

Agenda

Meeting: Audit and Assurance Committee

Date: Monday 6 June 2022

Time: 10:00am

Place: Teams Virtual Meeting

Members

Mark Phillips (Chair)

Anurag Gupta (Vice-Chair)

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.

There is access for disabled people and induction loops are available. A guide for the press and public on attending and reporting meetings of local government bodies, including the use of film, photography, social media and other means is available on www.london.gov.uk/sites/default/files/Openness-in-Meetings.pdf.

Further Information

If you have questions, would like further information about the meeting or require special facilities please contact:

Sue Riley, Secretariat Officer; Email: Secretariat02@tfl.gov.uk.

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

Howard Carter, General Counsel
Friday 27 May 2022

**Agenda
Audit and Assurance Committee
Monday 6 June 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 16 March 2022
(Pages 1 - 6)**

General Counsel

The Committee is asked to approve the minutes of the meeting of the Committee held on 16 March 2022 and authorise the Chair to sign them.

4 Matters Arising and Actions List (Pages 7 - 10)

General Counsel

The Committee is asked to note the updated actions list.

5 Annual Report 2021/22

Chief Customer and Strategy Officer

The Committee is asked to note the Annual Report and the delegation to the Chief Customer and Strategy Officer to make any adjustments prior to submission to the Board.

6 TfL Statement of Accounts for the Year Ended 31 March 2022

Chief Finance Officer

The Committee is asked to note the draft Statement of Accounts and the delegation to the Chief Finance Officer to make any adjustments arising from the ongoing audit work prior to submission to the Board.

External Audit Items

7 EY Report to Those Charged with Governance

Chief Finance Officer

The Committee is asked to note the paper.

8 EY Letter on Independence and Objectivity (Pages 11 - 14)

Chief Finance Officer

The Committee is asked to note the paper.

9 EY Report on Audit and Non-Audit Fees for Six Months Ended 31 March 2022 (Pages 15 - 18)

Chief Finance Officer

The Committee is asked to note the report.

10 Annual Audit Fee 2022/23 (Pages 19 - 24)

Chief Finance Officer

The Committee is asked to note the paper.

Audit, Risk and Assurance Items

11 Risk and Assurance Quarter 4 Report 2021/22 (Pages 25 - 56)

Director of Risk and Assurance

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

12 Risk and Assurance Annual Report 2021/22 (Pages 57 - 76)

Director of Risk and Assurance

The Committee is asked to note the report.

13 Independent Investment Programme Advisory Group Quarterly Report (Pages 77 - 82)

General Counsel

The Committee is asked to note the report, the management response and the supplementary information on Part 2 of the agenda.

14 Elizabeth Line Programme Assurance Quarter 4 Report 2021/22
(Pages 83 - 94)

Director of Risk and Assurance

The Committee is asked to note the report.

Accounting and Governance

15 Review of Governance and the Annual Governance Statement for Year Ended 31 March 2022 (Pages 95 - 108)

General Counsel

The Committee is asked to note the paper and approve the Annual Governance Statement, as set out in Appendix 1 of this paper, for signing by the Chair of TfL and the Commissioner, for inclusion in the 2021/22 Annual Report and Accounts and note the progress against the 2021/22 improvement plan, as set out in Appendix 2 and the plan for 2022/23, as set out in Appendix 3.

16 Legal Compliance Report (1 October 2021 - 31 March 2022)
(Pages 109 - 118)

General Counsel

The Committee is asked to note the report.

17 Finance Control Environment Trend Indicators (Pages 119 - 124)

Chief Finance Officer

The Committee is asked to note the paper.

18 Register of Gifts and Hospitality for Members and Senior Staff
(Pages 125 - 130)

General Counsel

The Committee is asked to note the paper.

19 Members' Suggestions for Future Discussion Items (Pages 131 - 134)

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.

20 Any Other Business the Chair Considers Urgent

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

21 Date of Next Meeting

Wednesday, 21 September 2022 at 10.00am

22 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

23 Risk and Assurance Quarter 4 Report 2021/22 (Pages 135 - 144)

Director of Risk and Assurance

Exempt supplementary information relating to the item on Part 1.

24 Independent Investment Programme Advisory Group Quarterly Report (Pages 145 - 172)

General Counsel

Exempt supplementary information relating to the item on Part 1.

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 16 March 2022

Members

Mark Phillips	Chair
Anurag Gupta	Vice-Chair
Kay Carberry CBE	Member
Dr Mee Ling Ng OBE	Member

Executive Committee

Howard Carter	General Counsel
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Other Staff

Joan Buszewska	Head of Project and Programme Assurance, Crossrail
Patrick Doig	Group Finance Director and statutory Chief Finance Officer
Jill Elliott	Head of Internal Audit
Siwan Hayward OBE	Director of Compliance, Policing, Operations and Security (Minute Reference 11/03/22)
Philip Hewson	Head of Governance and Assurance (Minute Reference 12/03/22)
Lorraine Humphrey	Director of Risk and Assurance
Rachel McLean	Chief Finance Officer, Crossrail and Finance Director, London Underground
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
Alison Munro	Independent Investment Programme Advisory Group
Philip Young	Partner, Ernst & Young

01/03/22 Apologies for Absence and Chair's Announcements

The Chair welcomed everyone to the meeting, in particular Anurag Gupta as a new Member and as Vice Chair. 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.

An apology for absence had been received from Cllr Julian Bell.

The Chair stated that this was his first meeting as a Member and Chair of the Committee and he was grateful for the advice and support received, in particular from the previous

Chair, Anne McMeel and the former Vice-Chair, Dr Lynn Sloman MBE, as well as key staff. He looked forward to continuing the important work of the Committee.

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 Chief Finance Officer for the annual informal meeting.

02/03/22 Declarations of Interest

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.

03/03/22 Minutes of the Meeting of the Committee held on 1 December 2021

The minutes of 15 September 2021, which were approved at the last meeting, were incorrectly headed as a Teams only meeting, and would be amended accordingly.

The Committee approved the minutes of the meeting held on 1 December 2021 and authorised the Chair to sign them.

04/03/22 Matters Arising and Actions List

Howard Carter introduced the paper, which set out progress against actions agreed at previous meetings of the Committee. A date for the half day discussion on TfL's Enterprise Risks had now been scheduled.

The Committee noted the Actions List.

05/03/22 Integrated Assurance Plan 2022/23

Lorraine Humphrey and Jill Elliot introduced the Integrated Assurance Plan for 2022/23.

The move away from the traditional annual plan to a rolling 18-month programme would allow for more flexibility, responding quickly to changes across the organisation. The Plan was based around key areas of risk, core activities and business led activities. This would also reduce the number of deferred and cancelled audits. Due the dynamic nature of the Plan it would continue to be updated.

The Committee welcomed the new approach and reporting format.

Members were assured that staffing levels, resourcing and expertise within the Risk and Assurance Directorate were adequate to deliver the Plan.

Work was progressing on the implementation of the new requirements as part of the Task Force on Climate Related Financial Disclosures.

The Committee approved the Plan.

06/03/22 Risk and Assurance Quarter 3 Report 2021/22

Lorraine Humphrey introduced the report setting out work completed by the Risk and Assurance Directorate during Quarter 3 of 2021/22, work in progress and planned activities. Jill Elliott, Richard Mullings, James Norris and Mike Shirbon were also present.

Moving forward there would be a greater focus on management actions and a review of the approach to ensure a more robust process. An improvement in customer feedback of the internal audit process was also being looked at and all responses were analysed.

Members of the public were now able to submit information regarding suspected fraud or corruption via the TfL website, and this had led to an increase in reports received. The Committee sought assurance that this wasn't resource intensive for staff but was considered manageable using established methods of triaging referrals.

The Committee congratulated the Counter-fraud and Corruption team for their work in identifying a number of key cases which had led to improvements in a range of control measures. All identified fraud and corruption cases were investigated fully to ensure lessons were learnt and mitigation measures applied.

Related procurement contracts under investigation were reviewed by Legal to ensure that they were appropriate and value for money.

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

07/03/22 Enterprise Risk Update – Governance Controls and Suitability (ER13)

Howard Carter introduced the paper providing an overview of the Level 0 Enterprise Risk 13 – Governance and controls suitability.

An annual briefing on major security incidents, for all Board Members, was being scheduled.

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

08/03/22 Independent Investment Advisory Group Quarterly Report

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

There were no overdue critical management actions. Some of IIPAG's work programme had been deferred pending clarity around TfL's long-term funding position and the linked Investment Programme but key reviews and cross-cutting work continued.

The Committee noted the report and the management response.

09/03/22 Elizabeth Line Programme Assurance Quarter 3 Report 2021/22

Joan Buszewska introduced the overview of programme assurance activity in relation to the Elizabeth line during Quarter 3 of 2021/22. Rachel McLean was also present for this item.

The Integrated Assurance Schedule would be submitted to the next meeting.

The Committee noted the paper.

10/03/22 Critical Accounting Policies

Patrick Doig and Rachel Shaw presented the update on the Group's critical accounting policies.

The EY presentation on the Task Force on Climate Related Financial Disclosures would be shared with new Committee Members. **[Action: Secretariat]**

The Committee noted the paper.

11/03/22 Personal Data Disclosure to Police and Other Statutory Law Enforcement Agencies (2021)

Siwan Hayward OBE presented the annual update on the disclosure of personal data to the police and other statutory law enforcement agencies in 2021 for the prevention of crime and detection in London.

There had been a marked decrease in pickpocketing due to the lack of crowds as a result of the coronavirus pandemic. The number of reports of sexual offences on the transport network had increased but this was likely due to the zero-tolerance approach taken by TfL and the related publicity campaigns.

The Committee noted that further improvements in the provision of data to supporting finding missing persons was underway.

Information provided by TfL was often critical in the successful prosecution of dangerous criminals, but the outcomes were rarely shared with the enforcement team. A leading

police investigator had recently sent a letter of thanks acknowledging the critical work of TfL staff in resolving the tragic murder case of Marie Rawlings.

The Committee requested that statutory agencies be encouraged to provide updates to the policing and security team in a more systematic way.

[Action: Siwan Hayward OBE]

The Committee noted the paper.

12/03/22 Finance Control Environment Trend Indicators

Patrick Doig introduced the quarterly report on Financial Control Environment Trend Indicators. Philip Hewson was also present for this item.

Improvements in the processing of financial payments and a reduction in Direct Awards (previously Non-Competitive Transactions) continued. The aim was to avoid the issuing of Direct Awards through changes in contracts and licences at the start of the procurement process.

The Chair requested that targets for automated processing payments and value for money metrics be included in future reports.

[Action: Patrick Doig]

Members were advised that all Direct Award contracts were scrutinised for value for money and linked sub-contracts were still subject to competitive processes.

The Committee asked that EY review contracts and payments as part of their auditing process.

[Action: Patrick Doig/EY]

The Committee noted the paper.

13/03/22 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.

The Committee noted the paper.

14/03/22 Members' Suggestions for Future Discussion Items

Howard Carter presented the current forward plan for the Committee.

The Committee noted the paper.

15/03/22 Any Other Business the Chair Considers Urgent

There was no urgent business.

16/03/22 Date of Next Meeting

The next scheduled meeting was due to be held on Monday 6 June 2022 at 10.00am.

17/03/22 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 3 Report 2021/22; and Enterprise Risk Update – Governance Controls and Suitability (ER13).

The meeting closed at 12.09pm.

Chair: _____

Date: _____

Audit and Assurance Committee



Date: 6 June 2022

Item: Matters Arising and Actions List

This paper will be considered in public

1 Summary

1.1 This paper informs the Committee of 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:

Minutes of previous meetings of the Audit and Assurance Committee

Contact Officer: Howard Carter, General Counsel
Email: HowardCarter@tfl.gov.uk

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Audit and Assurance Committee Actions List (to be reported to the meeting on 6 June 2022)

Actions from the meeting held on 16 March 2022

Minute No.	Item/Description	Action By	Target Date	Status/Note
10/03/22	Critical Accounting Policies The EY presentation on the Task Force on Climate Related Financial Disclosures to be shared with new Committee Members.	Secretariat	Following the meeting.	Information circulated. Complete.
11/03/22	Personal Data Disclosure to Police and Other Statutory Law Enforcement Agencies (2021) Statutory agencies be encouraged to provide updates to the policing and security team in a more systematic way.	Siwan Hayward OBE	6 June 2022 meeting	The Data Disclosure team are now including a cover sheet request for limited feedback when data is disclosed. Complete.
12/03/22 (1)	Finance Control Environment Trend Indicators Targets for automated processing payments and value for money metrics be included in future reports.	Patrick Doig	6 June 2022 meeting.	Included in report on agenda. Complete.
12/03/22 (2)	EY review contracts and payments as part of their auditing process.	Patrick Doig/EY	6 June 2022 meeting.	A review is included as part of EY's report on the agenda (To Those Charged with Governance). Complete.

Actions from previous meetings

Minute No.	Item/Description	Action By	Target Date	Status/Note
72/11/21 (1)	Task Force on Climate Related Financial Disclosures (TCFD) The National Audit Office guidance on TCFD to be considered at a future meeting.	Patrick Doig	-	Informal briefing session held on 11 April 2022. Further updates would be considered at the Safety, Sustainability and Human Resources Panel. Complete.
73/11/21 (1)	Risk and Assurance Quarter 2 Report 2021/22 An informal discussion on Enterprise Risk with Board Members and the Executive Committee to be arranged.	Secretariat	4 May 2022.	Session held. Complete.
74/11/21	Independent Investment Programme Advisory Group Quarterly Report IIPAG to consider how best TfL's asset information should be recorded and externally validated.	Alison Munro	6 June 2022 meeting.	Included in report on agenda. Complete.

Audit and Assurance Committee



Date: 6 June 2022

Item: EY Letter on Independence and Objectivity

This paper will be considered in public

1 Summary

1.1 This paper provides a report to the Committee on the independence and objectivity of Ernst & Young LLP (EY).

2 Recommendation

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

3 Background

3.1 EY are required to report annually to the Committee on their independence and objectivity, taking into account guidance including the National Audit Office's Code of Audit Practice.

3.2 EY have reviewed their procedures and their letter is attached for the Committee's review.

List of appendices to this report:

Appendix 1: letter from EY

List of Background Papers:

None

Contact: Patrick Doig, Statutory Chief Finance Officer

Email: PatrickDoig@TfL.gov.uk

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Audit and Assurance Committee
Company Secretariat
Transport for London
Post Point 10 City Hall
The Queen's Walk
London SE1 2AA

23 May 2022
Direct line: 020 7951 2195
Email: jdawson1@uk.ey.com

Dear Sirs

Independence and objectivity – Transport for London 2021/22

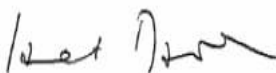
In order to carry out our duties and responsibilities as auditor, we are required to consider our independence and objectivity within the context of the regulatory and professional framework in which we operate. We are also mindful of all stakeholders, including the Public Sector Audit Appointments Ltd (PSAA) and the National Audit Office (NAO). For further details of specific independence requirements for PSAA appointments, refer to the PSAA Terms of Appointment at <http://www.psaa.co.uk/appointing-auditors/terms-of-appointment/>.

Appendix 1 to this letter highlights the significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including any principal threats. It also contains reference to the key policies and processes in place within EY for maintaining objectivity and independence. We consider these throughout our audit and are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

For 2021/22, we have undertaken a number of non-audit assignments, as reported in our summary of non-audit fees. In each case, prior to commencement of the assignment, we have considered the impact of these assignments on our independence and have obtained preapproval from management and the PSAA. In compliance with Ethical Standard 4, we confirm that no members of our audit engagement team, including those from other service lines, have objectives or are rewarded in relation to sales of non-audit services to you. We therefore confirm that there are no self-interest or self-review threats associated with this non-audit work.

Overall, we confirm that as of 6 June 2022, in our professional judgment, EY is independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit engagement team have not been compromised.

Yours faithfully



Janet Dawson
Partner
For and on behalf of Ernst & Young LLP

Appendix 1

Self-interest threats

A self-interest threat arises when EY has financial or other interests in your entity. Examples include where we have an investment in your entity; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you.

A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you.

Self-review threats

Self-review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your entity. Management threats may also arise during the provision of a non-audit service where management is required to make judgements or decisions based on that work.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved for financial year ending 31 March 2022. In addition, when the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the APB Ethical Standards, and if necessary, agree additional safeguards or not accept the non-audit engagement. We will also discuss this with you.

Policies and procedures in place

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended November 2021 and can be found at:

https://www.ey.com/en_uk/who-we-are/transparency-report-2021

Audit and Assurance Committee



Date: 6 June 2022

Item: EY Report on Audit and Non-Audit Fees for Six Months Ended 31 March 2022

This paper will be considered in public

1 Summary

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

2 Recommendation

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

3 Background

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

List of appendices to this report:

Appendix 1: letter from EY

List of Background Papers:

None

Contact: Patrick Doig, Statutory Chief Finance Officer

Email: PatrickDoig@TfL.gov.uk

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Appendix 1

Audit and Assurance Committee
Company Secretariat
Transport for London
Post Point 10 City Hall
The Queen's Walk
London SE1 2AA

23 May 2022

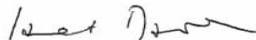
Direct line: 020 7951 2195
Email: jdawson1@uk.ey.com

Dear Sirs

Audit fees – Period ended 31 March 2022

Under Transport for London's policy on external audit services we are required to provide to the Audit and Assurance Committee, on a six-monthly basis, a report on fees for all services. Appendix 1 to this letter includes a summary of our audit and non-audit fees for 2021/22.

Yours faithfully



Janet Dawson
Partner
For and on behalf of Ernst & Young LLP

Appendix 1 Summary of fees

	TfL Corporation	TTL	TTL Properties	Crossrail
Audit fee	£120,062	£1,266,544	£50,000	£130,000

Non audit fees

As previously communicated:

	TfL Corporation	Comments
Agreed upon procedures	£15,225.00	Procedures performed for the Office of Rail and Road Returns.
Agreed upon procedures	£12,646.20	Procedures performed for the 3emotion grant claim

Audit and Assurance Committee



Date: 6 June 2022

Item: Annual Audit Fee 2022/23

This paper will be considered in public

1 Summary

- 1.1 This paper informs the Committee of the annual audit fee proposed by Ernst & Young LLP (EY) for the audit of the Corporation and Group Financial statements for the year ending 31 March 2023.

2 Recommendation

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

3 Background

- 3.1 A letter from EY to TfL is attached. This letter deals with fees for the Corporation and Group audits only and does not include fees for the audit of subsidiary company financial statements. This is in line with Public Sector Audit Appointments Ltd. requirements.
- 3.2 The proposed indicative fee for the audit of the Group and Corporation financial statements for the year ending 31 March 2023 is £120,062 unchanged from the previous year.
- 3.3 The timing of issuance of the annual audit fee letter is dictated by Public Sector Audit Appointments Ltd., and it has therefore been issued in advance of audit planning. It is possible therefore that the fee may be revised following the planning process.

List of appendices to this report:

Appendix 1: EY's annual audit fee letter

List of Background Papers:

None

Contact: Patrick Doig, Statutory Chief Finance Officer
Email: PatrickDoig@TfL.gov.uk

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Appendix 1

Audit and Assurance Committee
Company Secretariat
Transport for London
11th Floor Yellow Zone
Palestra
London
SW1H 0BD

23 May 2022

Ref: Fee Letter/22-23

Direct line: 020 7951 2195
Email: jdawson1@uk.ey.com

Dear Sirs

Annual Audit 2022/23

We are writing to confirm the audit that we propose to undertake for the 2022/23 financial year at Transport for London (TTL and Crossrail fees are covered by separate engagement letters and contained within those documents).

From 2018/19, local government and police bodies have been responsible for making their own arrangements for the audit of the accounts and reporting on the housing benefit subsidy claim.

The Secretary of State for Housing, Communities and Local Government has specified Public Sector Audit Appointments (PSAA) as an appointing person under provisions of the Local Audit and Accountability Act 2014. PSAA has appointed auditors for bodies that opted into the national scheme. Appointments were made for the duration of the five-year appointing period, covering the audits of the accounts for 2018/19 to 2022/23.

Indicative audit fee

For the 2022/23 financial year, PSAA has set the scale fee for each opted in body. Following consultation on its Work Programme and Scale Of Fees, PSAA has maintained scale audit fees at the same level as for 2021/22, unless there are specific circumstances which require otherwise.

The fee reflects the risk-based approach to audit planning set out in the National Audit Office's Code Of Audit Practice for the audit of local public bodies.

The audit fee covers the:

- Audit Of the financial statements;
- Value for money conclusion; and
- Whole of Government accounts

At this stage, the indicative fee is set at the scale fee.

This indicative fee is based on certain assumptions, including:

- The overall level of risk in relation to the audit of the financial statements is not significantly different to that of the prior year;

- Officers meet the agreed timetable of deliverables;
- The operating effectiveness of the internal controls for the key processes identified within our audit strategy;
- Our accounts opinion and value for money conclusion are unqualified;
- Appropriate quality of documentation is provided by Officers;
- There is an effective control environment; and
- Prompt responses are provided to our draft reports.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee which is set out in the table below.

As we have not yet completed our audit for 2021/22, our audit planning process for 2022/23 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract.

Summary of fees

	Indicative fee 2022/23	Planned fee 2021/22	Actual fee 2020/21
Scale Fee	120,062	120,062	120,062
Total Code audit fee	120,062	120,062	120,062

Any additional work that we may agree to undertake (outside of the Code of Audit Practice) will be separately negotiated and agreed with you in advance. All variations to the scale fee will be subject to PSAA approval.

Billing

The scale fee will be billed in 4 quarterly instalments of £30,016.

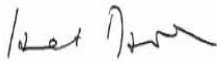
Audit plan

Our plan is expected to be issued in December 2022. This will communicate any significant financial statement and value for money risks identified, planned audit procedures to respond to those risks and the estimated fee implications of these additional procedures. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Group Financial Controller and acting Statutory Chief Finance Officer and communicate the revised fee and the matters giving rise to any adjustments to the scale fee in our Audit Results Report which we will present to the Audit and Assurance Committee Chair.

For a high level overview of our approach and further information on how we intend to work with you under the PSAA contract, please refer to our leaflet 'EY working with you' which is enclosed.

We remain committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me. If you prefer an alternative route, please contact Hywel Ball, our Managing Partner, by writing to him at 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours sincerely



Janet Dawson
Partner
For and on behalf of Ernst & Young LLP

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Audit and Assurance Committee

Date: 6 June 2022

Item: Risk and Assurance Quarter 4 Report 2021/22

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 4 of 2021/22 (12 December 2021 to 31 March 2022) (Q4), 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 supplementary 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 exempt supplementary information on Part 2 of the agenda.**

3 Director Update

- 3.1 This is the fourth 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. Detailed Elizabeth line assurance work is covered elsewhere on the agenda.
- 3.2 A lot of preparation has taken place to support the Board and Executive Committee informal risk discussion. This key session will allow us to update the Enterprise Risks and risk appetite to reflect the post coronavirus pandemic environment TfL is now in.
- 3.3 Internal Audit and the Quality, Safety and Security Assurance (QSSA) team met their target of 85 per cent of the Integrated Assurance Plan which required a significant amount of effort from both teams in Quarter 4 (Q4).

