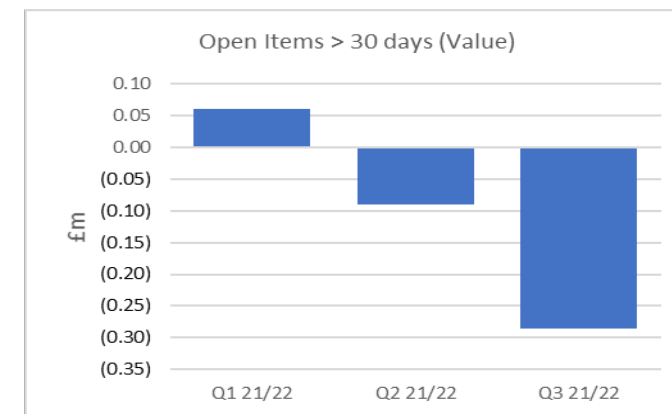
Finance/BSF will continue to review manual postings to seek further automation opportunities.

\*An adjustment to Q1 and Q2 figures relating to Automated and Manual postings quantities has been made to reflect rerun data.

## Processing payments

### Quarterly Figures

£m	Q4 20/21	Q1 21/22	Q2 21/22	Q3 21/22
Open Items < 30 days (£m Value)	(7.8)	(11.8)	(11.0)	(2.1)
Open Items > 30 days (£m Value)	0.05	0.06	(0.09)	(0.29)
Open Items < 30 days (Volume)	946	871	1,816	1,600
Open Items > 30 days (Volume)	1,927	1,263	817	722
<b>Automated Postings %</b>				
Automated	8,946	8,927	9,280	9,834
Manual	1,524	1,831	1,652	1,965
Automated	85%	79%	82%	80%
Manual	15%	21%	18%	20%



# Audit Committee performance metrics to Q3, 21/22

There continue to be some variances period on period with the KPIs. These are highlighted below:

- Benefits Delivery:**
- Benefit delivery forecast continues to increase as Benefit Methodology embeds and work continues with finance to reconcile savings.

**Retrospective PO by Value and Volume:**

- Volume increase but value reduction. Retrospective PO of note £3.1 m British Transport Police.
- Monitoring and behaviour change initiative continues with the Procurement and Supply Chain improvement programme deploying new tools (Ariba) and processes over the next FY.

**Non Competitive Transaction (NCTs) by Value and Volume:**

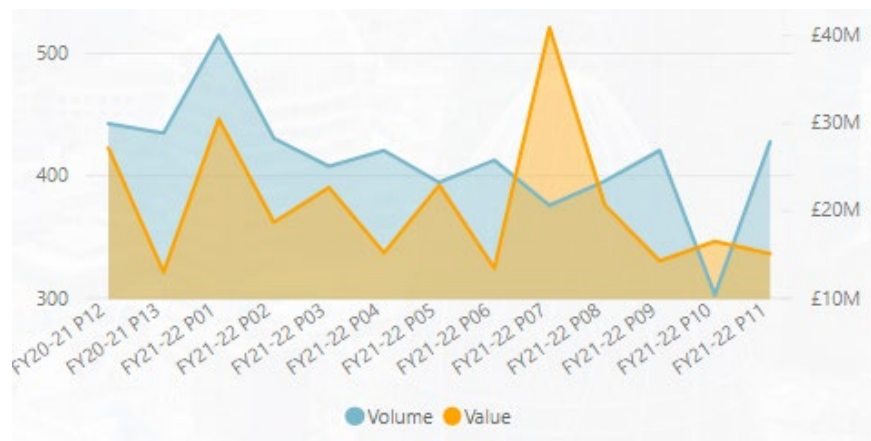
- Direct award volume and value increased due to a number of Track Labour direct awards