- 3.4 In Project Assurance reviews, the most prevalent theme continues to be the significant impact that a lack of staff resources is having on successful project delivery. There is evidence of improvement in the Procurement and Commercial area, and the newly launched engineering resource management tool is a positive step.
- 3.5 A former London Underground Customer Service Assistant has been convicted of theft from TfL, following an appearance at Highbury Corner Magistrates' Court in March 2022. She pleaded guilty to a charge of theft of approximately £250,000¹ from Passenger Operated Machines, while on duty, at Kings Cross Underground station in November 2019. She was sentenced to six-months imprisonment, suspended for 12 months, and ordered to pay compensation to TfL of the full amount she had stolen.
- 3.6 We are in the process of adjusting all our systems to reflect the new Chief Officer structure and this quarter is a transition period where we have some data in the new structure and other sections in the old structure. For the next quarterly report everything will have transitioned to the new structure completely.

4 Enterprise Risk Management

- 4.1 The following Level 0 Enterprise Risks reviews were facilitated by the team in the last quarter:
- (a) Major safety, health or environmental incident or crisis (ER1);
 - (b) Attraction, retention and wellbeing of our employees (ER2); and
 - (c) Supply chain disruption (ER5).
- 4.2 The outcomes of the above risks will now go to the relevant Panels and Committees according to the agreed schedule for the 2022/23 financial year.
- 4.3 Discussions are ongoing to expand the Elizabeth line strategic risks list to include programme level 1 risks. The TfL Enterprise Risk Management process will be adopted and a combined view of Elizabeth line strategic risks will be reported to the Elizabeth Line Delivery Group.
- 4.4 The schedule of Enterprise Risks to be reviewed by the relevant Panel or Committee for 2022/23 has been revised in accordance with the new Executive Committee meeting dates and will be submitted to the next meeting for approval.
- 4.5 The list of Enterprise Risks has been included in Appendix 1.

5 Audit and Assurance

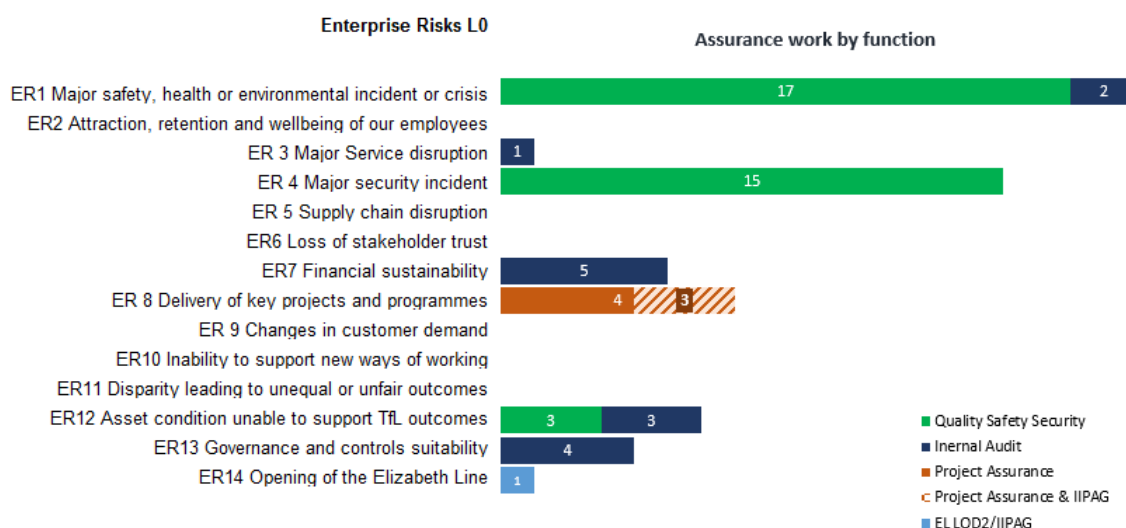
- 5.1 In TfL, assurance is delivered in accordance with the 'three lines of defence' model:

¹ Post meeting note – this was amended to £25,000.

- (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 Q4 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 in Q4 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 Q4 summary is included as Appendix 6. Appendices 2 to 5 exclude Elizabeth line audits, details of which are included in the Elizabeth line Programme Assurance paper elsewhere on the agenda.

5.4 The team have taken significant strides in making good progress on the plan. Close monitoring of delivery has ensured a delivery rate of 72 per cent of the programme to at least draft/final report out with the business by year end. There are eight audits with agreed delivery dates past the end of the 2021/22 financial year and this has been accounted for in our 2022/23 audit plan.

5.5 Fifteen audit reviews were completed in Q4. Five memos and 10 audit reports were issued (details are set out in Appendix 2). Of the 10 audit reports issued, three were rated as ‘Adequately Controlled’ and seven rated as ‘Requires

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 There were five changes to the audit plan (excluding Elizabeth line) in Q4: two were cancelled and there were three deferrals. Details are set out in Appendix 5.

Mayoral Directions

- 5.6 There have been no Mayoral Directions this quarter.

Management Actions

- 5.7 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 remained at 76 per cent (the same as at the end of Quarter 3 of 2021/22 (Q3)). The percentage of actions given an extension for completion has reduced to 47 per cent (significantly lower than the figure of 65 per cent at the end of Q3).
- 5.8 Appendix 6 also includes information on overdue actions at the end of Q4. There are 10 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.

Quality, Safety and Security Assurance

- 5.9 The QSSA 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 Standards (PCI DSS). Audit reports issued by the team follow a similar system of audit conclusions and priority ratings for issues as the Internal Audit team.
- 5.10 A summary of work carried out by QSSA in Q4 is included as Appendix 7.
- 5.11 QSSA delivered 94 per cent of the audit plan in 2021/22 against a target of 85 per cent (see Appendix 7). This is better than projected at the end of Q3 and confirms resource planning and management of the audit plan is accurate. A more equal distribution of larger and smaller audits in the 2022/23 audit plan will eliminate the uneven audit delivery experienced in 2021/22.
- 5.12 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 Q4 two audits were cancelled or deferred where assurance was no longer required or needed to be rescheduled. These both related to PCI DSS assurance and were due to the associated projects not yet being in a position to undertake assurance of the changes and will therefore be revisited at the relevant stage later in 2022.

5.13 There were 35 audits completed in Q4: Five Integrated System audits; 15 Topic audits; nine PCI DSS audits; five Network and Information Systems audits and one consultancy services report on a new ticketing device. Three were concluded as 'well controlled', 18 as 'adequately controlled', seven as 'requires improvement' and seven were 'not rated' (due to addressing several risks/subjects in one audit). Key findings are summarised below:

- (a) TfL Lone Working (21 579) – This was a pan-TfL review of how lone working is defined, assessed and managed in accordance with regulator and industry guidance. TfL's Management System content did not fully reflect the current health, safety and environment guidance. Training had been identified as a risk control but not fully implemented. Actions have been agreed and are in progress.
- (b) Surface Transport Projects and Programmes Directorate Structures (21 761): Design and Construction Compliance – The audit considered how it is assured that construction complies with approved designs and quality requirements. Some key Construction Design and Management and quality documentation was either not available or not approved within defined timescales. Actions have been agreed and are in progress.
- (c) LU Management of Rail Grinders (21 762) – The audit assessed conformance to TfL standards when operating and maintaining rail grinders. Findings were raised relating to the availability of rail grinder approval and assurance documentation, all actions have been satisfactorily closed.
- (d) Lessons Learnt Osterley Step-Free Access Project (21 774): Design and Construction – The audit was requested as a retrospective review of Pathway compliance to learn lessons with regard to the development of design and construction that ensures safety and technical compliance. Opportunities were identified to enhance assurance of the Principal Contractor's arrangements, the recording of non-conformances and lessons learnt. Actions have been agreed and are in progress.
- (e) London Underground Railway Engineering Workshop and Trains Modifications Unit Competence Management System Compliance (21 760) – Critical areas of the training procedure had not been fully implemented, which effected the ability to meet the Office of Rail and Road guidance on competence management systems. Actions have been agreed and are in progress.
- (f) London Overground Safety Authorisation (21 730) – The audit reviewed compliance with safety, risk, competency and infrastructure protection elements of the Safety Authorisation document. Safety responsibilities of all key safety posts had not been documented. Controls related to Infrastructure Protection and Competence were working effectively. Three of four actions raised have been closed.
- (g) London Overground Local Assessment of Network and Information System Regulation Compliance (21 796) – London Overground management and Cyber Security teams requested this audit to assist in the completion of

their Cyber Assessment Framework (CAF). Data gaps have been closed and the CAF has since been completed and submitted.

- 5.14 Across the last six periods there has been a steady increasing trend of actions been closed on time (68 per cent). Equally there has been a reducing number of actions granted extensions (currently 11 per cent) in compliance with our procedure. As of Q4 there are currently 68 overdue actions which is an increase. 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 (28 out of 44). Actionees receive routine reminders from the Audit team and overdue actions are escalated to the applicable management teams to try and resolve.

Project Assurance

- 5.15 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. Generally, projects with an estimated final cost 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.
- 5.16 Project Assurance also conducts reviews of the sub-programmes to inform annual requests for Authority at the Programmes and Investment Committee.
- 5.17 Project Assurance reviews do not carry an overall conclusion in the same way as audit reports, however, recommendations 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.
- 5.18 Two sub-programme reviews were undertaken during the quarter, IIPAG involved in both. In the same time frame, five project assurance reviews were undertaken, with IIPAG involved in one of these. These reviews gave rise to 23 recommendations being made by Project Assurance of which none were critical issues, with IIPAG making four recommendations, none of which were critical.
- 5.19 A summary of the work completed by Project Assurance in Q4 is included as Appendix 8.

Customer Feedback

- 5.20 The QSSA team issued 24 questionnaires of which 11 were returned (45 per cent per cent). Satisfaction rates for QSSA remains above 90 per cent with four of five 'dissatisfied' scores coming from a single audit which has been addressed. Internal Audit issued eight questionnaires of which three were returned (38 per cent). Satisfaction rates are 90 per cent with no 'poor' or 'very poor' ratings. A summary of customer feedback forms is included as Appendix 9. We are developing proposals to increase the number of feedback forms received.

6 Counter-fraud and Corruption

- 6.1 The Counter-fraud and Corruption 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 Q4, including information on significant closed fraud investigations, is included as Appendix 10.
- 6.3 Of the 16 cases closed in Q4, nine resulted in internal disciplinary action being taken against TfL employees and 14 were referred to Law Enforcement agencies or reported to Action Fraud, including several of the cases where employees were disciplined. One case resulted in no action being taken, the allegation was investigated and identified as malicious.
- 6.4 The team continues to raise awareness of fraud and corruption across TfL through targeted sessions and presentations. During Q4, members of the team provided a fraud awareness presentation to colleagues from the Technology and Data team (80+ attendees) and hosted a fraud and corruption workshop with the Procurement and Commercial team.
- 6.5 Details of significant new and ongoing fraud investigations during Q4 is included in the paper on Part 2 of the agenda.

7 Resources

- 7.1 At the end of Q4 the Directorate was carrying eight vacancies: four in Internal Audit, one in Project Assurance, one in QSSA, one in Enterprise Risk and one in Counter-fraud and Corruption.
- 7.2 In line with the TfL position on only critical recruitment going ahead at this time, we have been reviewing impacts and submitting requests to start recruitment on a case by case basis as necessary. As such we are now in the process of actively recruiting three of these roles.

8 Control Environment Trend Indicators

- 8.1 The Q4 indicators are included as Appendix 11.

List of appendices to this report:

- Appendix 1: Level 0 Risks
- Appendix 2: Internal Audit reports issued in Q4 2021/22
- Appendix 3: Work in Progress at the end of Q4 2021/22
- Appendix 4: Work planned for Q4 2021/22
- Appendix 5: Cancelled/ deferred/new audits from 2021/22 audit plan
- Appendix 6: Internal Audit Q4 summary
- Appendix 7: Integrated Assurance Q4 summary
- Appendix 8: Project Assurance Q4 summary
- Appendix 9: Customer Feedback Q4 summary
- Appendix 10: Counter-Fraud and Corruption Q4 summary
- Appendix 11: Control Environment Trend Indicators

Exempt supplementary information is contained in a paper on Part 2 of the agenda.

List of Background Papers:

None

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Level 0 TfL Enterprise Risks				
Risk No.	Risk	Owner	Manager(s)	Mayor's Transport Strategy (MTS)/ Corporate Strategy (CS)
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	Chief Technology Officer & Director of Strategy; Director Compliance Policing & On-Street; Chief Operating Officer	MTS: Healthy streets and healthy people
ER5	Supply chain disruption	Chief Capital 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	Group Finance Director	TBC	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	Chief Technology Officer & 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; Chief Technology Officer & 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 & TfL 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

Transport for London Audit and Assurance Committee

Internal Audit reports issued in Q4 2021/22

Appendix 2

- 12 reports (excluding Elizabeth line) issued during the quarter

Enterprise Risk	Directorate	Ref	Audit title	Summary of Finding	Conclusion	H	M	L
ERo1 Major health, safety or environmental incident or crisis	Safety, Health and Environment	21 005 and 21 067	Procurement of a Digital Safety Health and Environment System (SHEMS) with role-based capabilities - Invitation To Tender to Contract Award	The objective of this audit was to provide real time assurance on the effectiveness of the procurement process for the development and implementation of the SHEMS. We concluded that the procurement of the new SHEMS was effectively managed through engagement with stakeholders, the development of requirements and the Request for Procurement process.	Memo	0	0	0
				The evaluation process was communicated to the bidders and was robustly followed allowing time for clarification questions from the bidders to be addressed.				
				This real time audit will continue through to contract award.				
ERo7 Financial sustainability	Chief Customer and Strategy Officer	21 028	Commercial Development's (CD) asset management strategy to maximise secondary revenue income	<p>The Commercial Property and In Station Retail teams have started to design and implement new strategies, frameworks and controls to meet the emerging challenges of the post coronavirus pandemic landscape, and the requirements of Transport Trading Limited Properties (TTLP).</p> <p>The design of certain controls, particularly those around the creation of sector level strategies could be improved. There were further opportunities to improve control over programme management, the level of coordination between CD and in-station-retail teams and controls over the voids spreadsheet.</p>	Requires Improvement	1	3	0

Transport for London Audit and Assurance Committee

Enterprise Risk	Directorate	Ref	Audit title	Summary of Finding	Conclusion	H	M	L
ER07 Financial sustainability	Chief People Officer	21 031	Pensioner Payroll	Key controls were operating effectively over pensioner payroll and one issue was identified with the Royal Bank of Scotland signature schedule needing updating. This is already work in progress and should be completed shortly. Based on our findings we have concluded that the control requirement is adequately controlled.	Adequately Controlled	0	0	1
ER07 Financial sustainability	Communications and Corporate Affairs	21 032	Fixed Asset Accounting	The majority of controls tested by the audit were adequately designed and operating effectively. However, various instances were identified where Finance Business Partners did not provide information requested by the Project and Fixed Asset team. As a result, one medium and one low priority recommendation have been made. Based on these findings, our conclusion is that fixed asset accounting is adequately controlled.	Adequately Controlled	0	0	1
ER13 Governance and controls suitability	Group Finance Director	21 045	Recruitment	<p>We found that certain controls were adequately designed and operating effectively. However, other controls such as recruitment campaign planning, hiring managers documenting recruitment decisions, hiring managers checking educational/professional qualifications and hiring managers completing the required learning were not always consistently applied. As a result, two high priority issues were identified:</p> <ul style="list-style-type: none"> - Assessment and selection of candidates is not always fully documented, and records are not always retained. - New recruits' professional and education qualifications are not always verified by hiring managers before they start work, and national security vetting has not been conducted before hiring for certain roles this year. <p>Based upon the testing conducted during this audit, we conclude that controls over permanent recruitment require improvement.</p>	Requires Improvement	2	4	2

Transport for London Audit and Assurance Committee

Enterprise Risk	Directorate	Ref	Audit title	Summary of Finding	Conclusion	H	M	L
ER07 Financial sustainability	Chief Capital Officer	21 060	Management of Defined Costs -Track Programme Contract	<p>There were two high priority rated issues raised as follows:</p> <p>1) The TfL Integrated Track team have not carried out any audit work as the team is under-resourced. The supplier also has not conducted any audits due to the following reasons:</p> <p>(i) In the first year, time was spent mobilising the contract and supplier's Lead Commercial Manager changed in-year and needed time to get up to speed.</p> <p>(ii) In the second year, due to the coronavirus pandemic the team's attention moved from business-as-usual activities to recovery.</p> <p>2) The review of accounts data and random transactional sample testing shows that insufficient evidence was provided by Balfour Beatty to validate costs and calculations for selected samples.</p>	Requires Improvement	2	0	0
ER13 Governance and controls suitability	General Counsel	21 063	Declaration of Interest	<p>Due to a number of key controls not operating effectively, we have concluded that the control environment requires improvement. One high priority and one medium priority issue have been identified. The high priority issue is in relation to declaration of interest forms not being kept up to date or returned by some of the senior management team.</p>	Requires Improvement	1	1	0
ER03 Major service disruption	Pan TfL	21 066	Climate Adaptation – roles, responsibilities and knowledge	<p>There were two high and one medium priority issues identified. The two high priority findings were:</p> <p>1) Coordination of adaptation has not been assigned to a specific group by TfL's leadership; and</p> <p>2) Directorates lack comprehensive plans for building capabilities and competencies.</p>	Requires Improvement	2	1	0
ER13 Governance and	Chief Capital Officer	21 069	TfL Procurement and Commercial (P&C) capacity to take on the	<p>The P&C re-organisation from functional teams into a category-based team model has overlapped with the implementation of the Elizabeth line (EL). Resources</p>	Adequately Controlled	0	2	0

Transport for London Audit and Assurance Committee

Enterprise Risk	Directorate	Ref	Audit title	Summary of Finding	Conclusion	H	M	L
controls suitability			procurement of EL's existing contracts	<p>have been allocated to each team based on information currently available on live contracts and planned procurements.</p> <p>Whilst there is a level of uncertainty involved in estimating future work arising from the EL, the new operating model has built in flexibility to help manage any unforeseen fluctuations in work.</p> <p>This review identified two medium priority issues. These relate to a lack of clarity for staff on how the re-organisation will operate in practice and job descriptions for bands 1-3 not having been reviewed.</p>				
ER07 Financial Stability	Procurement & Commercial	21 059	Governance of Contract Variations	<p>We found that the framework, processes and guidance in place for contract variations have been sufficient thought out and work fairly well. However, several control weaknesses were identified and these included:</p> <ul style="list-style-type: none"> • Time taken to complete contract variations; • Changes to contract variation templates; • A lack of evidence of challenge to the justification for contract variations; and • Record keeping generally needs to be improved. 	Requires Improvement	2	2	0
ER07 Financial Stability	Procurement & Supply Chain	21 058	Governance of Single Source requests (SSRs)	<p>It is apparent that the Procurement & Supply Chain team have made improvements to the control environment for single source procurements. However, the number and value of SSRs remained a cause for concern and poses a financial, legal and reputational risk to TfL.</p> <p>We understand that P&C are preparing a paper that will detail the root causes and set out a recommended approach to significantly reduce the number of SSRs and other non-competitive procurements.</p>	Requires Improvement	1	1	0

Transport for London Audit and Assurance Committee

Work in progress at the end of Q4 2021/22

Appendix 3

- There were 12 audits in progress at the end of the quarter

Enterprise risk	Directorate	Ref	Audit title	Objective	Current Status
ERo4 Major security incident	Chief Customer and Strategy Officer	21 012	Cubic User Access Management Controls	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.	Draft report Issued
	Chief Customer and Strategy Officer	21 014	Data Loss Prevention	Assess the adequacy and effectiveness of data leakage prevention controls in relation to personal, sensitive and confidential data.	Fieldwork
	Chief Customer and Strategy Officer	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.	Fieldwork
	Chief Customer and Strategy Officer	21 017	Software License Management	Assess the adequacy and effectiveness of controls in place to manage risks associated with software licensing across TfL.	Fieldwork
ERo7 Financial sustainability	Finance	21 068	Arts Council England - funded projects: The Cultural Recovery Fund (Part 3)	Certify the statement of income and expenditure prepared by the London Transport Museum (LTM) 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.	Final report Issued
	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.	Fieldwork

Transport for London Audit and Assurance Committee

Enterprise risk	Directorate	Ref	Audit title	Objective	Current Status
ER07 Financial Sustainability	Chief Customer and Strategy Officer	21 029	London Transport Museum (LTM) Security of Valuable Collections	Determine the effectiveness of the measures for ensuring the preservation and security of the LTM's valuable collections. Valuable collections are those with a high financial value and/or rare items mostly kept at the Acton Depot and the LTM Covent Garden.	Reporting
	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 and tenant vetting.	Fieldwork
	Finance	21 070	TfL Scorecard	Provide assurance that 2021/22 year-end results on the TfL scorecard are accurately reported.	Reporting
ER08 Delivery of key projects and programmes	Chief Capital Officer	21 036	Benefits Realisation	Provide assurance that controls in place to deliver programme benefits are adequate and effective.	Fieldwork
ER10 Inability to support new ways of working	Customers, Communication and Technology	21 019	Information Technology Disaster Recovery and Operational Resilience	Provide assurance over TfL's ability to withstand and recover from disruptive IT events.	Fieldwork
ER10 Inability to support new ways of working	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.	Fieldwork

Transport for London Audit and Assurance Committee

Work planned to start in Q1 2022/23

Appendix 4

- There are 10 audits planned to start during the next quarter

Enterprise risk	Directorate	Ref	Audit title	Objective
ER01 Major health, safety or environmental incident or crisis	Chief Safety, Health and Environment Officer	22 001	Digital Assurance - Procurement of Digital Monitoring and Assurance System	Provide assurance on the adequacy and effectiveness of key controls for the implementation of Digital Safety, Health and Environment (SHE) Assurance - procurement of Digital Monitoring and Assurance System.
ER01 Major health, safety or environmental incident or crisis	Chief Safety, Health and Environment Officer	22 002	Climate Adaptation – Data Management	Review the adequacy and effectiveness of key controls for identifying and improving data and systems to support adaptation activities.
ER01 Major health, safety or environmental incident or crisis	Chief Safety, Health and Environment Officer	22 003	Climate Adaptation - Reporting	Review key controls over collaborating, communicating and reporting on adaptation across TfL and with external stakeholders and experts.
ER02 Protecting the wellbeing of our employees	Chief Customer and Strategy Officer	22 006	Staff and Contractor Vetting in Technology & Data (T&D) teams	Provide assurance on the adequacy and effectiveness of vetting controls for staff and contractors in positions of authority in T&D.
ER07 Financial sustainability	Chief Customer and Strategy Officer	22 009	Arts Council England -funded projects: Designation Development Fund ("Making a Poster")	Certify costs in respect of funding for the Designation Development Fund.
ER07 Financial sustainability	Chief Operating Officer	22 011	Invoicing of Third Parties at Victoria Coach Station	Provide assurance over the adequacy and effectiveness of controls of third-party invoice approvals.
ER07 Financial sustainability	Chief Capital Officer	22 021	Use of Consultants and Professional Services	Provide assurance on the adequacy and effectiveness of controls in place for the use of consultants.
ER04 Major security incident	Chief Customer and Strategy Officer	22 023	Review of Data centres	Provide assurance on the adequacy and effectiveness of access and environmental controls to datacentres.

Transport for London Audit and Assurance Committee

Enterprise risk	Directorate	Ref	Audit title	Objective
ER07 Financial sustainability	Group Finance Director	22 025	Assets Under Construction Accounting Process	Provide assurance on adequacy and effectiveness of the assets under construction accounting process.
ER01 Major health, safety or environmental incident or crisis	Chief Safety, Health and Environment Officer	22 026	Implementation of the Digital Safety Health and Environment System (Work Packages 1&3)	Provide assurance on the adequacy and effectiveness of the controls in place for contract award and implementation of the digital SHE monitoring and assurance system.

Transport for London Audit and Assurance Committee

Changes to the 2021/22 audit plan

Appendix 5

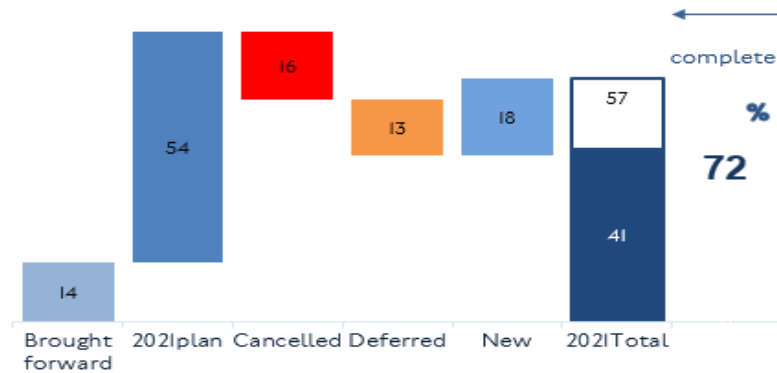
- There were 3 changes to the plan since the last Committee: one cancellation and two deferrals

Enterprise risk	Directorate	Ref	Audit Title	Status	Audit Comments
ER13 Governance and controls suitability	Surface Transport	21 043	Integration of Woolwich Ferry	Deferred	Provide assurance on the adequacy and effectiveness of controls on the Woolwich Ferry integration.
ER13 Governance and controls suitability	General Counsel	21 046	Risk Management in TfL	Deferred	Provide assurance on the adequacy and effectiveness of risk management in TfL.
ER02 Protecting the wellbeing of our employees	Human Resources	21 007	Core Line Manager Training (staff wellbeing)	Cancelled	Agreed with the business to cancel as it is too early. Discussions will be held in 2022/23 with a view to possibly perform an audit in 2023/24.

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Appendix 6: Internal Audit Q4 Summary

Audit plan 2021/22 in Q4



- The team have had a very good quarter issuing 15 reports by year end. As a result, the revised target of 70 per cent was met.
- Despite active management of our co-source arrangements, the delivery of Technology Information Security (TIS) audits has been disappointing and means we are carrying more audits over into 2022/23 than anticipated. The Audit team carry-over is minimal and time to complete these reviews has been allocated in the 2022/23 programme.

Reports



Audit ratings by Directorate - last 4 Quarters

	PC	RI	AC	WC	M/C
Crossrail		4	1	1	2
Chief Operating Officer		1			1
Finance		2	2	1	1
Gen.Counsel		1			2
Chief People Officer			2	1	
Chief Customer and Strategy Officer		2	2		5
Chief Capital Officer		2	1		1
Pan Tfl		2			
SHE					2
Communications and Corporate Affairs			1		
Total	0.0%	35.0%	22.5%	7.5%	35.0%

- 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	Overdue	Open
Closed on time	90	76%		58	
Extended	56	47%			222

By Directorate

Directorate	Overdue	Closed on time
Chief Operating Officer		78%
Crossrail		26%
Finance		58%
Gen. Counsel		80%
Chief People Officer		100%
Chief Customer and Strategy Officer		50%
Chief Capital Officer		90%
Communications and Corporate Affairs		50%
SHE		100%
Pan Tfl		50%

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 7: Quality, Safety and Security Assurance: Q4 Summary

Audit plan 2021/22 in Q4



Key Highlights

By year end the Integrated Assurance team had completed 94 per cent of the audit plan with four audits that will be issued in Quarter 1 of 2022/23.

There were 35 audits completed in Q4: 18 were 'adequately controlled', three 'well controlled', seven not rated and seven 'requires improvement'. The audits are discussed in greater detail in the body of the report.

Over the past six months there has been a reduction in action extensions granted and an increase in the number of actions closed on time. However, there are a large number of actions that are over 100 days overdue that we continue to work with the business on. Of the 107 open action, 68 are overdue.

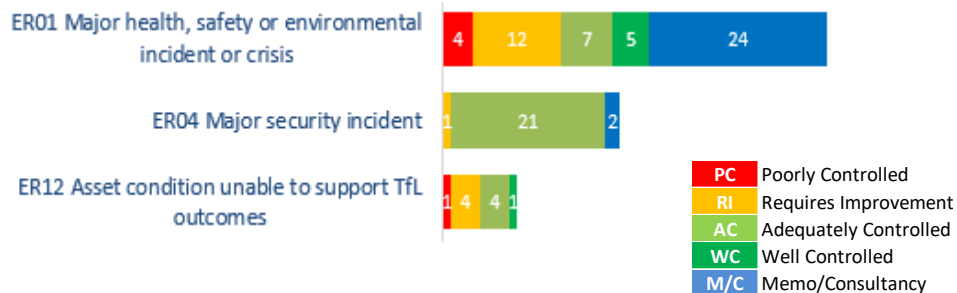
Audit ratings by Directorate - last 4 Quarters

	PC	RI	AC	WC	M/C
Crossrail	0	0	0	0	0
Chief Operating Officer	3	15	19	4	24
Chief Customer and Strategy Officer	2	0	12	1	1
Chief Capital Officer	1	2	0	1	0
Pan TfL	0	0	0	0	1
Total	7.0%	19.8%	36.0%	7.0%	30.2%

Overall TfL Performance

Measure	No.	%	6-period trend	Count	Status
Closed on time	89	68%		68	Overdue
Extended	15	11%		107	Open

Audit Rating By Enterprise Risk – last 4 Quarters



By Directorate

Directorate	Overdue	Closed on time	Legend
Chief Operating Officer	4 (0-30), 11 (31-59), 8 (60-99), 26 (100+)	58%	Based on actions due in the last six periods
Crossrail			
Finance			
Gen. Counsel			
Chief People Officer			
Chief Customer and Strategy Officer	17	79%	Legend: 0-30 days (Green) 31-59 days (Yellow) 60-99 days (Orange) 100+ days (Red)
Chief Capital Officer	5	56%	
Communications and Corporate Affairs			
SHE	3	75%	
Pan TfL			

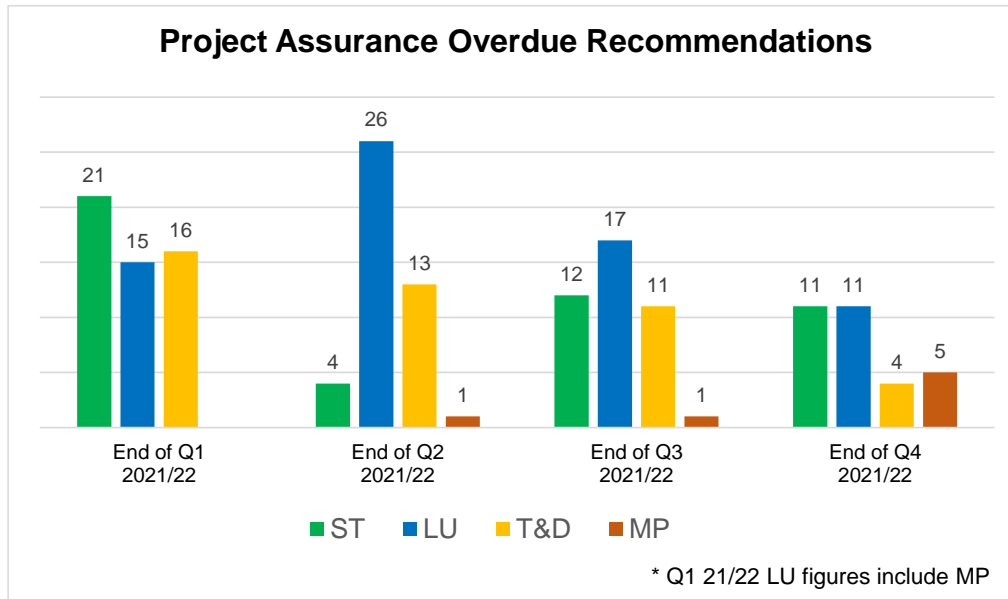
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Sub-Programme Reviews Undertaken in Q4

	Recommendation (Critical Issues)	Commentary
Surface Assets	3 (0)	The sub-programme is well managed and a robust workbank is in place with clear prioritisation. Budget for 2022/23 is considerably less than the modelled 'Do Minimum' needed to maintain the current condition of assets. An over-programming workbank has been identified for 2022/23 and is deliverable should funding be made available. Gaining network access, supply chain capability and resourcing constraints are key risks. Investment and outputs planned in 2023 onwards reflect continued sub-optimal investment in asset renewal and will result in a further deterioration of asset condition and performance. Safety related asset restrictions will increase. Best value is unlikely to be achieved as investment projects will not be undertaken at the optimum time.
London Underground Technology	3 (0)	The sub-programme is managed well and is delivering to programme. The development of a pipeline of projects is progressing well, with additional projects being added to the portfolio. Recommendations have been made around further development of project pipeline, considering purchasing synergies with the Surface Technology sub-programme, and amendments to the business case to accurately reflect innovation.

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 project 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 Q4 there were 63 open recommendations, with 31 of these overdue against their completion date. The overdue recommendations are reported to, and discussed regularly at, portfolio boards to ensure that there is sufficient scrutiny at senior level.

At the end of Q4 the overdue recommendations included two overdue critical issues. One 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 other critical issue relates to the Permanent Current Rail Indicator Device project where the business case needs to set out more clearly the specific benefit for the different options. The delay in completing actions for both of these critical issues is due to resource issues and this has been raised with the senior managers in the business area concerned.

Transport for London Audit and Assurance Committee

Customer Feedback Form Summary in Q4 2021/22

Appendix 9

Internal Audit has issued eight questionnaires, three returned (37%), average score of 90.0%

Quality, Safety and Security Assurance has issued 24 questionnaires, 11 returned (45%), average score of 94.1%

Internal Audit Customer Feedback Summary	Average score	Very Good	Good	Satisfactory	Poor	Very Poor
1) The assignment timing was agreed with me and there was appropriate consideration of my other commitments as the work progressed	90.0%	3	1	0	0	0
2) The assignment was completed and report issued within appropriate timescales	90.0%	3	1	0	0	0
3) Communication prior to the assignment was appropriate, including the dates and objectives	90.0%	3	1	0	0	0
4) Throughout the assignment I was kept informed of the work's progress and emerging findings	90.0%	3	1	0	0	0
5) The Internal Audit team demonstrated a good understanding of the business area under review and associated risks, or took time to build knowledge and understanding as the work progressed	90.0%	3	1	0	0	0
6) The Internal Audit Team acted in a constructive professional and positive manner	90.0%	3	1	0	0	0
7) A fair summary of assignment findings was presented in the report	90.0%	3	1	0	0	0
8) Assignment recommendations were constructive, practical and cost-effective	90.0%	3	1	0	0	0
9) My concerns were adequately addressed and the review was beneficial to my area of responsibility and operations	90.0%	3	1	0	0	0
Total	90.0%	27	9	0	0	0

Quality, Safety and Security Assurance Customer Feedback	Average Score	Satisfied	Dissatisfied	Not applicable
Accuracy of the findings	90.9%	10	1	0
Communication with us during the audit	90.9%	10	1	0
Effectiveness of the management actions	90.0%	9	1	1
Our professional manner	100.0%	11	0	0
Our receptiveness to your concerns	100.0%	11	0	0
Our understanding of your area	90.9%	10	1	0
Scheduling of the audit	100.0%	10	0	0
Time taken to receive the final report	90.0%	9	1	0
Total	94.1%	80	5	1

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Appendix I0: Counter-fraud and Corruption Q4 Summary

Fraud investigation

During Q4, eight new cases were opened (2020/21 Q4: nine new cases) and 16 cases were closed. Of the eight newly opened cases, one involved suspected theft of TfL personal employee data and another involved an allegation of document fraud relating to Ultra Low Emission Zone charge avoidance. Eight financial investigations were conducted involving eight subjects and 18 bank accounts. One Suspicious Activity Report check was undertaken during the quarter. The Counter-fraud and Corruption (CFC) team also undertook investigations into 101 miscellaneous referrals during the quarter.

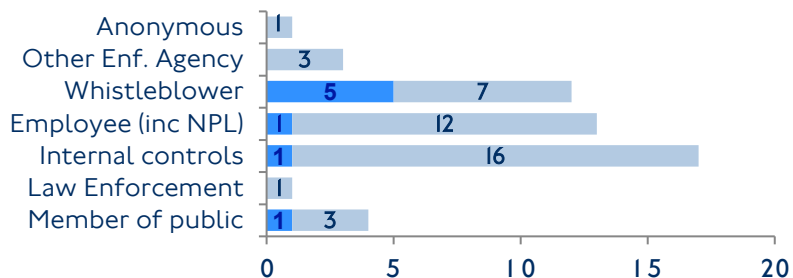
Fraud prevention

The CFC team completed its development of our external facing fraud and corruption reporting platforms, hosted on the TfL website under 'Report a crime'. Members of the public are now able to report suspected fraud and corruption against TfL using the platform and embedded form. Users are provided with advice and guidance on the types of financial crime offences dealt with by the CFC team. The new platform was promoted by the TfL Social Media team on popular social media platforms such as Twitter and Facebook. A significant number of referrals have already been received and these are being assessed and disseminated appropriately.

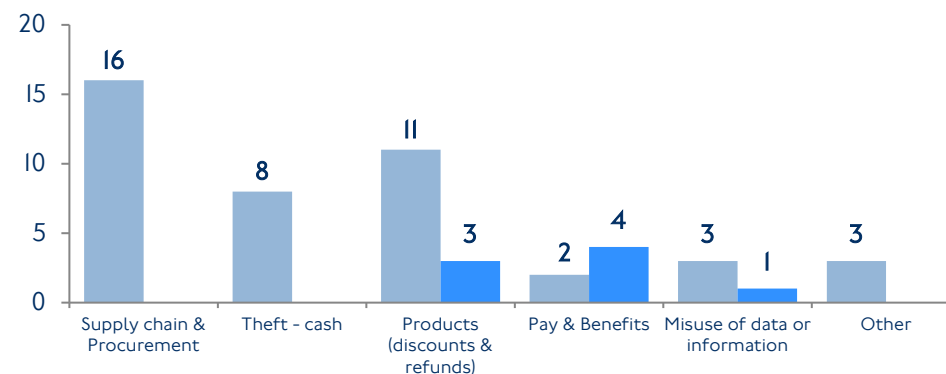
Cases by directorate

Investigations	B/F	New	Closed	C/F
LU	24	4	8	20
Surface Transport	3	1	1	3
CCT	6	0	1	5
Crossrail	3	0	1	2
Commercial Dev.	1	0	0	1
General Counsel	4	2	3	3
Human Resources	1	1	1	1
Finance	1	0	1	0
Total	43	8	16	35

Cases by source New and Brought Forward



Cases by type New and Brought Forward



Significant closed cases

Case I9-932 Allegation of theft from Passenger Operated Machine (POM) - Kings Cross

In January 2020, two Passenger Operated Machine (POM) cash discrepancies were identified at Kings Cross Underground station and attributed to a Customer Service Assistant (CSA). The discrepancies, believed to be individual thefts of cash, occurred on the 16 November 2019, with losses totalling £2.5k. Following an investigation, a company disciplinary interview was arranged, but the CSA resigned prior to it taking place. The suspected theft was reported to the British Transport Police for further investigation and the former CSA was charged with an offence of theft by employee. In March 2022, the former CSA pleaded guilty and was sentenced to six months imprisonment suspended for 12 months and ordered to pay the full amount stolen as compensation to TfL at a rate of £250 per month. The case is now closed.

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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%	2.3%	
Requires Improvement or Poorly Controlled	50%	58.6%	59%	50%	50%	43.8%	36.6%	37.2%	

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%	99.96%	

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	2771	
On time FOI responses	99.4%	99.7%	99.8%	99.9%	99.9%	99.9%	99.9%	99.9%	

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Audit and Assurance Committee



Date: 6 June 2022

Item: Risk and Assurance Annual Report 2021/22

This paper will be considered in public

1 Summary

- 1.1 This is the annual report of the Risk and Assurance Directorate, which is made up of the Enterprise Risk Management (ERM), Internal Audit, Quality, Safety and Security Assurance, Project Assurance and Counter-fraud and Corruption teams. The report provides an overview of the work carried out by the Directorate, and other activities during the year.
- 1.2 The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an annual Internal Audit opinion based on objective assessment of the framework of governance, risk management and control established by TfL management. The Internal Audit opinion is incorporated into this annual report in section 3 below.

2 Recommendation

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

3 Internal Audit Opinion

- 3.1 In our opinion, the overall framework of TfL's governance, risk management and internal control in the year ended 31 March 2022 is generally adequate for TfL's business needs and operated in an effective manner. However, we draw attention to the following:

Our Internal Audit opinion for the year ended 31 March 2019 highlighted that a number of audits of governance and financial controls over procurement and contract management had been rated as 'Poorly Controlled'. There were a number of areas where commercial processes had not been adhered to which had affected TfL's ability to secure value for money. A transformation programme aimed at strengthening control in this area was initiated during 2019/20 and to provide time for this to progress and embed there was no further internal audit work in 2020/21. During this year Internal Audit has completed reviews of single source requests, contract variations with the Independent Investment Programme Advisory Group (IIPAG) reporting on their second review of the Procurement and Commercial Improvement Programme. Both Internal Audit and IIPAG identified that significant improvements have been made and previous Internal Audit and IIPAG findings to improve the control environment have been implemented. There is still much work to be done to further improve internal control and governance but now action plans are in place it should bring about the

required changes. Internal Audit and IIPAG will continue to monitor progress in this area.

Basis of the Internal Audit Opinion

- 3.2 We are satisfied that sufficient assurance work has been completed to allow us to form a reasonable conclusion on the adequacy and effectiveness of TfL's governance, risk management and control environment.
- 3.3 In giving this opinion, the Committee should note that assurance can never be absolute and, therefore, only reasonable assurance is provided that there are no major weaknesses in the system of internal control processes reviewed. The Internal Audit opinion does not provide any guarantee against material errors, loss or fraud.
- 3.4 The Internal Audit opinion is based on the audits, including consulting and advisory assignments, carried out by Internal Audit during 2021/22, and takes account of other sources of assurance including:
- (a) second line reviews of capital programmes and projects carried out by the Project Assurance team, and third line assurance delivered by IIPAG;
 - (b) audits of Health, Safety and Environment (HSE) and Asset Management, and Payment Card Industry Data Security Standard (PCI DSS) reviews carried out by the Quality, Safety and Security Assurance team;
 - (c) results of any follow up exercises undertaken in respect of previous years' internal audit work;
 - (d) control issues identified by the Counter-fraud and Corruption team in the course of their investigations; and
 - (e) assurance reviews carried out by the Elizabeth Line Programme and Project Assurance team as well as the work of the IIPAG Elizabeth line sub-group, Project Representative and the Crossrail Advisory Panel.
- 3.5 There have been no matters arising from any of the work completed that need to be brought to the attention of the Committee.
- 3.6 There have been no restrictions imposed on the scope of the work completed by the Internal Audit function.

4 Work Delivered

- 4.1 Risk and Assurance has reported quarterly to the Committee on the work delivered by its various teams. This section summarises the work done over the course of the year.
- 4.2 We are in the process of adjusting all our systems to reflect the new Chief Officer structure and this quarter is a transition. Going forward everything will be changed to reflect the new structure.

Enterprise Risk Management

- 4.3 All scheduled Level 0 Enterprise Risks have been formally reviewed by the Executive Committee and the relevant Panel or Committee during the year. The only exception was 'Financial Sustainability' (ER7), due to the ongoing funding negotiations with Government.
- 4.4 'Opening of the Elizabeth Line' (ER14) has been broadened to cover all stages of the project and not just the central section.
- 4.5 The top six Level 1 Strategic Elizabeth line risks were developed as per TfL's Enterprise Risk Management process. Discussions are ongoing to expand this list of strategic risks to include strategic programme risks ensuring an integrated picture of Elizabeth line strategic risks is presented to the Elizabeth Line Delivery Group to enable effective decision making.
- 4.6 Active Risk Manager, the risk management software tool used in TfL has been successfully upgraded. The upgraded system has improved reporting capability and functionality which will help to simplify the aggregation, disaggregation and correlation between the different level of risks.
- 4.7 A training programme for TfL's visualisation tool has been developed that will help upskill users to model the systemic interconnectivity and correlation between risks.
- 4.8 Planning began for the Executive Committee and Board informal risk session, covering emerging threats, the risks to achieving TfL's Vision and Value ambitions and risk appetite. The session was held on 4 May 2022 and we are now working closely with the business to update the Level 0 and Level 1 strategic risks which will drive risk management and support better decision making across the organisation.