**Spend Under Contract:**

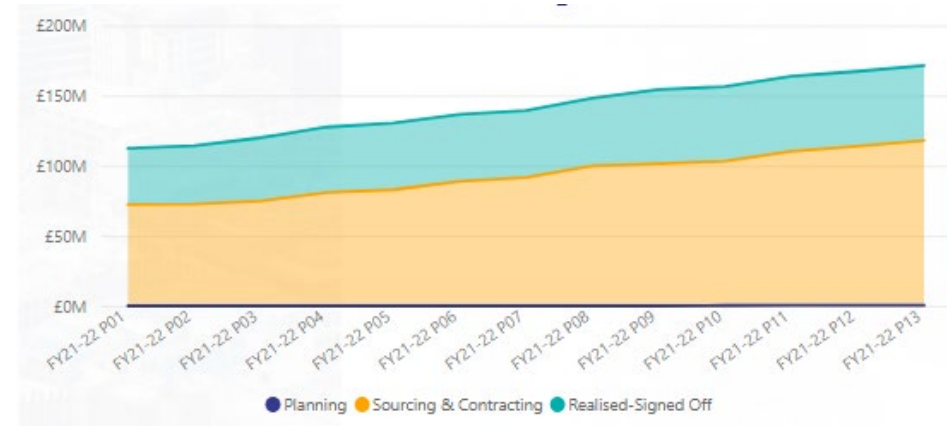
- Contract register data quality issues which are being resolved.

## Procurement activity

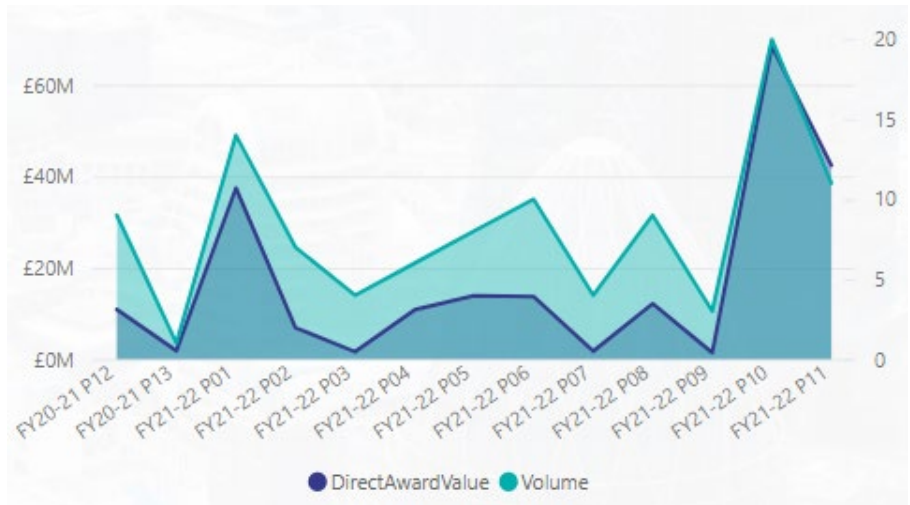
Retrospective PO Spend



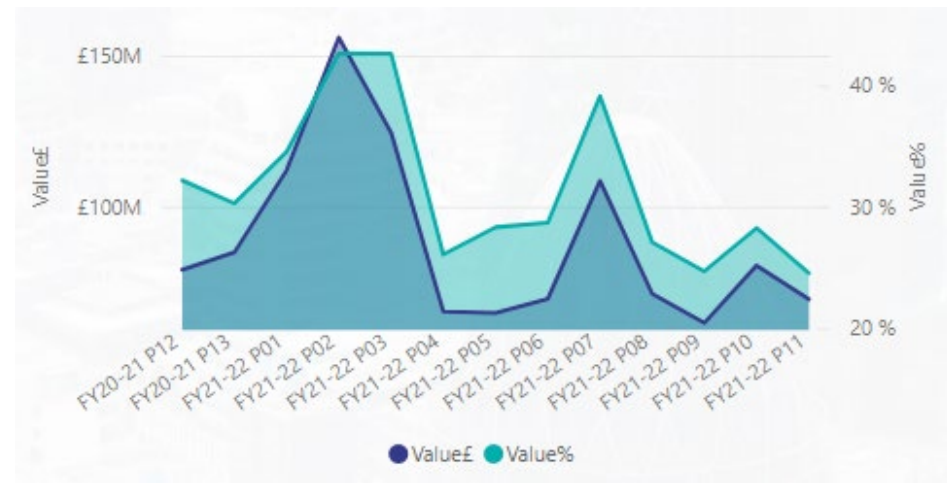
Benefit Delivery



Direct Awards (Previously NCTs)