Internal Audit Activity

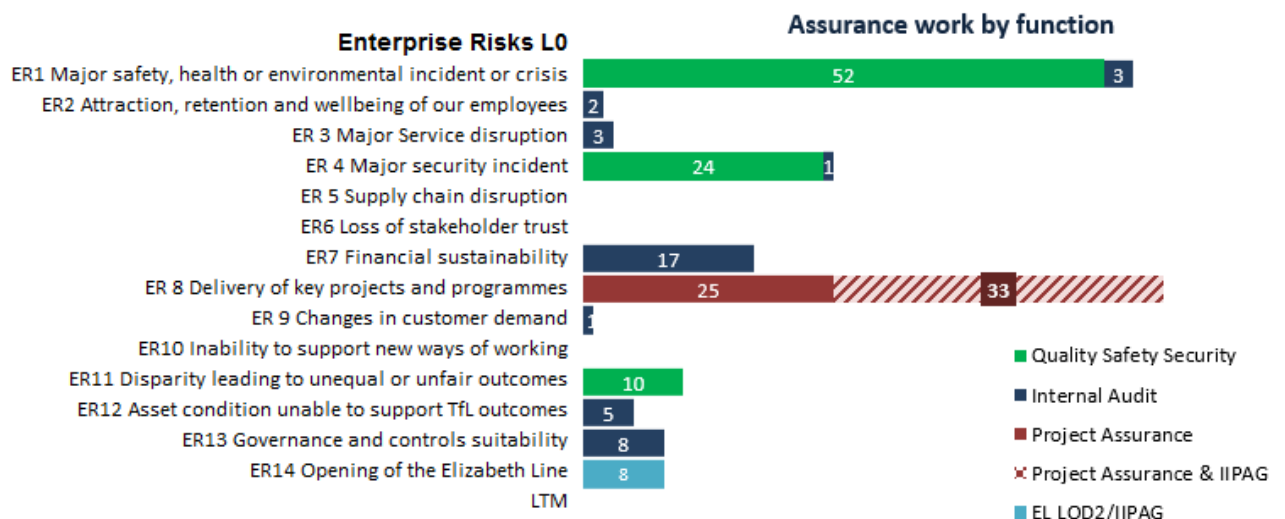
- 4.9 The Committee approved the Integrated Audit Plan for 2021/22 on 17 March 2021. The plan clearly distinguishes between the third line (Internal Audit) and second line assurance, with the latter noted in summarised form.
- 4.10 The plan has changed over the year with several additions, cancellations, and deferrals. The reason for this includes changes in risk profile changing priorities and the loss of three members of the Internal Audit team. To accommodate these changes we confirm our audit schedule on a quarterly basis. We have reported regularly on all changes to the plan throughout the year.
- 4.11 A number of audits in the 2021/22 Audit Plan, which commenced late in Quarter 4 of 2021/22 were still in progress at 31 March 2022. This was anticipated and reported to the Committee at the 16 March 2022 meeting. A summary of the Internal Audit reports issued during the year is set out in the table below and includes 14 audits carried forward from the 2020/21 audit plan. The total number of reports issued was 41.



4.12 Excluding memorandums, the percentage of audit reports that were given an assurance rating of poorly controlled or requires improvement has decreased from 82 per cent (2020/21) to 57 per cent this year. This compares with 63 per cent (2019/20) and 48 per cent (2018/19). The lifting of Covid restrictions and new ways of working are likely to be a factor. Analysis of the findings identified that across the business there is an inconsistent approach to record keeping. This includes a lack of supporting evidence for decision making, missing documents to support payments (including timesheets, invoices, supplier costs) recruitment, procurement and asset registers. This exposes TfL to gaps in its corporate memory and hinders our ability to demonstrate (either internally or externally) that appropriate governance and control has been applied. Other themes included lack of clarity over roles and responsibilities, out of date and non-adherence to some policies and procedures and performance management of suppliers/contracts.

Assurance Activity

4.13 The chart below summarises the work completed at the second and third line of assurance by our various Risk and Assurance teams, by reference to the related Enterprise Risk. Detailed information of the internal audits completed against each of the Enterprise Risks is reported at each Committee meeting. A list of the internal audits completed this year can be found in Appendix 1.



4.14 The following paragraphs highlight some of the findings from the audit and assurance work carried out in 2021/22.

ER7 – Financial Sustainability

4.15 Audits under this risk heading cover a wide range of activities, including basic financial control as well as procurement/ commercial processes. Around 40 per cent of the Internal Audit plan relates to this risk which is necessary given TfL's financial position. The future success of TfL relies on the right key financial and procurement controls being in place and operating effectively.

4.16 During 2021/22 TfL has continued its three-year transformation programme designed to modernise the Procurement and Commercial (P&C) Directorate. The revised senior management structure has now been implemented including the appointment of a number of individuals from outside TfL into key strategic positions. IIPAG, with the support of the PA commercial lead, reviewed this programme in 2020/21 and have undertaken a detailed follow up study this year. IIPAG has acknowledged the significant effort that has been made in the delivery of this programme to date, and the benefits it will begin to demonstrate. There are still concerns over the work still to be done, in particular IIPAG has recommended the urgent development of improvement proposals for the estimating and cost management functions which the programme to date has not addressed. IIPAG and PA will continue to monitor the delivery of this significant programme.

4.17 Audits of Single Source Requests (SSRs) and Contract Variations found that the Procurement and Commercial (formerly Procurement and Supply Chain) team had made improvements to the control environment for SSRs but the number and value of those in the first six months of 2021 remained high. This poses potential financial, legal and reputational risks to TfL which are being addressed as a result of this audit. We found that the framework, processes and guidance in place for contract variations have been sufficiently considered and work fairly well. Improvement could be made in the time taken to complete contract variations and record keeping evidencing decision making.

4.18 We continue to provide grant audit certification to TfL and the London Transport Museum. This year we certified £17,713,409 of Dedicated Home to College expenditure, £2,625,000 of Arts Council England Funding for the London Transport Museum and €34,191 for Clean Mobile Energy. We issued 10 internal reports of which Transitioning to the new Additional Voluntary Contributions Provider and Bank Reconciliations were found to be well controlled. Fixed Asset accounting and Pensions Payroll were found to be adequately controlled. We continue to see that key financial controls are in place and in the main operating effectively.

ER8 – Delivery of the TfL Key Investment Programme

4.19 The primary source of assurance over delivery of the TfL Investment Programme is through the work of the PA team. The team carries out assurance reviews of projects, programmes and sub-programmes across the TfL Investment Programme. Larger, more complex and riskier projects and programmes are also reviewed by IIPAG, which provides independent third line assurance on the delivery of the Investment Programme.

- 4.20 During the year PA undertook 58 assurance reviews, these consisted of 17 sub-programme reviews and 41 project reviews. This is a slight increase on 2020/21 but still around 40 per cent lower than in previous years, primarily due to the constrained and uncertain capital funding situation. PA and IIPAG reviews make specific recommendations for improvement and in some cases “critical issues” are identified which need resolution before a project proceeds. A key PA role is to track recommendations and critical issues through to close out, with data being presented to this Committee and the Programmes and Investment Committee, including the reporting of overdue items. PA has focused significant attention this year on supporting business areas to close out their recommendations and critical issues within the agreed timescales, and address items that have become overdue. As a result, the number of open and overdue recommendations has shown an improving trend during the year. This provides confidence to the business that the recommendations that PA and IIPAG make are being acted on in a timely way.
- 4.21 Over the year, in parallel to the formal assurance reviews undertaken, PA has continued to increase continuous assurance activities. The PA team maintains a “watching brief” on projects across the entire Investment Programme, periodically monitoring performance across a number of key metrics. This provides insight on project progress and allows the identification of key issues. This in turn allows PA to recognise common themes across programmes, and this is also used as a focus for subsequent assurance reviews. Summaries of the findings from the assurance of reviews undertaken have been included in reports to the Programmes and Investment Committee and the Risk and Assurance quarterly reports to this Committee.
- 4.22 Programme Assurance work has been more challenging this year with the uncertainty around funding creating fluidity around when projects and programmes require assurance interventions to align with funding requests and other key activities. PA has responded dynamically to this challenge and rescheduled activity often at short notice to respond to business needs, and where needed have tailored assurance reviews to accommodate urgent requests, often using information gleaned from the continuous assurance process. This has particularly been the case for the Healthy Streets programme. Additionally, this year PA has seen an increasing demand for the output of assurance activity in order to support business decision making, plus there being a recognition of the high-quality output provided by PA.
- 4.23 The PA team also identify, highlight and monitor themes that arise during reviews across the Investment Programme. There have been three themes that have been particularly prevalent during this year:
- (a) **Availability of Staff Resources:** Concerns over the resourcing levels and their impact on successful delivery, have arisen in a number of PA reviews this year. PA reports over the course of the year have provided regular updates to the business on this issue including specific views over resourcing challenges in the commercial and engineering areas;
 - (b) **Quality of Business Cases:** Business cases are reviewed in detail in many PA reviews. In order to elevate the standard of business cases, an improvement programme has been put in place during the course of this year. The work being done by leads in Investment Delivery Planning and Investment Appraisal as part of first line assurance is very positive with the Business Case Assurance

Manager in the PA team supporting this improvement initiative. This work will continue in the coming year and PA will continue to monitor and report on standards of business cases in future reviews; and

- (c) **Robust Estimated Final Costs (EFCs):** PA reviews regularly consider the extent to which EFCs can be considered robust. PA has identified a number of drivers that impact the robustness of EFCs. Findings have been identified in order to support improvements in this area. PA will continue to monitor EFCs as part of assurance reviews in the coming year.

4.24 PA works very closely with, and provides support to, IIPAG, primarily through conducting joint targeted assurance reviews. These joint interventions ensure comprehensive and broad reviews, and a consistent approach between second and third lines assurance. IIPAG have produced a number of valuable reports during the year including studies on the improvement of the P&C Directorate and the Programme Management Office, risk treatment in projects, and TfL procurement processes. PA has made available subject matter experts in the commercial and business case disciplines to provide high quality input to support IIPAG's work. PA has also strengthened the support that IIPAG receive from the PA team on their cross-cutting work which has also been very beneficial to them.

ER1 – Major Safety, Health or Environmental Incident or Crisis; and ER12 – Asset Condition Unable to Support TfL Outcomes

4.25 The Quality, Safety and Security Assurance team delivers the majority of our assurance over these two risks. Much of the work focused on the implementation of the Safety, Health and Environment (SHE) management system and asset engineering quality management.

4.26 Five of the audit reports issued by Quality, Safety and Security Assurance during the year were concluded as 'poorly controlled', as follows:

- (a) Surface Transport Projects and Programme Delivery: Client Duties and CDM (Construction Design and Management Regulations) Compliance (20-721) – Communication arrangements were found to have affected the completion of key documentation that demonstrate CDM compliance. All actions have been closed;
- (b) Handover of tram fleet asset information from project to maintenance teams (20-724) – The audit identified key project documents, project and programme management controls that govern the creation and handover of asset data to operational and maintenance teams. All actions have been closed and a revisit scheduled for 2022;
- (c) Commercial Development Estates Management HSE Compliance (21-732) – Roles and responsibilities were not always clearly defined in management procedures and/or all controls implemented consistently, resulting in potential legal non-compliances. Actions remain open and in progress.
- (d) Surface Transport Electrical Inspections (21-735) – The audit identified gaps in data collection, information, recording, storage and document management of reports/certificates. Actions remain open and in progress; and

(e) Management of London Underground (LU) station tenants' fire risk assessments (21-736) – The availability and quality of tenant fire risk assessments was inadequate and not consistently monitored by LU. LU has embarked on a large package of work to address this at a systems level. Actions remain open and in progress.

4.27 We have continued the programme of Integrated Systems Audits following some delays due to social distancing limitations. These short, focused audits, have now been rolled out into LU Asset Performance and Capital Delivery maintenance teams to test local compliance with asset specific requirements in addition to critical elements of the management system, including HSE, security, competence, and financial controls. The trends and lessons learnt identified from this work have been well received by management teams.

4.28 The internal audit of Fatigue Risk Management was rated as requiring improvement. The review found that projects awarded funding under the Bus Safety Innovation Challenge or equivalent were not adequately monitored. It found that invoices received for payment were not always recorded against the project award. There was also no overarching plan that identified the various projects that were taking place within the bus safety team and related projects taking place outside bus safety.

4.29 Real time assurance on the effectiveness of the procurement process for the development and implementation of a Digital Safety, Health and Environment Management System (SHEMs) was provided by Internal Audit. The review covered Work Packages 1 and 3. It concluded that the procurement of the new SHEMS was effectively managed through engagement with stakeholders, the Request for Procurement process and evaluation of submissions. A real time audit of Work Package (WP) 2 is in progress and will continue for each WP through to contract award.

ER2 – Attraction, Retention and Wellbeing of our Employees

4.30 An internal audit of the headcount controls process found that it was adequately controlled with recommendations made about how to improve the speed and resources needed to support the process. It found that there are robust local headcount controls in place that limit the value and need for checks to be done by the Human Resources Strategic Governance Team and Chief People Officer.

ER3 – Major Service Disruption

4.31 Three audit engagements were completed against this risk. The Engineering Resource Model was found to be adequately controlled with the quality of resourcing information improving and data being managed effectively. Improvement plans had been identified but they need to focus more on easing the process between the leads and on open sharing of information about process problems and solutions.

4.32 A series of five audits have been planned to look at Climate Adaptation. This year Internal Audit delivered the first two of these audits which covered Planning, and Roles and Responsibilities. Both areas needed improvement. For Climate Adaptation Planning we found that there is no overarching adaptation strategy or strategic view of the related risks. Supplier and asset climate risk is not fully understood. For Roles and Responsibilities, we found that coordination of adaptation has not been assigned

to a specific group by TfL's leadership and Directorates lack comprehensive plans for building capabilities and competencies. The work on Climate Adaptation has been particularly well received by the business.

ER13 – Governance and Controls Suitability

- 4.33 Six audits were completed against this risk. We found that compliance with General Data Protection Regulation for the Concessions System was adequately controlled. There are some opportunities to improve the control environment which are being addressed. We also found that the P&C Directorate have the capacity to take on the procurement of Elizabeth line's existing contracts. The new operating model in Procurement and Commercial has built in flexibility that aims to manage the level of uncertainty in estimating future work. It is too early to assess whether this is the case.
- 4.34 During the planning process for the internal audit of Gifts and Hospitality some weaknesses and areas for improvement in the control environment were identified. This included policy, communication, recording and authorisation, review and monitoring, and training. A memo was issued with recommended actions and a full review will be done once the issues have been addressed.
- 4.35 The audits of Declaration of Interests and Recruitment both resulted in requires improvement ratings. We found that improvements were needed in some key controls around declarations of interest. In particular declaration of interest forms are not being kept up to date or returned by some Chief Officers and Directors. On Recruitment while certain controls were adequately designed and operating some areas of weakness were identified. These included the quality of the documentation for assessment and selection of candidates and verification of professional and educational qualifications.
- 4.36 The audit of the Bus Service Delivery Model was a carry-over from the previous year. This was found to be poorly controlled with a number of high priority issues. There were specific issues around roles and responsibilities and a lack of management information to support decision making.

ER4 – Major Security Incident

- 4.37 The two internal audits under this risk covered Technology and Data. The first audit looked at Privileged Access to Mission and Business Critical systems. The overall rating was requires improvement. TfL has not formally determined and classified privileged account types and a privileged access inventory has not been completed. Bi-annual privileged user access reviews are required but these are not happening.
- 4.38 The second internal audit was on Enterprise IT Security Layer. There were several scope areas that could not be tested or tested fully. Not all evidence was provided due to key staff changes and competing priorities with other projects. Given the lack of evidence we were unable to fully assess the operating effectiveness of all controls in the scope. The Quality, Safety and Security Assurance team provided a team member on extended secondment to the Security team in the first half of 2021/22. The objective of this work was to assist in the formation of TfL's security strategy, culture and governance using risk and assurance principles. Quality, Safety and Security Assurance was involved due to the security qualifications and experience of an individual within the team. In Quarter 3 of 2021/22 (Q3) an audit of Local Security

Actions Plans was completed to provide qualitative and quantitative intelligence on local manager awareness of their local security risks and sources of further information and guidance within TfL. The conclusions were presented to the TfL Executive Security Group and used to inform further work by the Security Governance and Business Change team.

- 4.39 Six audits were carried out against the Network and Information Security Regulations, sampling five systems across TfL and the overarching database managed by the Cyber Security team. This programme of audits has provided evidence of the current level of compliance across TfL and actions to strengthen risk management and incident response. Sixteen audits of compliance with the PCI DSS were also completed to ensure that TfL has robust technology, systems, process and competence standards for the processing of card payments. This includes the provision of support and advice to TfL teams introducing new or changing existing payment systems or technology to ensure compliance is designed into the system.

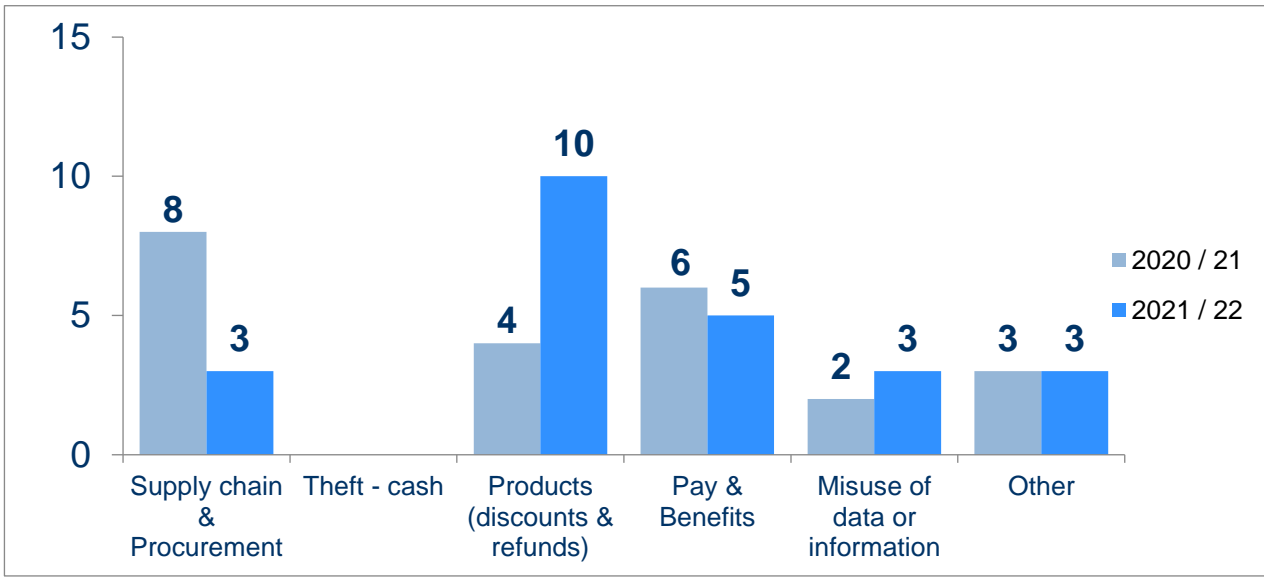
ER14 – Opening of the Elizabeth line

- 4.40 In September 2021, the responsibility for assurance of the Elizabeth line was transferred to the Risk and Assurance Directorate. An Integrated Assurance and Audit schedule was developed to cover second and third line assurance activities and is a rolling programme of activity.
- 4.41 Audit work in Crossrail recommenced in Quarter 2 of 2021/22 and was expanded to cover the Elizabeth line in Q3. By the end of 2021/22 we had issued nine audit reports, four of which were concluded as requires improvement. The audit conclusions reflect the rapidly changing nature of the programme and lack of expected controls. A more in-depth view is provided in a separate paper covering Elizabeth line Assurance elsewhere on the agenda.
- 4.42 The Programme and Project Assurance team conducted a number of Targeted Assurance Reviews of the Elizabeth line. These include the Romford Operations Control Centre, the Depot and Fleet organisation, as well as Rail for London Infrastructure's Organisation and Maintenance effectiveness and readiness for entry into Revenue Service. A number of recommendations were made to enhance the service provision and reduce the risk to the operation when Revenue Service commences on 24 May 2022. The recommendations have been accepted and progress is being monitored, with the recommendations either in place or a plan in place to address them either prior to Revenue Service or in a small number of cases during the early days of Revenue Service.

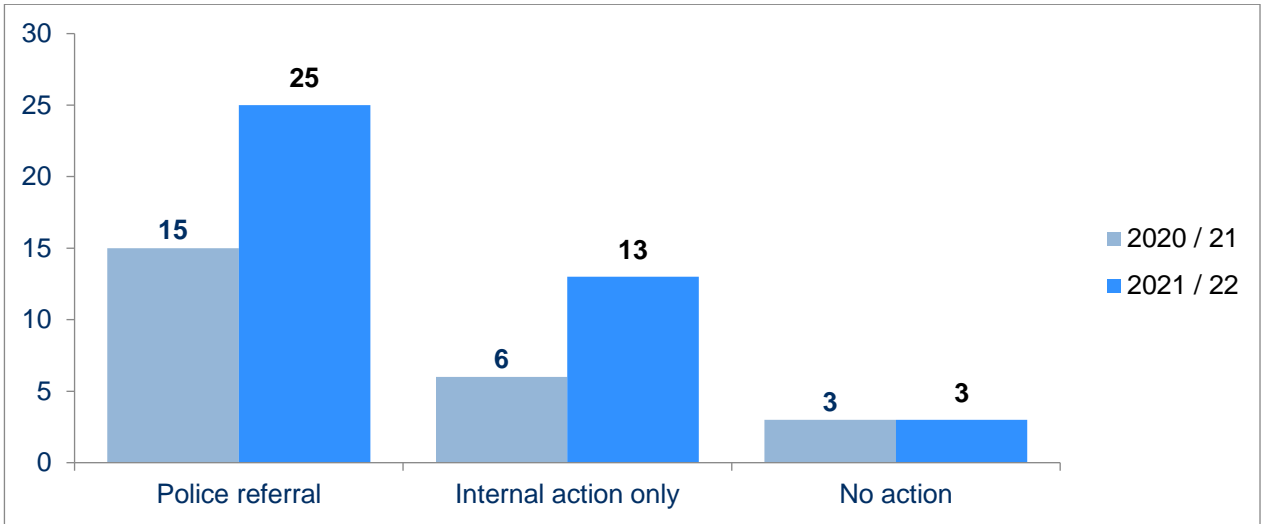
Counter-fraud and Corruption

- 4.43 The Counter-fraud and Corruption team have managed 24 new cases during 2021/22, compared to 23 in the previous year. Additionally, in 2021/22 the team received a total of 216 miscellaneous referrals, compared to 150 the previous year, an increase of 44 per cent. The primary reason for this is the development and introduction of new fraud reporting tools for TfL employees (via SharePoint) and members of the public (through the 'Crime Reporting' page on our TfL website).

4.44 We have reported to the Committee quarterly throughout the year on the status of fraud and corruption cases. An analysis of new cases by type in 2021/22 and comparative figures for 2020/21 are shown below.



4.45 Of the 24 new cases opened in 2021/22, 16 (66 per cent) have already been referred directly to the police or reported to Action Fraud, which is double the amount in 2020/21 (30 per cent). Decisions regarding seven other cases have yet to be made. Policing resources dedicated to investigating complex fraud cases, particularly commercial fraud, remain small and this can present significant challenges with the reporting of and the time it takes to progress criminal prosecutions. We continue to collaborate with senior law enforcement officers to obtain best outcomes on all reported fraud cases. During the year a total of 41 cases were closed (2020/21: 24 cases). The outcomes of these cases are summarised as follows.



4.46 We continue to collaborate with internal and external stakeholders to support the delivery of our Counter-fraud and Corruption strategy. The TfL Counter-fraud and Corruption Steering Group continues to meet regularly, chaired by General Counsel, and we are active members of several forums, including the recently formed UK Rail Fraud Forum (consisting of fraud specialists from Train Operating Companies across the UK), the London Fraud Forum (bringing together the public and private sector

anti-fraud communities from across London), and our own TfL Security and Culture programme.

4.47 Our Counter-fraud and Corruption 'Action Plan 2019-21', approved by the Executive Committee in December 2019, has now been completed. Our Counter-fraud and Corruption strategy will be reviewed and updated in 2022/23, and a new 'Action Plan' agreed, with particular emphasis to be given to the development and introduction of a pan-TfL fraud risk assessment process.

4.48 The team have continued to deliver a range of fraud awareness activities, designed to prevent and detect fraud and corruption, deter would-be offenders, and educate the workforce about the risk of fraud in the workplace and at home. The highlights this year have included:

- (a) the remote hosting of our 'Fraud Awareness week' in November 2021, including the use of a 'click bait' fraud intranet article that attracted over 3,800 views, fraud awareness presentations on digital screens across our main office buildings, a digital desktop advertisement about reporting fraud and a short video highlighting the work of the team and notable fraud convictions;
- (b) working alongside our Commercial and Legal teams to review and update our pan-TfL Declarations of Interest guidance;
- (c) the development of our new internal Counter-fraud and Corruption SharePoint site and external fraud reporting platform, providing TfL employees and members of the public with easy-to-use online fraud reporting forms, to best capture fraud intelligence and allegations of financial crime against TfL;
- (d) the development and delivery of 'fraud awareness' presentations and workshops to support our ongoing collaboration with senior management to prevent and detect financial crime; and
- (e) the introduction of a process to ensure all compensation awarded to TfL by the courts, from the conviction of offenders, is documented, tracked and received.

Steering Group Participation

4.49 The Risk and Assurance leadership team have continued to be involved in a range of steering groups and other governance bodies. This involvement enables us to provide input on risk and assurance matters, as well as allowing observation of project and other governance processes.

Quality, Safety and Security Assurance Summary

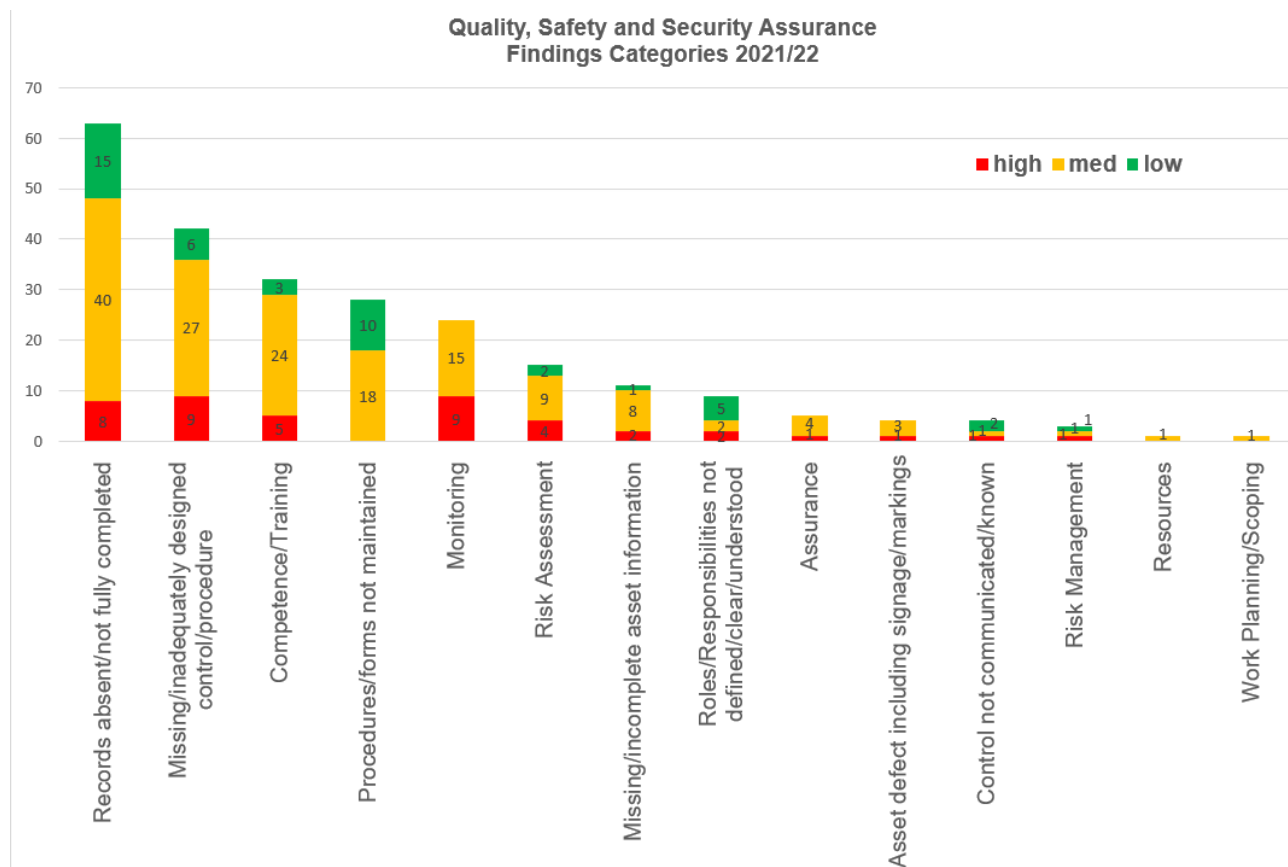
4.50 A significant change this year has been the change of the team's name from 'Integrated Assurance' to 'Quality, Safety and Security Assurance'. 'Integrated Assurance' was not well understood by the team or stakeholders and the revised name is intended to make it clear what subjects the team provides assurance on, who our key stakeholders are and the applicable governance regimes. The assurance provided by the team and the processes for its delivery remain unchanged.

4.51 In total Quality, Safety and Security Assurance completed 86 assurance assignments in 2021/22 (compared with 56 in 2020/21), these comprised:

- (a) 52 audits against risk ER1 'Major health, safety or environmental incident or crisis' (this includes 23 Integrated Systems audits, see below);
- (b) 23 'Integrated Systems' audits (assessing LU operational and maintenance teams' compliance with a range of management system requirements including SHE, competence and finance);
- (c) 10 audits of TfL asset quality and compliance with internal or industry standards against risk ER12 'Asset condition unable to support TfL outcomes'; and
- (d) 16 PCI DSS compliance audits and five Network and Information Systems compliance audits against risk ER4 'Major security incident'.

4.52 Of these audits, six were concluded as 'well controlled', 32 'adequately controlled', 17 'requires improvement' and five 'poorly controlled'. Proportionally the distribution of 2021/22 conclusions is consistent with 2020/21, the greatest difference is an 8.9 per cent increase in the number of 'requires improvement' audits and a 7.9 per cent reduction in the percentage of memos/not rated. Twenty-six audits were not given a conclusion, 23 of these were 'Integrated Systems audits' which are not concluded as they cover a wide range of subjects and risks making a single conclusion misrepresentative. However, more detailed analysis of trends and lessons learnt from the 'Integrated Systems audits' are provided quarterly to the Operations leadership team.

4.53 Due to the nature of our assurance work being at the second line of defence, the most commonly occurring findings relate to non-compliances with TfL management systems, industry standards or legal requirements. Following the introduction of new audit software in 2021, for the past year we have codified individual audit findings with actions which allows for greater trend analysis (see graph below). The most commonly occurring findings are missing or incomplete records, procedures and training records or monitoring arrangements. This is not unexpected as audits routinely seek assurance that good process exists, teams are competent in its implementation and compliance is locally monitored and recorded. It is therefore logical that the greatest number of findings are in these categories. There is a small peak in the number of 'high' findings under 'monitoring', this reflects the criticality of having local (first line of defence) assurance arrangements to inform managers of performance. Detail is set out in the graphic below:



4.54 A benchmarking exercise was undertaken with Network Rail, comparing our systems, templates and process with those of a comparable second line of defence audit team in Network Rail with the aim of identifying good practice. In summary, both teams operated broadly comparable assurance regimes, with notable small number of exceptions due to the idiosyncrasies of the associated organisations. Opportunities have been identified to provide more detailed process for the closing of audits, sampling methodology and use of technical specialists on audits.

4.55 A significant piece of work in 2021/22 was the continuation of consultancy services to support the development of the TfL security strategy, governance and culture. This is discussed under the section ‘ER4 – Major security incident’ above.

5 Quality Assurance and Improvement

5.1 In accordance with the Public Sector Internal Audit Standards, Internal Audit has an ongoing quality assurance and improvement programme to evaluate our compliance with the Standards and to identify opportunities to improve the effectiveness and efficiency of the function. This is delivered through an annual self-assessment process, but at least every five years we are required to commission an external assessment by a qualified, independent assessor from outside the organisation.

5.2 At the direction of the new Head of Internal Audit (HoIA) we have not carried out our annual assessment. A review of internal audit’s processes and procedures was completed this year and a new manual drafted but not implemented. The HoIA wanted time to assess the new proposals and become familiar with the current way of working. The HoIA, supported by the Senior Internal Audit Managers, will undertake an internal assessment during the first quarter of the 2022/23 financial

year which will inform the decision when to commission a formal External Quality Assessment.

6 Resources

Headcount

- 6.1 We began the financial year with eight vacancies across the Risk and Assurance Directorate and the same number but different roles at year end. Two key appointments were made with the recruitment of a new permanent Head of Internal Audit and the secondment for Head of Project Assurance. The TfL headcount controls process continues to be rigorously applied and so vacancies are only being filled when essential and as workload and business need requires, as such we are in the process of actively recruiting for three of the current vacancies.
- 6.2 Unlike other areas of TfL, staff turnover has once again been low, and for the most part when we have vacancies, we attract good quality candidates into the team. The exception to this is the Technology, Information and Security (TIS) auditors. We have therefore decided to support one of the current Band 3 auditors to become an accredited TIS auditor to help improve our capability in this area and reduce our reliance on co-source partners.

Co-Sourcing

- 6.3 During the year we have utilised co-sourcing contracts consisting of two external providers, for delivery of TIS audits due to a lack of internal resource. The quality and timely delivery of the work has not been good and we are looking to reduce our dependence on the co-source providers by further attempts to recruit TIS auditors again.

Secondments

- 6.4 We have continued to make successful use of secondments, both inward and outward, over the course of the year. Secondments are a useful means of filling staff vacancies, but also valuable in helping provide development opportunities to staff.
- 6.5 At the end of the financial year, we had two staff members in secondment roles within Risk and Assurance, three staff members on secondment to other parts of TfL and three staff from elsewhere in TfL seconded into Risk and Assurance.

7 Stakeholder Feedback

- 7.1 At the end of every audit engagement, we send out a feedback form to the principal auditee(s) requesting their views on the audit process and the report. The result of the feedback is reported in detail at each Committee meeting. The following provides the full picture at the end of the financial year.
- 7.2 In 2020/21 Internal Audit issued 26 questionnaires with a return rate of 35 per cent and with an average score of 90.7 per cent (see table below).

Very Good	Good	Satisfactory	Poor	Very Poor	Average Score %
63	22	4	0	0	90.7

7.3 Quality, Safety and Security Assurance issued 66 questionnaires in 2021/22 with a response rate of 50 per cent and an average score of 93.5 per cent satisfied across the year (see table below).

Satisfied	Dissatisfied	Not applicable	Average Score %
240	15	5	93.5

7.4 The majority of respondents continue to be satisfied with the way we carry out our work, although the low return rate is a cause for concern. We are working on how we can encourage a higher return rate and expect to trial this during Quarter 1 of 2022/23.

List of appendices to this report:

Appendix 1: Overview of Internal Audit Work 2021/22

Officer: Lorraine Humphrey, Director of Risk and Assurance
 Email: Lorraine.humphrey@tube.tfl.gov.uk

Overview of Internal Audit work completed during year ended 31 March 2022

Appendix 1

- 41 Internal Audit reports were issued, 1 audit concluded as poorly controlled.

Enterprise Risk	Directorate	Ref	Audit Title	Conclusion
ER 1 Major Health, safety or environmental incident or crisis	Surface Transport	20 004	Fatigue Risk Management	Requires Improvement
	Safety, Health and Environment	21 005 & 21 067	Real time audit of the Procurement of a Digital Safety, Health and Environment Management System (SHEMS) – Work Package (WP)1, User Experience and WP3, Decision tools for specific identified SHEMS topics	Memo
ER 2 Protecting the wellbeing of employees	Human Resources	21 008	Headcount Controls Process	Adequately controlled
	General Counsel	21 042	Gifts and Hospitality	Memo
ER 3 Major Service Disruption	London Underground	21 011	Engineering Resource Model	Adequately controlled
	Pan TfL	21 010	Climate Adaptation - Planning	Requires Improvement
	Pan TfL	21 066	Climate Adaptation – Roles and Responsibilities	Requires Improvement
ER 4 Major security incident	Customers Communication & Technology	20 404	Privileged Access to mission and Business Critical systems	Requires Improvement
	Customers Communication & Technology	20 402	Enterprise Information Technology Security Layer	Memo
ER 7 Financial Sustainability	Customers, Communications & Technology	21 023	Arts Council England funded projects: The Cultural Recovery Fund Part 1	Memo
	Finance	21 034	TfL Scorecard	Memo
	Human Resources	20 108	Transitioning to the new Additional Voluntary Contributions provider.	Well controlled
	Surface Transport	21 113	Additional dedicated home to school and college transport funding	Memo
	Customers, Communication & Technology	21 056	Thales’ Annual Financial report for the Connect contract	Memo

Enterprise Risk	Directorate	Ref	Audit Title	Conclusion
	Customers, Communication & Technology	21 024	Arts Council England funded projects: The Cultural Recovery Fund Part 2	Memo
	Finance	20 612	Management of the Procurement and Supply Chain Improvement Programme – Phase 1	Adequately controlled
	Finance	21 025	Bank reconciliations	Well controlled
	Customers, Communication & Technology	21 026	Clean Mobile Energy – 7 th review	Memo – grant certification
	Finance	20 611	Tenant billing	Requires Improvement
	Surface Transport	21 064	Additional dedicated home to school and college transport funding – part 2	Adequately controlled
	Customers, Communication & Technology	21 032	Fixed asset accounting	Adequately controlled
	Chief Capital Officer	21 060	Management of Defined Costs – Track programme contract	Requires Improvement
	Procurement & Commercial	21 058	Governance of Single Source requests	Requires Improvement
	Procurement & Commercial	21 059	Governance of Contract Variations	Requires Improvement
	Chief Customer and Strategy Officer	21 028	Commercial Development’s asset management asset strategy to maximise secondary income	Requires Improvement
	Chief People Officer	21 031	Pensioner Payroll	Adequately controlled
ER 10 Inability to support new ways of working	Customers, Communication & Technology	20 405	Digital accessibility TfL	Adequately controlled
ER 13 Governance and controls suitability	Customers, Communication & Technology	20 403	Compliance with General Data Protection Regulation – Concessions System	Adequately controlled
R 13 Governance and controls suitability	Surface Transport	20 006	Bus Service Delivery Model	Poorly controlled
	General Counsel	21 055	Department for Business, Energy, and Industrial Strategy (BEIS) white paper	Memo
	General Counsel	21 063	Declaration of Interests	Requires Improvement

Enterprise Risk	Directorate	Ref	Audit Title	Conclusion
ER 13 Governance and controls suitability	Finance	21 069	TfL Procurement and Commercial capacity to take on the procurement of Elizabeth Lines' existing contracts.	Adequately controlled
	Group Finance Director	21 045	Recruitment – Business services element	Requires Improvement
ER 14 Opening of the Elizabeth Line	Crossrail	20 508	Demobilisation of Tier 1 contractors	Well Controlled
	Crossrail	20 505	Management of Staff costs	Requires Improvement
	Crossrail	20 504	Alternative Delivery Model Strategy	Requires Improvement
	Crossrail	20 511	Monitoring Professional Service and Framework Development Consultants (FDCs)	Adequately controlled
	Crossrail	20 502	Management of works deferred to LU	Requires Improvement
	Crossrail	21 048	Crossrail Complaints Commissioner Accounts	Memo
	Crossrail	21 062	Disposal of Temporary Assets	Requires Improvement
	Crossrail	21 051	Information Management and Transfer	Requires Improvement

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Audit and Assurance Committee



Date: 6 June 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 June 2022. It describes the work undertaken since the last report presented to the Committee in March 2022.
- 1.2 A paper is included on Part 2 of the agenda, which contains supplementary information that is exempt from publication by virtue of paragraphs 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 Independent Investment Programme Advisory Group's Quarterly Report, the management response and the exempt supplementary information on Part 2 of the agenda.**

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 June 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.

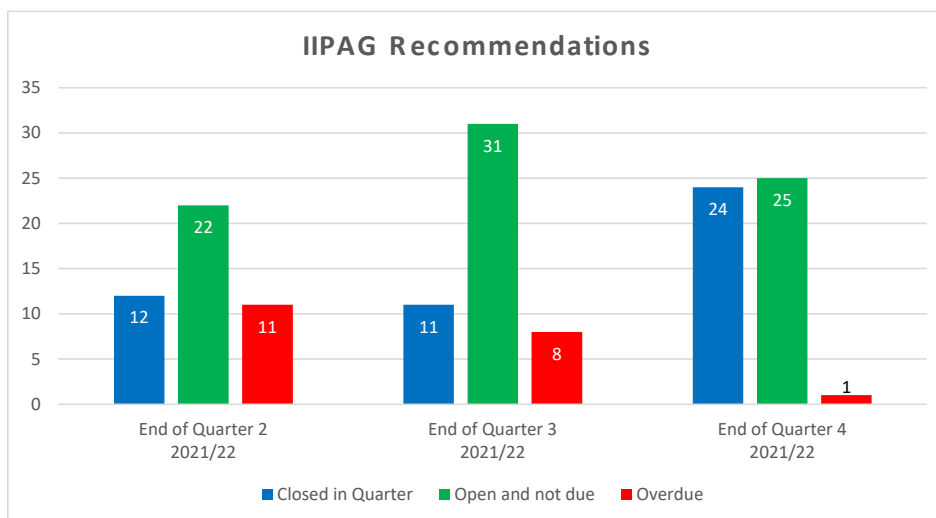


Figure 1: Status of IIPAG Recommendations

3.4 There were no new unagreed or critical IIPAG recommendations made during Quarter 4 of 2021/22 (12 December 2021 to 31 March 2022).

4 Management Response to IIPAG Quarterly Report

Update review of Procurement and Commercial Improvement Programme

4.1 The programme agrees with the recommendations laid out in this report. Several points, such as: the training and upskilling of our Procurement and Commercial community and Procure to Pay user base; the development and implementation of a supplier relationship management strategy; and the Capital delivery overlay to the management framework, form part of our existing programme plan and are tracked as part of the critical path. Following the completion of the build phase of Ariba (procurement software) and the management framework, communications and engagement with our customers and stakeholders have also ramped up in recent months, which we aim to continue.

4.2 The programme recognises the need for reviewing our internal governance structure and leveraging the knowledge and influence of our senior leadership team to provide guidance and sponsorship on key programme decisions, which we aim to achieve through revising terms of reference as well as business representation in the Procurement and Commercial Improvement Programme Steering Group.

Programme Management Office - A review of progress, one year on

4.3 The Programme Management Office (PMO) welcomes the report and recommendation made. We are fully committed to the direction proposed by IIPAG, and we appreciate the practical and supportive approach taken to the changes proposed.

4.4 We are pleased to note that the report identifies some of the challenges the PMO has in normalising TfL's information; widely differing work banks with fundamentally different approaches, and historical data which are inconsistent. Our improvement plan balances tangible progress against the risk of potential rework. To this end, we are implementing an iterative approach to the change.

This will follow the industry standard approach, specifically: design of a consistent and scalable process; clear definition of the data that each process will generate; locking the process and data into a system to prevent local variation; and deriving insight and reporting such that appropriate decisions can be made.

- 4.5 In order to implement controlled change while the business evolves in line with the new Chief Officer structure, we will undertake multiple discrete cycles each acting on an element of the PMO scope. These will develop consistency, cleanse data and lock it in progressively with systems. The priority order will be risk based, and each cycle will have a visible outcome. This is the process described as 'sprints' in the IIPAG report.
- 4.6 This will require a multi-year programme for phased investment in systems, data storage and report hosting, interventions by our own colleagues and support from the market to make the change. We will be seeking investment support to achieve it.

Treatment of Risk in the Investment Programme

- 4.7 We agree with the points raised but noting the requirement for underlying continual cultural change in regard to risk management at all levels.
- 4.8 As part of our continuous improvement plan we will prioritise the following activities: widespread use of the Quantified Cost Risk Analysis (QCRA) summary report across large/complex/novel projects; re-train the risk team on undertaking detailed early stage risk assessments to inform risk uplifts on larger projects; continuing to trial the embedding of risk management objectives as part of the annual performance review process in project management roles; and quarterly/six-monthly risk deep dives on major schemes to enable the senior leadership team to challenge all aspects of risk management including assessments.
- 4.9 We are progressing new Quantified Schedule Risk Analysis guidance and as part of the revision of the QCRA summary report we now include key risks that may impact milestones. We will continue to review risks in-year and over the project life as part of periodic risk reporting.
- 4.10 We accept and have provided management responses to each of the recommendations made. This includes for the recommendation that TfL develops guidance about which risks, and risk allowances, should be held at project, Programme and portfolio level, where we accept this aspiration, but it requires wider business change. Creating risk allowances at various levels need to fit with our project governance, organisational and finance structures and change control processes. A review will be led by the PMO to develop the approach to portfolio management, which will include the option of creating a risk allowance at portfolio level. The review will commence in the latter part of 2022 and the output will be shared with IIPAG and the Project Assurance team.

List of appendices to this report:

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

Exempt supplementary information is contained in a paper on Part 2 of the agenda.

List of Background Papers:

None

Contact Officer: Howard Carter, General Counsel
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Independent Investment Programme Advisory Group – Quarterly Report to Audit and Assurance Committee June 2022

1. Introduction

- 1.1. This report to the Committee describes IIPAG's activities in March - May 2022. It contains no new strategic recommendations from the small number of sub-programme reviews we have undertaken but contains conclusions from three cross-cutting reports we completed during this period.