Spend Under Contract



## Audit and Assurance Committee



**Date:** 16 March 2022

**Item:** Register of Gifts and Hospitality for Members and Senior Staff

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**This paper will be considered in public.**

### **1 Summary**

- 1.1 This paper sets out details of the gifts and hospitality declared by the Board and senior staff. Details of those accepted by Members and the most senior staff are routinely published on our website. In line with the Greater London Authority (GLA) Group Framework Agreement, we submit a regular report to the Committee on the gifts and hospitality accepted by Board Members and senior staff. For these reports, we have extended the staff coverage to anyone on the top level organisation chart published on <https://tfl.gov.uk/corporate/about-tfl/how-we-work/corporate-governance/chief-officers>.
- 1.2 This report covers a three-month reporting period, from 1 November 2021 to 31 January 2022. The restrictions on travel and social distancing introduced from March 2020 to manage the coronavirus pandemic mean that the benchmarking data is impacted as restrictions were in place for the same period in 2020. While the figures for the current year show an increase, these are still below the baseline prior to the coronavirus pandemic.
- 1.3 During the three months covered by this report, no declarations were made by Members. A total of 52 declarations were made by senior staff, of which 29 were declined and 23 were accepted.

### **2 Recommendation**

- 2.1 **The Committee is asked to note the paper.**

### **3 Background**

- 3.1 TfL's policy on gifts and hospitality applies to TfL Board Members, all staff who work for TfL and staff contracted to work for TfL including on advisory groups or through a third party. It covers both gifts and hospitality offered directly or offered through a spouse or partner.
- 3.2 The policy was last reviewed and updated in November 2017. It starts from the premise that any gifts or hospitality offered should usually be declined. No offer should be accepted where there is a possibility, or a perception, of being influenced by it. The guidance provides advice on the few circumstances where acceptance might be appropriate but, as a guiding principle, Members and staff are advised to err on the side of caution. Acceptance of any offer requires line manager approval and an explanation as to why acceptance is appropriate.

- 3.3 The policy was the subject of a recent internal audit and some changes to clarify the guidance will be made and these will be publicised internally. While the GLA policy has changed to raise its threshold for declaration from £25 to £50, we have decided to retain our current £25 threshold.
- 3.4 Board Members and staff are required to register with the General Counsel any gift or hospitality received in connection with their official duties that has a value of £25 or over, and also the source of the gift or hospitality. For staff, declarations are made at the end of every month. As the acceptance of any offers of gifts or hospitality by Members is uncommon, they are asked to confirm any declarations at the end of every quarter. Offers accepted by Members and the most senior staff are then reviewed and published on tfl.gov.uk on a quarterly basis.

## 4 Reporting Period and Issues for Consideration

- 4.1 There were no declarations by Members during the three-month period from 1 November 2021 to 31 January 2022.
- 4.2 A total of 52 declarations of offers were made by senior staff in this period and 29 of these were declined.
- 4.3 Table 1A shows the current period and the previous two periods. Table 1B shows the same reporting periods for the previous year. An accurate comparison is difficult due to the impact of changes to measures to control the coronavirus pandemic. Many of the measures reintroduced to manage the Omicron variant were relaxed in December 2021 and subsequently the number of offers received and accepted increased substantially.
- 4.4 The offers received and accepted are set out in Appendix 1 and have been reviewed to ensure they comply with the policy and guidance. Where there are concerns that the policy or guidance is not being followed, these are raised with the member of staff and their line manager.

**Table 1A: Figures reported to this meeting**

	<b>01/05/21- 31/07/21</b>	<b>01/08/21- 31/10/21</b>	<b>01/11/21- 31/01/22</b>
<b>Period reported to Committee</b>	3 months	3 months	3 months
Total offers	15	35	52
Total declined	11	23	29
Total accepted	4	12	23
<b>Monthly average</b>			
Total offers	5	12	17
Total declined	3	8	9.5
Total accepted	1.3	4	7.5

**Table 1B: Figures reported to previous meetings and monthly averages**

	<b>01/05/20- 31/07/20</b>	<b>01/08/20- 31/10/20</b>	<b>01/11/20- 31/01/21</b>
<b>Period reported to Committee</b>	3 months	3 months	3 months
Total offers	*	16	3
Total declined	-	6	3
Total accepted	-	10	0
<b>Monthly average</b>			
Total offers	-	5.3	1
Total declined	-	2	1
Total accepted	-	3.3	0

\* Items were registered but fell outside of the policy.

**List of appendices to this report:**

Appendix 1: Register of Gifts and Hospitality

**List of Background Papers:**

Corporate Gifts and Hospitality Register

Contact Officer: Howard Carter, General Counsel  
Email: [HowardCarter@tfl.gov.uk](mailto:HowardCarter@tfl.gov.uk)

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**Gifts and Hospitality - TfL Senior Leadership Team - Appendix 1  
November 2021 to January 2022**

<b>Name of Officer</b>	<b>Donor/Provider of Gift/Hospitality</b>	<b>Detail of Gift/Hospitality</b>	<b>Reason for Accepting Gift / Hospitality</b>	<b>Date of Event / Hospitality</b>
Ableman Thomas	Siemens	LTM Dinner & Auction	Stakeholder Management/Networking	03/11/2021
Ableman Thomas	Clustre Innovation Brokers	Discussion: 'Innovation and Corporate Antibodies'	To participate in a discussion around innovation	20/01/2022
Barton Glynn	Alex Sykes - Sopra Steria	Dinner - Guildhall	Networking	03/11/2021
Barton Glynn	Paul Wheeler - Highways UK	Highways UK - Birmingham	TfL Representative	04/11/2021
Byford Andy	LTOCA (London Transport Old Comrades Association)	London Transport Old Comrades Association Dinner	Annual dinner ahead of Remembrance Sunday	12/11/2021
Byford Andy	RailAid	RailAid Cocktail Party	Ambassador for RailAid	25/11/2021
Byford Andy	John Self, Chairman, 55 Society	55 Society Annual Luncheon	Speaking engagement	26/11/2021
Byford Andy	Jace Tyrell, CEO NWECC	NWECC Drinks reception	Networking	18/11/2021
Cheeseman Louise	Global	Dinner	Louise Cheeseman's introduction meeting	31/01/2022
Clarke Andrea	Womble Bond Dickinson	LTM Dinner & Auction	Networking	03/11/2021
Cooper Michael	Major Projects Association	Annual General meeting and Dinner	TfL is a member of the MPA	29/11/2021
Field Stephen	Pauline Sibbit, Partner, Sackers & Partners LLP	LTM Dinner & Auction	Networking	03/11/2021
Harvey Stuart	Siemens Mobility Ltd	LTM Dinner & Auction	Networking	03/11/2021
Hayward Siwan	PA Consulting	LTM Dinner & Auction	Networking	03/11/2021
Hobden Chris	Thales	LTM Dinner & Auction	Networking	03/11/2021
Lord Andy	British Transport Police, Chief Constable - Lucy D'Orsi	British Transport Police & Partners' Dinner	Relationship building	13/12/2021
Matson Lilli	British Land Company	LTM Dinner & Auction	Networking	03/11/2021
Matson Lilli	Network Rail guest.	Rail Aid Ambassador's Cocktail Party at LTM	To network with industry colleagues in aid of a charity.	25/11/2021
Powell Gareth	Alistair Gordon - Keolis	David Brown's retirement dinner	Stakeholder colleague	01/12/2021
Risk Lisa-Jane	Berkley Group	Site visit to Stephenson Street	To review progress	03/12/2021
Smith Howard	MTR EL	LTM Dinner & Auction	Networking	03/11/2021
Smith Howard	Nichols Group	Christmas Network Event	Networking	08/12/2021
Williams Alex	British Land	LTM Dinner & Auction	Networking	03/11/2021

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## Audit and Assurance Committee



**Date:** 16 March 2022

**Item:** **Members' Suggestions for Future Discussion Items**

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### **This paper will be considered in public**

#### **1 Summary**

- 1.1 This paper presents the current forward plan for the Committee and explains how this is put together. Members are invited to suggest additional future discussion items.