2. IIPAG activity

- 2.1. We have undertaken reviews of two sub-programmes which will be considered at the May Programmes and Investment Committee:
- Surface Assets
 - London Underground (LU) Technology
- 2.2. We are engaged in continuous assurance of the Four Lines Modernisation (4LM) programme. We also had an update briefing on the Healthy Streets programme. The accompanying paper from PA describes management progress in implementing IIPAG's recommendations from sub-programme and project reviews.

3. Progress with cross-cutting work

We have completed three cross-cutting reports, which are summarised below.

- 3.1. Update review of Procurement and Commercial Improvement Programme (PCIP)
This was a review of the progress that has been made since our initial review of PCIP in 2020/21. This 3-phase, 3-year programme has just entered its third phase, and has 3 elements - People, Process and Systems. Despite the challenges of the pandemic, good progress has been made with People and Systems. Some areas have not advanced as quickly as expected, such as the Management Framework (a procurement process manual to standardise processes across the organisation), and will be addressed in Phase 3. IIPAG's top two concerns are the fitness of the revised processes and systems for capital delivery purposes, and the current lack of improvement programmes for cost estimating and cost management. We made recommendations covering these issues and also capital delivery capability, resource management, governance, and commercial strategies. The full report is provided in Part 2.
- 3.2. Programme Management Office (PMO) - A review of progress, one year on
We have revisited the PMO as a follow up to our 2020/21 report, in which we recommended that the PMO change programme be relaunched with renewed energy. We are now pleased to see that, after a slow start, there is growing momentum under the new PMO Director. Some progress has been made on the fundamentals: defining the project set, brigading projects into programmes and portfolios, defining their baselines, controlling their progress through rigorous gates, and reviewing and reporting on their progress against a clear governance drumbeat. But, while progress has been made, much remains to be done, and improvement will be fragile until these basics are fully embedded and supported by systems. We made one recommendation, which is that the organisation stays the course and tries to accelerate. With sustained energy, the PMO will provide better

support to project managers, more insightful information for stakeholders, and a significant saving in administrative effort.

3.3. Treatment of Risk in the Investment Programme

Although TfL processes for risk assessment are broadly sensible and represent reasonable practice for most investments, we still see projects in which risk is underestimated leading to delays and unexpected increases in cost. We have consequently undertaken a short review into how TfL approaches risk analysis in its projects. We concluded that contributors to less than effective risk assessment include an over reliance on process, a tendency to optimism, lack of experience and inadequate challenge. An area of particular concern is the almost exclusive focus on cost risks and lack of attention to schedule. We made a number of recommendations, including that TfL should consider where risk allowances are best held in the organisation.

3.4. Other cross-cutting work

We are in the process of completing our report on Asset Information Part 2 (which considers how asset data is generated).

4. IIPAG Membership

- 4.1. We are sorry to say farewell to Kenny Laird who left IIPAG at the end of April for a full-time position with WSP in New York. Kenny's experience, especially of signalling projects, has been very valuable for IIPAG's work on 4LM and other LU major projects, as well as the Elizabeth Line. Discussions are underway regarding recruitment to ensure IIPAG has appropriate resource in place.

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Audit and Assurance Committee



Date: 6 June 2022

Item: Elizabeth Line Programme Assurance Quarter 4 Report 2021/22

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 4 of 2021/22 (12 December 2021 to 31 March 2022) (Q4).

2 Recommendation

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

3 Background

3.1 The Elizabeth Line Integrated Assurance Framework (IAF) is 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.

4 Line 2 (PPA) Assurance

4.1 Good progress has been made since the last report. The train and overall system performance continues to improve following recent additional train and signalling software drops and other interventions, further improving operational performance in advance of Revenue Service.

- 4.2 Based upon the Line of Defence 2 (LoD2) Period 13 assessment, and with the positive reliability performance trajectory, LoD2 supported the decision for the Elizabeth line to enter into Revenue Service on 24 May 2022.
- 4.3 LoD2 Assurance has continued to provide assurance on an ongoing continuous basis as well as carrying out a series of Targeted Assurance Reviews on key areas where there are risks identified, which could have impacted Revenue Service. We have already identified areas of focus for next stages. Formal reporting will continue to be through the LoD2 Periodic Assurance Review (PAR) Reports.
- 4.4 Since the last meeting of the Committee, LoD2 has issued PAR Reports covering Periods 12 and 13 of 2021/22 (6 February to 31 March 2022), which have provided input to the periodic Integrated Assurance Report to the Elizabeth Line Delivery Group and the Elizabeth Line Committee.
- 4.5 Regarding cost to complete, although potential new cost pressures are being prudently recognised in the Anticipated Final Crossrail Direct Cost (AFCDC) as they arise, the Programme continues to maintain provision and contingency budgets. Actions are ongoing across all areas to identify opportunities to reduce the AFCDC and mitigate cost pressures.
- 4.6 The project has made significant progress since the last report, key progress highlights include:
- (a) the introduction of a new release of signalling software ELR200 over Easter 2022, and new train software H5.6 continue to improve the overall system reliability performance;
 - (b) Trial Running in the Central Operating Section continued and increased the periods of 12 trains per hour running and the first 20 trains per hour trials were carried out successfully;
 - (c) station works continue at Bond Street working towards bringing into use later this year;
 - (d) maintenance productivity and access continued to improve and supported the Revenue Service requirements; and
 - (e) Trial Operations phase 2 exercises were completed, and lessons learned for the Operations teams have been embedded.
- 4.7 Key indicators of maintenance performance continue to be 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 schedule shared at the last meeting.
- 5.2 In Q4 we issued three reports, we have one in progress and there are four audits planned to commence in Quarter 1 of 2022/23 (1 April to 25 June 2022) (Q1).

Audit Delivery

- 5.3 Summary information of the three reports issued in Q4 are set out below.
- 5.4 The audit of the Accounts of the Crossrail Complaints Commissioner provided assurance that figures in the accounts are accurate. On the basis of the work carried out, it was confirmed that the accounts of the Crossrail Complaints Commissioner, in all material respects, accurately reflect the receipts and payments during the financial period ended 31 March 2021.
- 5.5 The Disposal of Temporary Assets audit was rated as 'Requires Improvement'. Three high priority issues and two medium priority issues were raised. The high priority issues relate to temporary asset guidance not having been routinely followed and clarification required on its application, temporary asset registers being out of date, and temporary asset disposal approval forms not being consistently completed.
- 5.6 The audit of Procurement and Supply Chain's (now Procurement and Commercial) capacity to take on the procurement of Elizabeth line's activities was rated as 'Adequately Controlled'. Two medium priority issues were raised that related to a lack of clarity amongst staff on how the new organisation will operate in practice, and job descriptions for Bands 1-3 not having been reviewed and updated to reflect Procurement and Supply Chain's reorganisation.
- 5.7 A full list of audit reports issued in Q4 is included as Appendix 1. Audits in progress at the end of Q4 are included as Appendix 2, work planned to start in Q1 is included as Appendix 3, and details of changes to the Audit Plan is included as Appendix 4.

Management Actions

- 5.8 The team monitors the implementation of all Internal Audit management actions and confirms whether they have been adequately addressed. There are currently three overdue actions, but none of which are more than 60 days overdue. Progress towards closing out these actions has regularly been discussed with stakeholders, and there are valid reasons for those that are overdue.

Changes to the Audit Plan

- 5.9 TfL Internal Audit regularly review and update the Audit Plan throughout the year, in liaison with management, to reflect changing business priorities. Changes, which include one cancellation and one deferral, are included in Appendix 4.

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 plans have been completed and a new list of areas of interest has been proposed as part of the revised Integrated Audit and Assurance Schedule and supports the 'continuous assurance' process established by Line of Defence 3 (LoD3). This schedule is maintained by LoD2 and reviewed within the Elizabeth Line Programme Assurance Group which is co-ordinated by LoD2/PPA.

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.

List of Appendices:

Appendix 1: Line 3 (TfL Internal Audit) Reports issued by the end of Q4 2021/22
Appendix 2: Line 3 (TfL Internal Audit) Work in progress at the end of Q4 2021/22
Appendix 3: Line 3 (TfL Internal Audit) Work due to start in Q1 2022/23
Appendix 4: 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

Reports issued by the end of Q4 2021/22

Appendix 1

- There were three reports issued during the quarter

Enterprise risk	Directorate	Ref	Audit title	Summary of findings	Conclusion	H	M	L
ER7 Financial Sustainability	Crossrail	21 048	Crossrail Complaints Commissioner Accounts 20/21	The accounts of the Crossrail Complaints Commissioner, in all material respects, accurately reflect the receipts and payments during the financial period ended 31 March 2021, and comply with the Accounts Direction issued on behalf of the Crossrail High Level Forum.	Memo	0	0	0
ER14 Opening of the Elizabeth Line	Procurement and Commercial	21 061	TfL Procurement & Supply Chain's capacity to take on procurement of Elizabeth Line's existing contracts	The Procurement and Supply Chain re-organisation went from functional teams into a category based team model. Whilst there is a level of uncertainty involved in estimating future work arising from the Elizabeth line, the new operating model has built in flexibility to help manage any unforeseen fluctuations in work. The medium priority issues relate to a lack of clarity for staff on how the re-organisation will operate in practice and job descriptions for Bands 1-3 not having been reviewed.	Adequately Controlled	0	2	0
ER13 Governance and Controls Suitability	Crossrail	21 062	Disposal of Temporary Assets	The three high priority issues relate to temporary asset guidance not being routinely followed, temporary asset registers being out of date, and temporary asset disposal approval forms not being consistently completed.	Requires Improvement	3	2	0

Audit and Assurance Committee

Work in progress at the end of Q4 2021/22

Appendix 2

- There was one audit in progress at the end of the quarter

Enterprise risk	Directorate	Ref	Audit title	Objective	Current Status
ER14 Opening of the Elizabeth line	Crossrail	21 069	Information Management and Transfer	To provide assurance that information management and transfer of electronic data from Crossrail to TfL is being effectively managed, monitored, and governed.	In Reporting

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Audit and Assurance Committee

Work planned to start in Q1 2022/23

Appendix 3

- There are four audits planned to start during the quarter

Enterprise risk	Directorate	Ref	Audit title	Objective
ER7 Financial Sustainability	Crossrail	22 012	Cost verification – Engie	To certify that payments to Engie are accurate and appropriate.
ER14 Opening of the Elizabeth line	Crossrail	22 014	Crossrail Act Obligations	To provide assurance that obligations in the Crossrail Act have been met.
ER7 Financial Sustainability	Crossrail	22 015	Crossrail Complaints Commissioners Accounts 21/22	To provide assurance on the accuracy of the Crossrail Complaints Commissioners Accounts for 2021/22.
ER12 Asset Condition unable to Support TfL Outcomes	RfLi	TBC	Obsolescence of Critical Operational Systems	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 4

- There were two changes to the plan since the last Committee: One cancellation and one deferral

Ref	Audit Title	Status	Audit Comments
21 072	Scope Allocation Surgery Process	Cancelled	This audit has been cancelled due to a reduction in the risk associated with this area.
21 071	Obsolescence of Critical Operational Systems	Deferred	This audit has been deferred to Q1 of 2022/23 due to the business area needing to prioritise getting the railway operational.

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Audit and Assurance Committee



Date: 6 June 2022

Item: **Review of Governance and the Annual Governance Statement for Year Ended 31 March 2022**

This paper will be considered in public

1 Summary

1.1 This paper provides a review of compliance with the TfL Code of Governance in 2021/22 and asks the Committee to approve the Annual Governance Statement, as set out in Appendix 1, to be signed by the Chair of TfL and the Commissioner for inclusion in the 2021/22 Annual Report and Accounts. The paper also reports on progress against the 2021/22 improvement plan (Appendix 2) and the improvement plan for 2022/23.

2 Recommendations

2.1 **The Committee is asked to note the paper and:**

- (a) approve the Annual Governance Statement, as set out in Appendix 1 of this paper, for signing by the Chair of TfL and the Commissioner, for inclusion in the 2021/22 Annual Report and Accounts; and**
- (b) note the progress against the 2021/22 improvement plan, as set out in Appendix 2 and the plan for 2022/23, as set out in Appendix 3 of the paper.**

3 Background

3.1 The Accounts and Audit Regulations 2015 require that TfL's Statement of Accounts be accompanied by a Statement on Internal Control, prepared in accordance with proper practices. The Chartered Institute of Public Finance and Accountancy/Society of Local Authority Chief Executives (CIPFA/SOLACE) provides guidance on what should be included in an Annual Governance Statement.

3.2 The Committee monitors TfL's ongoing compliance with TfL's own Code of Governance, which is based on the updated CIPFA/SOLACE Governance Framework and was approved by the Board in March 2008.

4 The 2021/22 Review and the Annual Governance Statement

The 2021/22 Review

- 4.1 The annual review considers the degree of compliance with each undertaking in TfL's Code of Governance. The assessments for the degree of compliance with the Code of Governance's undertakings are consistently high.
- 4.2 The 2021/22 annual review concluded that TfL had a satisfactory level of compliance with the Code of Governance and highlighted the potential governance challenges involved in several anticipated changes.

The Annual Governance Statement

- 4.3 The Annual Governance Statement sets out the key elements of TfL's governance and how TfL complies with the core principles in the CIPFA/SOLACE Delivering Good Governance in Local Government Framework. It draws on the Head of Internal Audit's opinion, which does not identify any significant governance issues but sets out areas for improvement in 2022/23, including the progress on addressing previous audit reports on procurement governance and controls.
- 4.4 The impact of measures to address the coronavirus pandemic on TfL since March 2020 required a review of TfL's operations and finances. In February 2022, the Commissioner stood up a new Executive Committee structure for TfL to best meet the coming challenges and opportunities. The new structure is designed to support TfL being an even more efficient organisation focussed on financial sustainability and on supporting London's recovery. The structure of the Executive Committee was simplified and will lead a single unified organisation with a centrally set strategic framework that further embeds our Vision and Values. Changes to the governance of the organisation below the Executive Committee continue to be worked through. A long-term funding settlement has yet to be agreed with Government and the outcome of the ongoing discussions may require further review and changes to governance processes.
- 4.5 The draft Annual Governance Statement is included as Appendix 1. Progress against the improvement plan for 2021/22 is set out in Appendix 2.
- 4.6 The improvement plan for 2022/23 is set out in Appendix 3 and rolls forward and updates measures from 2021/22. The plan will be reviewed when a long-term sustainable funding settlement is agreed.

List of appendices to this report:

- Appendix 1: Annual Governance Statement
- Appendix 2: Progress Against Improvement Plan 2021/22
- Appendix 3: Improvement Plan 2022/23

List of Background Papers:

TfL Code of Governance

CIPFA Delivering Good Governance in Local Government: Framework 2016 Edition

CIPFA Delivering Good Governance in Local Government: Framework (CIPFA/SOLACE)
Review of Annual Governance Statements 2016/17

CIPFA Developing An Effective Annual Governance Statement 2018

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Annual Governance Statement

The CIPFA/SOLACE Delivering Good Governance in Local Government Framework (the Framework) requires local authorities, which includes TfL, to publish an Annual Governance Statement, and to be responsible for ensuring that:

- its business is conducted in accordance with all relevant laws and regulations;
- public money is safeguarded and properly accounted for; and
- resources are used economically, efficiently and effectively to achieve agreed priorities which benefit local people.

As a functional body of the Greater London Authority (GLA), TfL is a signatory to the GLA Group Corporate Governance Framework Agreement, which was updated in March 2022. The Agreement is an overarching commitment in relation to the culture and individual behaviours of the GLA Group and contains specific corporate governance commitments. The TfL Board agreed TfL has in place protocols and processes that address all the requirements of the Agreement.

TfL has approved and adopted a Code of Governance (the Code), which is consistent with the Framework and is published online at tfl.gov.uk. The statement explains how TfL complies with the Code and meets the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.

TfL's governance framework has been in place since the year ended 31 March 2001 and remains in place at the date of approval of the 2021/22 Statement of Accounts. The key elements of the governance framework are set out below:

Key Elements of TfL's Governance Framework

Chair, Board, Committees and Panels	The Mayor appoints the Board and is the Chair. The Board provides leadership and determines and agrees TfL's strategic direction and oversees the performance of the Executive Committee to deliver the Mayor's Transport Strategy. The Budget, Business Plan and Capital Strategy set out how the Mayor's Transport Strategy will be delivered and are supported by TfL's Group and individual business area Scorecards. The Board's effectiveness is reviewed annually.
Decision Making	Standing Orders set out TfL's decision-making process and are regularly reviewed. The roles of Members and the executive are clearly defined. The Board, its Committees and Panels meet in public and all decisions taken are published. The approval of Financial, Programme and Project, Procurement and Land Authority by the Commissioner and Chief Finance Officer is also reported to Committees along with any Mayoral Directions to TfL.

Audit and Assurance Committee	The Committee reviews the effectiveness of the system of internal controls, including the integrated assurance framework and considers fraud and risk management issues. It also reviews the Annual Accounts prior to submission to the Board and TfL's compliance with the UK Corporate Governance Code (where applicable). The Risk and Assurance directorate and External Auditors support the work of the Committee.
Risk Management	TfL has an Enterprise Risk management system that sets out TfL's strategic risks, supported by local risk registers throughout TfL, which are monitored by the appropriate senior manager. The Audit and Assurance Committee oversees the implementation of the risk management system, with individual Committees and Panels reviewing each Enterprise Risk within their remit at least annually. The Executive Committee also regularly reviews all the Enterprise Risks.
Scrutiny and review	The Board, Committees and Panels each receive regular quarterly reports on TfL's performance. These reports cover: performance against the Scorecard; financial performance; customer and operational performance; safety, health and environment; and human resources. The Audit and Assurance Committee reviews TfL's overall audit and assurance arrangements.
The Commissioner and the Executive Committee	The Commissioner and Executive Committee are responsible for the delivery of day to day operations. The statutory Chief Finance Officer (TfL's appointed officer under s127 of the Greater London Authority Act 1999) is responsible for safeguarding TfL's financial position. Generally ¹ , the postholder reports directly to TfL's managing Chief Finance Officer and, while not on the Executive Committee, plays an active part in TfL strategic decision-making through involvement in all key decisions with a significant financial implication and has management responsibility to produce the Business Plan and statutory accounts. The General Counsel, along with the Commissioner, is responsible for ensuring compliance with the law and promoting good corporate governance and high standards of public conduct. The Director of Risk and Assurance annually comments on the effectiveness of the Code.

¹ From April 2022 interim arrangements are in place until the appointment of a new managing Chief Finance Officer.

Applying the Framework Principles

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law: TfL's Code of Conduct for Members and staff reinforces a public service ethos and high standards of behaviour. It is supported by more detailed guidance, including a Modern Slavery Statement, TfL's Whistleblowing Procedures and guidance on conflicts of interest. The General Counsel and Commissioner have specific responsibilities to ensure that TfL's decisions meet legal requirements. Inductions for new senior staff and the four new Members of the Board appointed in 2021/22 explicitly covered the importance of behaviours and ethical values. Declarations of interests for Members and the most senior staff are published on tfl.gov.uk and declared at meetings.

Principle B: Ensuring openness and comprehensive stakeholder engagement: TfL has a transparency strategy and publishes a substantial amount of information. It engages with stakeholders and partners through consultation and its work with London Councils and individual boroughs. It cooperates with appropriate organisations to ensure there is independent scrutiny of its financial and operational reporting processes. Board, Committee and Panel meetings are held in public and are now routinely webcast contemporaneously on TfL's YouTube channel to further enhance transparency in decision-making. TfL has an active social media presence including Facebook, Twitter and YouTube.

Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits. TfL's meets this objective through its delivery of the Mayor's Transport Strategy, supported by its Vision and Values, Business Plan and the annual Scorecard process. The Business Plan and Scorecard measures flow through to team and individual staff objectives. The quarterly reports to the Board, Committees and Panels, as well as papers seeking authority for projects, provide commentary on how they support the objective of delivering the Mayor's Transport Strategy.

In September 2021, following a bottom-up staff engagement process, the Commissioner launched TfL's Vision and Values. This defined TfL's purpose as "To move London forward safely, inclusively and sustainability" and its vision as "We'll be a strong, green heartbeat for London". TfL established five roadmaps to deliver the Vision and Values and these will be reviewed annually. They will guide planning and decision-making, provide direction while maintaining flexibility for different areas of the business to develop their own plans to contribute and support frequent, open reporting on how we are doing. The roadmaps cover:

- Colleagues – be a great place to work for everyone to thrive;
- Customers – give customers more reasons to choose sustainable travel;
- Finance – rebuild our finances, be more efficient and secure our future;
- Green – reduce emissions in London and protect and improve our environment: and
- Our foundation – operational and project delivery.

Principle D: Determining the intervention necessary to achieve intended outcomes. The Quarterly Performance Report and other key quarterly reports submitted to Committees and Panels track TfL's activities in terms of key performance indicators and delivery of the Mayor's Transport Strategy. These also highlight remedial actions taken where slippage occurs. TfL's intervention in the governance of the Crossrail project in 2020, enabled the Elizabeth Line Delivery Group and Elizabeth Line Committee to drive the project forward, with the line opening on 24 May 2022. TfL has also recognised the need to enhance the governance and controls around its property programme to drive forward schemes that will deliver affordable housing for the Mayor and revenue for TfL. A Land and Property Committee has been established to oversee the operation and delivery of TfL's property programme through TfL's subsidiary entity, TTL Properties Limited. The enhanced governance for the entity is being finalised and will be reviewed and overseen by the new Committee.

Principle E: Developing TfL's capacity, including the capability of its leadership and individuals within it: The structure of the Executive Committee and the roles and responsibilities of its Members were refreshed in February 2022 and revised governance arrangements below this level are being reviewed and implemented. TfL undertakes a wide range of Human Resources activities to develop the capacity of its people. Regular reports are submitted to the Safety, Sustainability and Human Resources Panel and the Remuneration Committee on this and key initiatives including the leadership programme, succession planning and TfL's graduate and apprenticeship programmes. During the year, the Remuneration Committee reviewed and supported changes to TfL's approach to talent and performance management. The new Vision and Values are also intended to develop capacity (see Principle C above). Members are developed through induction, briefings and site visits. Four new Members were appointed and inducted during the year.

Principle F: Managing risks and performance through strong internal control and financial management. TfL's Enterprise Risk management system sets out TfL's main strategic risks and mitigations, with more detailed risk registers held throughout TfL and reflected in individual staff objectives. TfL reviewed all Level 0 Enterprise and Level 1 Strategic Risks as a result of the changes brought on by the coronavirus pandemic and each of these has been reviewed by the Executive Committee and the relevant Board Committee or Panel throughout the year, with the exception of Financial Sustainability (ER7), as this risk has been the subject of ongoing discussions and negotiations throughout the year. The Audit and Assurance Committee maintains overall responsibility for scrutinising TfL's approach to risk and receives reports to each meeting. The Finance Committee scrutinises TfL's financial performance and reports on this to the Board. In response to the impact of the coronavirus pandemic on TfL's finances, several rigorous cost control and scrutiny measures were introduced or refined during the year. TfL has also continued to embed the TfL Health, Safety and Environment management system and has continuous improvement plans in place to enhance the system and strengthen the maturity of compliance.

Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability. TfL follows the Government Communication Service guidance on providing clear and accurate information. It has a published transparency strategy and has developed its website and the format of its reports to improve transparency and accessibility. Minutes of meetings, key decisions taken outside of meetings, the registers of Members and the most senior staff's interests and acceptance of gifts and hospitality, along with details of contracts awarded over £5,000 are published on tfl.gov.uk.

Review of Effectiveness

TfL conducts, at least annually, a review of the effectiveness of its governance framework including the system of internal control, which is reported to the Audit and Assurance Committee. There is also an annual Board Effectiveness Review.

TfL continually reviews the effectiveness of its governance arrangements, including all aspects of TfL's operations including its relationships with its group entities. The Risk and Assurance Annual Report includes the opinion of the Head of Internal Audit on the overall framework of TfL's governance, risk management and internal control in the year. The opinion for the year ending 31 March 2022 concluded that the overall framework of TfL's governance, risk management and internal control is generally adequate for TfL's business needs and operated in an effective manner. There were no matters raised for the attention of the Board other than the progress on addressing procurement governance and control issues. The Board Effectiveness Review was considered in December 2021 and concluded that the current decision-making structure was effective. An externally led review is proposed for 2022.

The coronavirus pandemic has continued to have a significant impact on TfL’s operational activities and its finances. In January 2021, TfL submitted a financial sustainability plan to Government as part of the process for securing a long-term funding settlement. A series of short-term funding settlements have been approved while work continues to secure a long-term settlement to enable TfL to effectively plan.

Conclusion

TfL is satisfied that appropriate governance arrangements are in place. It recognises that there is always more that can be done and remains committed to maintaining and where possible improving these arrangements. The key ways of doing this are:

- keeping its governance arrangements under continuous review, including through the annual Board Effectiveness Review;
- addressing issues identified by Internal Audit as requiring improvement;
- reviewing and enhancing performance reporting to focus on key risks and areas for improvement; and
- listening to feedback from key stakeholders.

Signed:

Signed:

Chair of TfL

Commissioner

Improvement Plan 2021/22 Progress

Proposed Activity	Responsible Managing Director	Status Update
<p>Board Effectiveness: Undertake and implement recommendations from a 2021 Board Effectiveness Review and prepare for any changes to the Board arising from the May 2021 Mayoral Election.</p>	<p>General Counsel [Updated from 2020/21]</p>	<p>Complete. A review was conducted in autumn and reported to the Board on 8 December 2021. The Board and its decision-making structure were considered effective. Previous actions had been addressed satisfactorily while recognising the need for continuous improvement.</p> <p>Four new Members were appointed during the year.</p>
<p>Subsidiary Entities: Annual reviews to be undertaken to simplify the structure and reduce unnecessary costs. Continued support to new and existing statutory directors on their duties and responsibilities.</p>	<p>General Counsel [Continual]</p>	<p>Ongoing. The 2021 annual review was completed. Changes to operation and governance of TTL Properties Limited and its subsidiaries are being worked through. Changes to Company Director appointments impacted by changes to Executive Committee roles or changes of staff are being implemented. Advice and guidance will continue to be offered to existing and new directors.</p>
<p>Operating Model and Processes: Continue to develop TfL's operating model and processes in accordance with agreed organisational change programmes.</p>	<p>Executive Committee [Updated / Continual]</p>	<p>Organisational change programmes continue. Executive leadership team reviewed. Governance at and below Executive Committee level is currently under review.</p>

Proposed Activity	Responsible Managing Director	Status Update
<p>TfL Scorecards: Continue to develop TfL's Scorecard and effective operational and performance measurement processes to reflect requests from the Finance and Remuneration Committees for a simplified Scorecard with fewer priorities to help drive performance.</p>	<p>Executive Committee [Continual]</p>	<p>The 2021/22 Scorecards encapsulated the key priorities of attracting customers back onto our network, achieving financial sustainability, and decarbonising our operations, while never compromising on safety.</p>
<p>TfL Management System: Continue with the development of a TfL wide integrated system and implement the outcome of the Vision and Values Review.</p>	<p>General Counsel [Continual]</p>	<p>The development of the Management System is a continuous programme, which this year included the implementation of the outcome of the Vision and Values Review.</p>
<p>Safety, Health and Environment (SHE): To continue to implement and embed the TfL Safety, Health and Environmental management system.</p>	<p>Chief SHE Officer / Chief Operations Officer / Executive Committee [Continual]</p>	<p>This work is ongoing. Quarterly reports on SHE performance are submitted to the Safety, Sustainability and Human Resources Panel and an annual report is made to the Board each July.</p>
<p>Audit, Assurance and Risk Management: Rebase the Audit and Assurance Plan considering the impact of Covid-19. Continue to develop our Risk Management processes and their oversight by Committees and Panels, addressing lessons learnt from 2019/20 (as reported to the Audit and Assurance Committee in March 2020).</p>	<p>Chief Finance Officer / General Counsel / Director of Risk and Assurance / Executive Committee [Continual/Updated from 2020/21]</p>	<p>New Enterprise Risks were adopted and embedded for 2020/21, reflecting the impact of the coronavirus pandemic. Lessons from 2020/21 were addressed. Enterprise Risks were reported to Committees and Panels – except for that on Financial Sustainability as Members received regular updates in relation to the ongoing discussions with Government on a long-term funding settlement.</p>

Proposed Activity	Responsible Managing Director	Status Update
<p>Crossrail: To further embed the new governance arrangements for the project to achieve its delivery to completion.</p>	<p>Executive Committee [Updated from 2020/21]</p>	<p>This work is ongoing. The governance of the Crossrail project was transferred to TfL on 1 October 2020. The operation of the Elizabeth Line Delivery Group and the Elizabeth Line Committee have operated effectively, with the opening of the central tunnel section and launch of the Elizabeth line on 24 May 2022. Further changes are being made to the governance as the project draws to a close.</p>
<p>Transparency: Continue to develop our proactive approach to transparency and maintain performance on responding to Freedom of Information requests.</p>	<p>Director of News and Corporate Affairs/ General Counsel [Continual]</p>	<p>We continued to publish more information and improve the quality of information published. In 2021/22, we maintained the very good performance in responding to FOI requests.</p>
<p>Procurement and Contract Management: Implement the findings from the Independent Investment Programme Advisory Group and Internal Audit reviews of Procurement and Supply Chain governance (arising from Internal Audit Opinions for the years ended 31 March 2019 and 2020).</p>	<p>Chief Finance Officer/Chief Capital Officer</p>	<p>The Audit and Assurance Committee has been provided with updates during the year. The new Procurement and Commercial Services team had been stood up. Significant improvements have been made and previous Internal Audit and IIPAG findings to improve the control environment have been implemented. Action plans are in place to further improve internal control and governance.</p>

Improvement Plan 2022/23

Proposed Activity	Responsible Managing Director	Status Update
<p>Board Effectiveness: Commission and undertake an externally led 2022 Board Effectiveness Review and implement its recommendations.</p>	<p>General Counsel [Updated from 2021/22]</p>	<p>An externally led review will be commissioned with the outcome to be reported to the Board before the end of 2022.</p>
<p>Land and Property: Establish the Land and Property Committee and review and implement governance changes for the operation of TTL Properties Limited (TTLP) and its subsidiary entities.</p>	<p>Chief Customer and Strategy Officer General Counsel [New]</p>	<p>The Committee has been established, with a first meeting scheduled in June 2022. The governance changes for TTLP are being developed and will be reviewed by the Committee.</p>
<p>Subsidiary Entities: Annual reviews to be undertaken to simplify the structure and reduce unnecessary costs. Continued support to new and existing statutory directors on their duties and responsibilities.</p>	<p>General Counsel [Continual]</p>	<p>Changes arising from the leadership structure are being implemented. An annual review is scheduled for later in 2022.</p> <p>Advice and guidance will continue to be offered to existing and new directors.</p>
<p>Operating Model and Processes: Continue to develop TfL's operating model and processes in accordance with agreed organisational change programmes.</p>	<p>Executive Committee [Updated/Continual]</p>	<p>Changes to the Executive Committee has resulted in a review of the governance structure below this level. Changes will be implemented and kept under review in 2022/23.</p>
<p>TfL Scorecards: Continue to develop TfL's Scorecard and effective operational and performance measurement processes to reflect requests from the Finance and Remuneration Committees for a simplified Scorecard with fewer priorities to help drive performance.</p>	<p>Executive Committee [Continual]</p>	<p>The 2022/23 Scorecards were approved in March 2022 and continue the focus on recovery. As progress on recovery develops and long-term sustainable funding is secured, work will continue to enhance and simplify Scorecards.</p>

Proposed Activity	Responsible Managing Director	Status Update
<p>TfL Management System: Continue with the development of the TfL wide integrated system and implement changes arising from the new leadership structure and the Vision and Values Review.</p>	<p>General Counsel [Continual]</p>	<p>The development of the Management System is a continuous programme. Updates will be made to reflect the new leadership structure and to support the implementation of TfL's Vision and Values.</p>
<p>Safety, Health and Environment: To continue to implement and embed the TfL Safety, Health and Environmental management system.</p>	<p>Chief Operations Officer/ Chief SHE Officer/ Executive Committee [Continual]</p>	<p>This work is ongoing.</p>
<p>Audit, Assurance and Risk Management: Embed and refine the Audit and Assurance Plan and the Enterprise Risk management system. Enterprise Risks will have oversight by Committees and Panels, addressing lessons learnt from 2020/21 and 2021/22.</p>	<p>Chief Finance Officer/ General Counsel/ Director of Risk and Assurance/ Executive Committee [Updated/Continual]</p>	<p>Following the new leadership structure and ongoing funding discussions, Enterprise Risks embedded in 2020/21 are being reviewed. A workshop was recently held with Members and the outcomes will be reported to the Audit and Assurance Committee. Individual Enterprise Risks will continue to be reported to the relevant Committee or Panel.</p>
<p>Crossrail: As the project nears completion and is completed, the governance arrangements will be reviewed and further incorporated into TfL's business as usual arrangements.</p>	<p>Executive Committee [Updated from 2021/22]</p>	<p>This work is ongoing. The governance of the project transferred to TfL on 1 October 2020. The Elizabeth Line Delivery Group and the Elizabeth Line Committee have operated effectively leading to the opening of the Elizabeth line on 24 May 2022. As the final stages of the project are completed, the operation of the Delivery Group and Committee will be reviewed and the separate governance arrangements for the project will be incorporated into TfL's business as usual processes.</p>

Proposed Activity	Responsible Managing Director	Status Update
Transparency: Continue to develop our proactive approach to transparency and maintain performance on responding to Freedom of Information requests.	Chief Customer and Strategy Officer/ General Counsel [Continual]	This work is ongoing.
Procurement and Contract Management: Implement action plans to further improve governance and controls.	Chief Finance Officer	This work is in progress and updates will be provided to the Audit and Assurance Committee.

Audit and Assurance Committee



Date: 6 June 2022

Item: Legal Compliance Report (1 October 2021 – 31 March 2022)

This paper will be considered in public

1 Summary

1.1 This paper summarises the information provided by each TfL Directorate for the Legal Compliance Report for the period 1 October 2021 to 31 March 2022.

2 Recommendation

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

3 Background

3.1 The Legal Compliance Report is compiled from information supplied through questionnaires completed by each TfL Directorate and follow up discussions concerning known legal compliance issues.

4 Scope of the Report

4.1 The Directorates were asked to identify where they are aware of any alleged breaches of law between 1 October 2021 and 31 March 2022. The questionnaire sought responses concerning the following:

- (a) prosecutions against TfL;
- (b) formal warnings or notices from the Health and Safety Executive (HSE), the Office of Rail and Road (ORR), the London Fire Commissioner, the Environment Agency, the Information Commissioner or the other Government agencies;
- (c) investigations by an Ombudsman;
- (d) alleged legal breaches notified by local authorities or other bodies;
- (e) judicial reviews;
- (f) involvement in inquests;
- (g) commercial/contract claims in excess of £100,000;
- (h) personal injury claims;

- (i) proceedings in relation to discrimination on the grounds of race, sex, disability, age, religion or belief, sexual orientation, equal pay or breach of contract;
 - (j) wrongful or unfair dismissal;
 - (k) actions to recover unpaid debt in excess of £5,000;
 - (l) breaches of procurement rules and/or the Competition Act;
 - (m) other material breaches of the law;
 - (n) any other material compliance issues; and
 - (o) any initiatives introduced by Directorates to address compliance issues.
- 4.2 The report has been updated to reflect recent changes in the Executive Committee structure and associated responsibilities.
- 4.3 The graphs that have previously been used to show trends have not been included in this report because the changes of management responsibility and the significant fluctuations in the data due to the coronavirus pandemic mean that historic trends cannot be identified. Trend analysis will continue to be captured in the report going forward taking this report as a baseline.
- 4.4 In accordance with TfL's commitment to transparency, the Legal Compliance Report is included in the public paper.

5 Commentary on Legal Compliance Issues

Prosecutions

- 5.1 On 24 March 2022, we were notified that London Trams would be prosecuted by the ORR for an offence under section 3 of the Health and Safety at Work, etc Act 1974 (1974 Act). The prosecution relates to the tram derailment on 9 November 2016 at Sandilands junction in Croydon in which seven people tragically lost their lives. Tram Operations Limited (the operator) is also being prosecuted under section 3. The driver will be prosecuted for an offence under section 7 of the 1974 Act.

Formal Warnings or Notices from the Health and Safety Executive or Office of Rail and Road

- 5.2 We previously reported the ORR investigation into the death of a member of the public who fell into the gap between the platform and the train at Waterloo station on the Bakerloo line on 26 May 2020 and died. The ORR confirmed it had closed the Improvement Notice on 22 December 2020. The Rail Accident Investigation Branch (RAIB) has also carried out an investigation and published its report on 21 September 2021 including three recommendations which London Underground are responding to. The British Transport Police has completed its investigation. The ORR will make a decision as to whether any prosecution should be brought in relation to the incident after the inquest has concluded. The inquest is scheduled for 19-28 September 2022.

- 5.3 A Notice of Contravention was received on 21 October 2021, from the HSE regarding Acton Workshop. On 23 March 2022, the HSE issued two Improvement Notices in relation to Health Surveillance (in relation to skin checks and respiratory checks). The HSE also issued a Notice of Contravention regarding TfL's arrangements for managing health risks across TfL. We have demonstrated compliance with the notices.

Formal Warnings or Notices from the London Fire Commissioner

- 5.4 Seven Fire Deficiency Notices were received by London Underground from the London Fire Commissioner during this period in respect of issues such as electrical testing, emergency lighting and fire risk assessments. All matters have been addressed in the notices.

Formal Warnings or Notices from the Environment Agency

- 5.5 We previously reported a notice from the Environment Agency received on 7 October 2019 in relation to equipment containing polychlorinated biphenyls (PCBs) on the train network. The notice required the phase out and removal of all assets containing PCBs by 2023. London Underground has implemented a removal plan and continues to work to remove the PCBs.

Formal Warnings or Notices from the Information Commissioner

- 5.6 The Information Commissioner's Office (ICO) investigates alleged instances of non-compliance with the UK General Data Protection Regulation (UK GDPR), the Data Protection Act (DPA) 2018 and the Privacy and Electronic Communications (EC Directive) Regulations 2003 (the PECR) (together, data protection legislation), the Freedom of Information Act 2000 (the FOIA) and the Environmental Information Regulations 2004 (the EIRs).
- 5.7 No formal action was taken by the ICO in the reporting period in connection with TfL's compliance with data protection legislation.
- 5.8 A requirement of the UK GDPR is for all data breaches posing a risk to individuals' rights and freedoms to be reported to the ICO within 72 hours, and for affected data subjects to be informed of the breach if it represents a high risk to their rights and freedoms.
- 5.9 One data breach occurred in the reporting period which we reported to the ICO. The breach related to an incidence of suspected fraud and the ICO was satisfied that appropriate measures had been taken in reporting the incident to the police. Data subjects who may have been affected were notified and offered appropriate support.
- 5.10 There were no open complaints relating to TfL's compliance with data protection legislation at the end of the last reporting period.
- 5.11 There were eight new complaints to the ICO in this reporting period about TfL's compliance with data protection legislation. One complaint related to the justification for processing personal data, and the ICO was satisfied that TfL had complied with its data protection obligations. Six complaints related to responses to requests for access to personal data, and were resolved with findings in three

instances that no further disclosure was required, one complaint led to an update to a locally managed process to provide access to files, and the inclusion of additional information in a privacy notice and two were answered through the provision of a more detailed explanation of why some requested data was exempt from disclosure. One complaint related to the maintenance of a paper file and the process has been reviewed, and no further action will be taken by the ICO.

- 5.12 The FOIA and the EIRs give a general right of access to information held by public authorities. Public authorities are generally required to respond to requests for information within 20 working days and provide the requested information unless an exemption applies. Any person who has made a request to a public authority for the disclosure of information under the FOIA or the EIRs can complain to the ICO. Unless the complaint is resolved informally, the ICO records the outcome in a published Decision Notice. Appeals against the ICO's decision are heard by the First-Tier Tribunal (information Rights).
- 5.13 In the reporting period 1,522 requests were made to TfL under the FOIA and EIRs, with 1,520 (99.9 per cent) replied to on time.
- 5.14 There was one complaint to the ICO open at the end of the last reporting period, concerning TfL's refusal to engage in any correspondence with a requester, following TfL's finding that the FOI request was vexatious. This complaint was resolved informally by the ICO.
- 5.15 Two Decision Notices were issued by the ICO relating to complaints received in this reporting period. Both concerned the use of the FOI cost limit to refuse requests and in each case the ICO found that TfL had complied with the FOIA.
- 5.16 There were no open ICO complaints at the end of this reporting period.

Formal Warnings or Notices from any other Government Department or Agency Indicating a Breach of Law

- 5.17 No warnings or notices were reported for this period.

Investigation by an Ombudsman

- 5.18 There were two outstanding investigations and seven new investigations reported in the last report.
- 5.19 The two outstanding investigations related to complaints about TfL's handling of taxi/private hire vehicle licence renewal applications. In respect of the first, a payment has been made to the complainant for loss of earnings and the matter is now closed. On the second, the Local Government Ombudsman (LGO) found that there was no fault by TfL in processing the application.
- 5.20 Five of the new investigations relate to the application of the Ultra Low Emission Zone scheme and two investigations relate to taxi/private hire application processes. TfL has approved two of the applications, made a payment in respect of two complainants as compensation for the inconvenience caused by TfL and a decision is awaited from the LGO on the remaining three investigations.

Notices Received Regarding any Alleged Breach of Law by a Local Authority or Other External Agency

- 5.21 There were two outstanding enforcement notices carried over from the last report and one new enforcement notice during the current reporting period.
- 5.22 The first outstanding enforcement notice (received on 25 February 2014) was from the London Borough of Haringey relating to an unauthorised front extension to units at 231-243 High Road and 249a High Road Tottenham. The tenant failed to remove the extension by 31 July 2014 as required by the notice. The tenant lodged an appeal with the Planning Inspectorate and the enforcement notice remains stayed pending proposals for the frontages of the properties and all the adjacent properties. In January 2019, a Compulsory Purchase Order was approved to enable a borough led regeneration scheme. On 5 August 2021 the developer announced it is no longer progressing with the development. TfL is seeking to remove the unauthorised front extension and will continue to liaise with the London Borough of Haringey to resolve the matter.
- 5.23 The second outstanding enforcement notice (received on 6 December 2019) was from the London Borough of Camden relating to a number of alleged breaches of planning permission at 366/366A Kilburn High Road, London. TfL continues to liaise with the tenant and the London Borough of Camden on this matter.
- 5.24 A new notice (received on 1 April 2022) was issued by the City of Westminster for enforcement action in relation to the poor condition of the shopfront at 218-220 Baker Street, London. The notice requires that the works be completed within six-months. The matter is ongoing.

Decisions Subject to a Judicial Review

- 5.25 There were three outstanding judicial reviews from the previous reporting period. There are no new judicial reviews during the current reporting period.
- 5.26 The first judicial review relates to an application issued on 13 August 2020 by the taxi groups United Trade Action Group (UTAG) and the Licensed Taxi Drivers' Association Limited (LTDA) against TfL and the Mayor in relation to TfL's interim London Streetspace Guidance issued to boroughs, the Streetspace Plan and a scheme implemented on the A10/Bishopsgate. On 20 January 2021, the High Court allowed the claims and quashed the Streetspace Plan, TfL's interim Borough Guidance and the A10 Bishopsgate Order. TfL appealed to the Court of Appeal which allowed the appeal on all grounds at a hearing on 15-16 June 2021. The court set aside the grant of judicial review in respect of the Plan, Guidance and A10 Order, and set aside the High Court's orders quashing them. The court made a full costs order in favour of TfL and the Mayor and ordered UTAG and the LTDA to pay £50,000 on account within 14 days. The court refused permission to appeal. On 19 August 2021, UTAG and the LTDA made an application to the Supreme Court seeking permission to appeal. A decision from the court is still awaited.
- 5.27 The second judicial review relates to a claim issued on 6 November 2020 by UTAG against TfL's decision in August 2020 to grant a London private hire vehicle (PHV) operator's licence to Transopco UK Ltd (trading as "FreeNow"). The grounds of claim are (i) that FreeNow enables PHV drivers to ply for hire in

London using an App which is unlawful because plying for hire is an activity reserved to hackney carriages and (ii) that FreeNow's drivers are committing a separate offence of accepting bookings without a PHV operator's licence. UTAG was granted permission to proceed with the judicial review claim on the basis that the court should look at whether PHVs engaged via Apps are plying for hire and whether PHV drivers are accepting bookings. This follows a Supreme Court judgment given in February 2021 in relation to the worker status of drivers operating for Uber and comment in the judgment relating to the contractual relationship between operators and drivers as set out in their terms and conditions and how that affects compliance with the Private Hire Vehicles (London) Act 1998 (the 1998 Act). On 6 December 2021, the court dismissed UTAG's claim for judicial review albeit it recognised the importance of the plying for hire issue and granted leave for an appeal to the Court of Appeal. It also granted a declaration in relation to UTAG's second ground of claim that operators must contract directly with passengers to provide PHV services (see paragraph below). UTAG lodged its appeal to the Court of Appeal on 21 December 2021 and also sought permission to appeal to recover their costs in relation to the claim. The hearing will take place on 5-6 July 2022.