#### **2 Recommendation**

- 2.1 **The Committee is asked to note the forward plan and is invited to raise any suggestions for future discussion items.**

#### **3 Forward Plan Development**

- 3.1 The Board and its Committees and Panels have forward plans. The content of the plan arises from a number of sources:
- (a) standing items for each meeting: minutes; matters arising and actions list; and any regular quarterly reports. For this Committee these include quarterly risk and assurance reports; Elizabeth line programme assurance quarterly updates; and IIPAG quarterly updates;
  - (b) regular items (annual, half-year or quarterly) which are for review and approval or noting: examples include the legal compliance report, integrated assurance plan, and TfL annual report and accounts;
  - (c) matters reserved for annual approval or review: examples include those already mentioned above as well as annual audit fee; and
  - (d) items requested by Members: the Deputy Chair of TfL and the Chair of this Committee will regularly review the forward plan and may suggest items. Other items will arise out of actions from previous meetings (including meetings of the Board or other Committees and Panels) and any issues suggested under this agenda item.
- 3.2 The Committee is required to meet in private, on an annual basis, with the Director of Risk and Assurance, External Auditors and Chief Finance Officer. These discussions are scheduled after the following Committee dates:
- |                  |                                |
|------------------|--------------------------------|
| 16 March 2022    | Chief Finance Officer          |
| 6 June 2022      | External Auditors              |
| 30 November 2022 | Director of Risk and Assurance |
| 15 March 2023    | Chief Finance Officer          |

## **4 Current Plan**

- 4.1 The current plan is attached as Appendix 1. Like all plans, it is a snapshot in time and items may be added, removed or deferred to a later date.

### **List of appendices to this report:**

Appendix 1: Audit and Assurance Committee Forward Plan

### **List of Background Papers:**

None

Contact Officer: Howard Carter, General Counsel  
Email: [HowardCarter@tfl.gov.uk](mailto:HowardCarter@tfl.gov.uk)

**Membership:** Mark Phillips (Chair), Anurag Gupta (Vice Chair), Cllr Julian Bell, Kay Carberry CBE and Dr Mee Ling Ng OBE

<b>Standing Items</b>		
Risk and Assurance Quarterly Report	Director of Risk and Assurance	Quarterly
Elizabeth Line Programme Assurance Update	Chief Finance Officer, Crossrail	Quarterly
Finance Control Environment Trend Indicators	Chief Finance Officer	Quarterly
IIPAG Quarterly Report	Head of Project Assurance	Quarterly
Register of Gifts and Hospitality	General Counsel	Quarterly

<b>6 June 2022</b>		
EY Report on Non-Audit Fees	Chief Finance Officer	Six Monthly
TfL Statement of Accounts	Chief Finance Officer	Annual
TfL Annual Report	Chief Customer and Strategy Officer	Annual
Review of Governance and the Annual Governance Statement	General Counsel	Annual
EY Report to Those Charged with Governance	Chief Finance Officer	Annual
EY Letter on Independence and Objectivity	Chief Finance Officer	Annual
Legal Compliance Report	General Counsel	Six Monthly
Task Force on Climate Related Financial Disclosures	Chief Finance Officer	Meeting request

<b>21 September 2022</b>		
TfL Statement of Accounts – Changes Made Prior to Finalisation	Chief Finance Officer	Annual
Effectiveness Review of External Auditors	Chief Finance Officer	Annual
Annual Audit Letter	Chief Finance Officer	Annual
Freedom of Information Update	General Counsel	Annual
Enterprise Risk Update - Major Security Incident (ER4) followed by informal briefing	Chief Customer and Strategy Officer	Annual

**Audit and Assurance Committee Forward Planner 2020/21 – 2022/23**

<b>30 November 2022</b>		
External Audit Plan	EY	Annual
EY Report on Non-Audit Fees	EY	Six Monthly
Annual Tax Compliance Update	Chief Finance Officer	Annual
Legal Compliance Report	General Counsel	Six Monthly

<b>15 March 2023</b>		
Integrated Assurance Plan	Director of Risk and Assurance	Annual
Critical Accounting Policies	Chief Finance Officer	Annual
Personal Data Disclosure to Police and Other Statutory Law Enforcement Agencies (2022)	Director of Compliance, Policing, Operations and Security	Annual

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of the Local Government Act 1972.

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