- 5.28 In the third judicial review, Uber London Limited (ULL) issued a claim on 19 May 2021 seeking a declaration from the court as to whether the 1998 Act requires a PHV operator who accepts a booking from a passenger to enter into a contract with that passenger to provide the journey. Both TfL and UTAG were named as defendants. On 6 December 2021, the court granted a declaration that operators must contract directly with passengers where they accept a booking. TfL is undertaking a review of operators' contractual terms so as to ensure compliance with the 1998 Act.

Inquests

- 5.29 This section reports on those inquests in which TfL is either a witness, has been asked to provide information to the Coroner or is, or may be, an interested person.
- 5.30 There were seven inquests outstanding from the last reporting period of which the outcomes for all are awaited.
- 5.31 There were no new inquests reported during the current period.
- 5.32 We previously reported the conclusion on 22 July 2021 of the seven inquests concerning the tragic deaths of Dan Chinnery, Mark Smith, Donald Collett, Robert Huxley, Phillip Logan, Dorota Rynkiewicz and Phillip Seary on 9 November 2016 when a tram derailed and overturned on a curve as it approached the Sandilands junction in Croydon. The jury conclusion was accident.
- 5.33 The Senior Coroner heard evidence at the inquests about Prevention of Future Deaths (PFD) and concluded that there were four areas in which she should make a PFD report with a view to preventing future deaths. One issue addressed to TfL and Bombardier (now Alstom) is in respect of current tram stock and the risk of passenger ejection through tram doors. The Senior Coroner stated that consideration should be given in relation to current and future trams as to whether tram doors can be adapted now or in the future so as to strengthen them. This

has also been addressed to the Department for Transport who are asked to disseminate the conclusion to all tram door manufacturers, UKTram to disseminate to UK tramways and the Light Rail Safety Standards Board.

5.34 A response to the PFD report was provided on 17 November 2021. On 13 December 2021, the Senior Coroner provided copies of all the responses to the PFD reports.

5.35 Five of the families wrote to the Attorney General to request that she considers using her powers under section 13 of the Coroner's Act 1988 to apply to the High Court for an order seeking fresh inquests. The Senior Coroner provided submissions to the Attorney General about the approach to the inquests. It is understood that the families are no longer asking the Attorney General to progress this further.

5.36 TfL continues to offer support to the families and the wider community.

Commercial/ Contract Claims Brought by or Against TfL in Excess of £100,000 (Not including Personal Injury Claims)

5.37 We previously reported that on 9 September 2016 the TfL Trustee Company Limited, TfL's pension trustee subsidiary, issued proceedings against HMRC for overpaid VAT on fund management services. A stay of the proceedings has been agreed, pending the outcome of two test cases. One of the test cases is being appealed and TfL will review its position once that has been determined.

5.38 Legal proceedings were issued on 23 March 2021 against the London Borough of Hackney in relation to the lease arrangements for Kingsland Viaduct regarding future rent payments due to the London Borough of Haringey for the remaining term of the lease. The case is listed for trial in October 2022.

Personal Injury Claims

5.39 TfL has been the subject of 313 claims for personal injury that were closed during the reporting period, of which 34 claims were employers' liability claims by staff and 279 claims were for public liability by customers/members of the public.

5.40 Of the 279 claims for public liability, 222 were closed without payment and 57 were settled.

5.41 Of the 34 claims for employers' liability, nine were closed without payment and 25 were settled.

Employment Tribunal Proceedings

5.42 TfL continues to take a proactive and robust approach to managing Employment Tribunal (ET) cases, coupled with a training programme for managers on the latest developments in the law and best practice so as to avoid employment disputes as far as possible

5.43 There were 115 ET claims reported during this period of this report, of which 86 were carried forward from the previous report and 29 were reported for the first time in this period.

- 5.44 Of the 115 ET claims, 35 are for unfair dismissal, six are for constructive unfair dismissal, 33 are for disability discrimination, one is for trade union detriment, one is for trade union rights, 10 are for sex discrimination, 13 are for race discrimination, one is for victimisation, one is for religious discrimination, three are for breach of contract, five are for unlawful deductions from wages, two are for unpaid holiday pay, one is for equal pay, one is for discrimination on the grounds of pregnancy/ maternity leave, one is for unpaid notice pay, and one is for health and safety detriment.
- 5.45 Of the 115 ET claims brought during the period, 95 cases are ongoing and 20 were concluded during the period. Of the 20 ET cases concluded during this period, six were withdrawn, six won, two lost and six were settled.

Civil Debt in Excess of £5,000

- 5.46 No civil debt claims in excess of £5,000 were reported for this period.

Other Material Compliance Issues

- 5.47 We previously reported that on 3 October 2020 TfL notified Ola UK Private Limited (Ola) that it would not be granted a new London PHV operator's licence at the expiry of its licence on 3 October 2020. TfL concluded that Ola was not fit and proper to hold such a licence after discovering a number of failures that could have risked public safety. On 20 October 2020, Ola appealed TfL's decision. The hearing of the appeal took place on 13-17 December 2021. The Court decided that subject to Ola satisfying the Court that its terms and conditions comply with the recent Divisional Court judgment in the ULL case referred to at 5.28 above, the Court would grant Ola an operator's licence of 15 months with 18 stringent conditions. Ola was also ordered to pay TfL's costs
- 5.48 We previously reported an outstanding claim brought by an individual, on 9 June 2021, in the High Court against Crossrail and a number of its contractors and sub-contractors alleging blacklisting and breach of data protection law. The claim has now been resolved.
- 5.49 We previously reported an outstanding claim for unpaid invoices brought by a claimant who provided traffic surveys to TfL. The payments were suspended following an internal investigation and there is also a police investigation. On 29 April 2022 TfL obtained an order that the claimant pay security for our costs. A trial is to be held between 1 November 2022 and January 2023.
- 5.50 On 4 October 2021 Insulate Britain staged a protest around Blackwall Tunnel and Hanger Lane in London on the TfL Road Network (TLRN) resulting in obstruction of the highway and significant road traffic disruption. In response to a further protest on the TLRN at Old Street (A501) on 8 October 2021, an application was made to the High Court for an interim injunction preventing further protests designed to obstruct the highway by any persons including Insulate Britain and 112 named defendants. The injunction was granted and covers the A501 (including the area of protests in Old Street) and 13 other key locations on the TLRN, where any disruption in the movement of traffic is a danger. Further protests took place on 27 October 2021 on A40 Gypsy Corner and 4 November 2021 on Bridge Street in Westminster which impacted other roads in the area

including the TLRN. Following this, an application for a further interim injunction was applied for and granted on 4 November 2021 covering additional key safety locations and A roads including six bridges on the TLRN.

- 5.51 A hearing took place on 7 December 2021 to allow Insulate Britain to respond to the injunction. An order was agreed to continue the injunctions. On 4 April 2022, the High Court granted TfL's application to extend the expiry date of the interim injunctions pending the outcome of the substantive claim.

Breaches or Alleged Breaches of EU/UK Procurement Rules and/or the Competition Act 1998

- 5.52 No breaches of alleged breaches were reported for this period.

Other Known Breaches

- 5.53 No other known breaches were reported.

Management of Compliance Issues

- 5.54 TfL's legal and compliance risks are managed as part of TfL's overarching strategic risk management framework. A range of operational and assurance processes are in place to mitigate these risks at all levels in the organisation, taking into account during this reporting period the particular challenges presented in response to the coronavirus pandemic.
- 5.55 These safeguards are supported by the provision of advice on, and training in, relevant legal and corporate governance issues, which are tailored to the needs of TfL's business units and adjusted where possible to take account of increased home working as a consequence of the pandemic.
- 5.56 The legal and compliance framework is the subject of continuous review and improvement. Initiatives to address compliance across TfL have included:
- (a) ongoing work to update contractual and commercial templates and forms to ensure they align with legal requirements;
 - (b) promoting TfL's compliance with information governance legislation (including the FOIA, EIRs, DPA 2018 and UK GDPR) and associated statutory Codes of Practice, including transparency and the proactive publication of information;
 - (c) the use of Data Protection Impact Assessments, to review proposed new or changed uses of personal data;
 - (d) the promotion through the TfL Management System of Information Governance policies, instructions and guidance;
 - (e) ongoing bespoke training to the business on a range of employment issues including employment law updates, reasonable adjustments requirements and effective case management and providing guidance and best practice learned from ET cases;

- (f) training on a wide range of legal issues including disability discrimination law, witness workshop, employment law update, contractual terms and overriding rights and public procurement requirements;
- (g) continued support with the use of TfL's e-tendering system to assist users to comply with the procurement regulations, and to observe the principles of transparency, equal and fair treatment of suppliers;
- (h) continued production of instructions, guidance and templates in the TfL Commercial Toolkit to support compliance with regulations and governance;
- (i) ongoing work to identify and address areas of weakness in TfL's processes, helping to implement corrective actions where appropriate; and
- (j) the ongoing issue of the Commercial Law Bulletin to the Commercial teams to support the dissemination of important messages relating to regulatory and legal issues.

6 Conclusions

- 6.1 The Legal Compliance Report for the period 1 October 2021 to 31 March 2022 sets out the legal and compliance matter of which TfL senior management is aware. There are no material breaches of law which would affect TfL's continued operations.
- 6.2 Notwithstanding the ongoing impact of the pandemic, reported matters continue to be broadly in line with previous reports.

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

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 4, 2021/22 Appendix I 6 June 2022



Audit Committee performance metrics to Q4, 2021/22

Total operating income: £366m lower than the Revised Budget. Full year passenger income is £3,154m, which is almost double that of last year, but £324m below Budget. Journeys and income were both lower than budget, a result of a much slower return to the workplace than expected and from the impacts of Omicron in December 2021.

Operating costs are £453m less than Budget due to efficiencies, lower staff costs – where we have faced labour market challenges in recruitment, with staff levels still down compared to pre-pandemic levels – lower Elizabeth line running costs, the release of contingencies held to mitigate uncertainties - including ULEZ income - as well as timing of provisions.

Total capital expenditure (excluding Crossrail): £366m 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

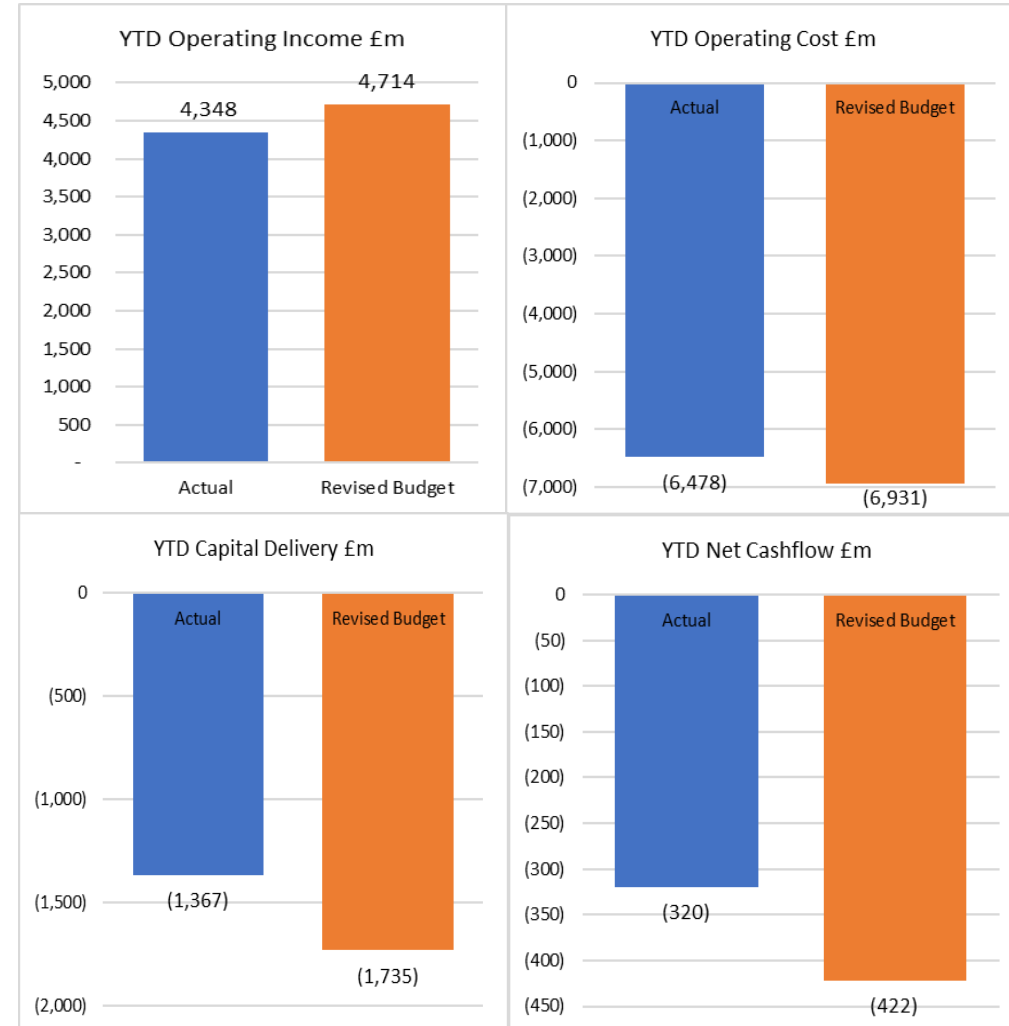
Variances: higher / (lower)

Quarterly Forecasting Accuracy*

£m	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Operating Income	800	899	1,169	1,480
Variance to reported Budget	196	(101)	(70)	(194)
Operating Cost	(1,487)	(1,494)	(1,481)	(2,016)
Variance to reported Budget	71	(7)	80	(321)
Capital Delivery**	(271)	(288)	(288)	(522)
Variance to reported Budget	191	(16)	71	(49)
Net Cashflow	42	74	(115)	(321)
Variance to reported Budget	(163)	59	56	(12)

YTD Forecasting Accuracy - Q4 2021/22

£m	YTD
Operating Income	
Actual	4,348
Revised Budget	4,714
Operating Cost	
Actual	(6,478)
Revised Budget	(6,931)
Capital Delivery	
Actual	(1,367)
Revised Budget	(1,735)
Net Cashflow	
Actual	(320)
Revised Budget	(422)



*Reporting is against the March TfL Budget for Q1 2022 and the 2021/22 Revised Budget for Q2-Q4 2022

** Total TfL capital expenditure excludes amounts relating to Crossrail

Audit Committee performance metrics to Q4, 21/22

Value of open items > 30 days on the bank reconciliation has decreased to £240k. Overall open items in Q4 with the items less than 30 days open standing at £31.0m. This value includes an Outgoing BACS payment for £36.5m for buses which automatically closes after two days.

The volume of manual postings remains consistent at present fluctuating around 20%.

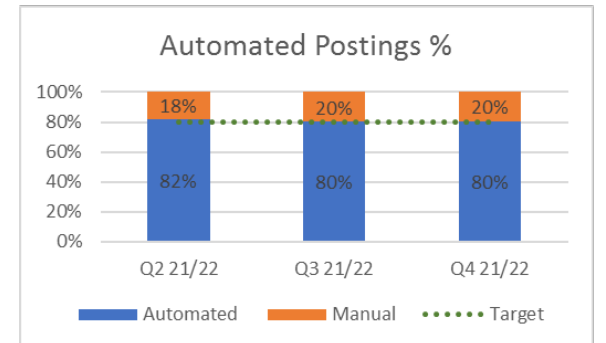
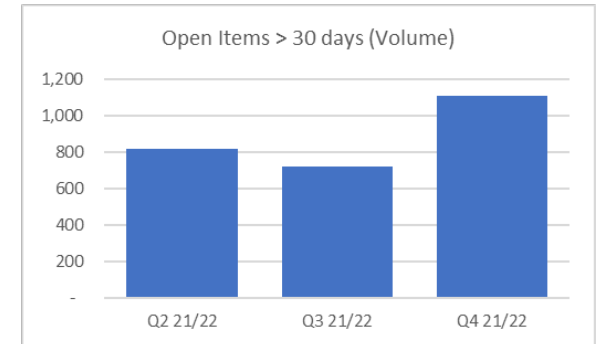
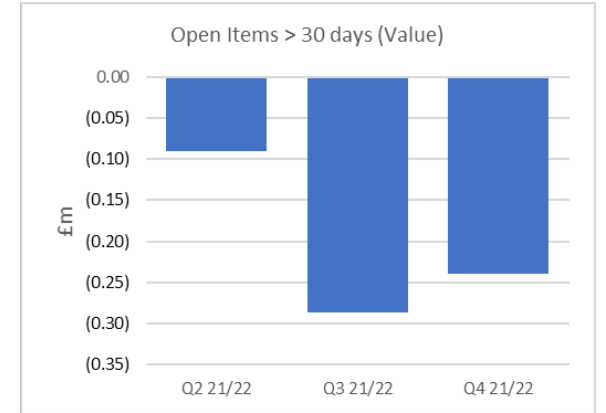
Therefore, for Q4 the KPI target of 80% for automated postings has been met. The target line has now been added in.

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

Processing payments

Quarterly Figures

£m	Q1 21/22	Q2 21/22	Q3 21/22	Q4 21/22
Open Items < 30 days (£m Value)	(11.8)	(11.0)	(2.1)	(31.0)
Open Items > 30 days (£m Value)	0.06	(0.09)	(0.29)	(0.24)
Open Items < 30 days (Volume)	871	1,816	1,600	1,227
Open Items > 30 days (Volume)	1,263	817	722	1,110
Automated Postings %				
Automated	8,927	9,280	9,834	12,690
Manual	1,831	1,652	1,965	2,499
Automated	79%	82%	80%	80%
Manual	21%	18%	20%	20%



Audit Committee performance metrics to Q4, 21/22

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

Benefits Delivery:

- Floor of £50m in benefits and target of £85m has been set for P&C for FY22/23

Retrospective PO by Value and Volume:

- Spike in PI 2 mainly due to £24m payment to EDF. FCOG completed in timely manner but delays in PO creation caused by Head of Finance for Network Operations leaving TfL at short notice.

- Monitoring and behaviour change initiative continues with the PSCIP programme deploying new tools (Ariba) and processes over the next FY

Direct Awards by Value and Volume:

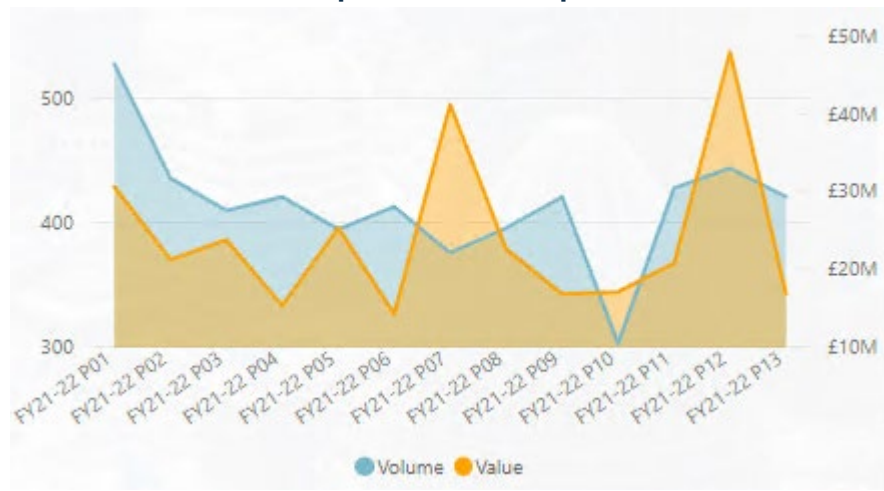
- Direct award volume & value returned to usual level after a number of high value Track Labour Direct Awards in Q3

Spend Under Contract:

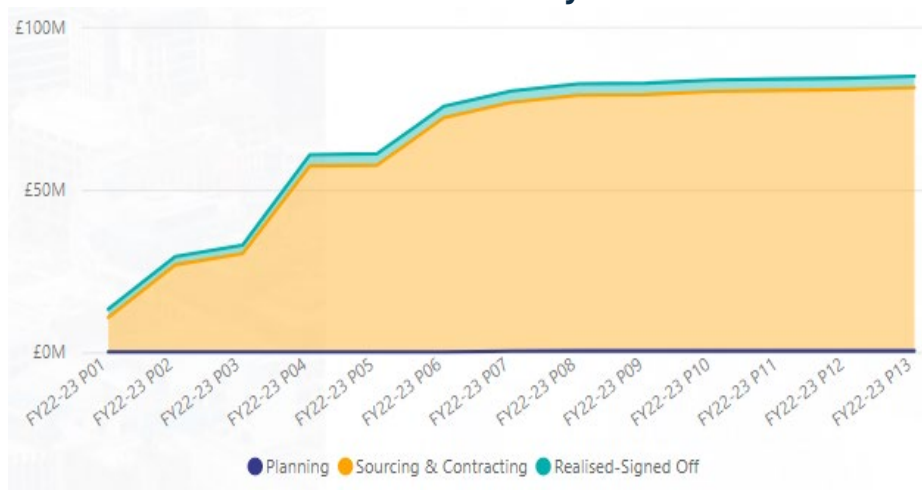
- Contract register data quality issues which are being resolved. Quality of data will improve with implementation of Ariba

Procurement activity

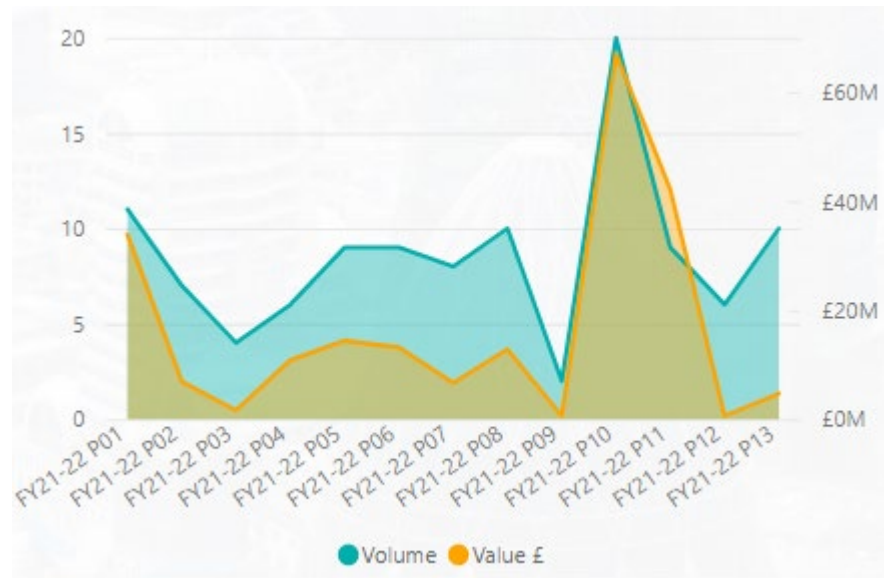
Retrospective PO Spend



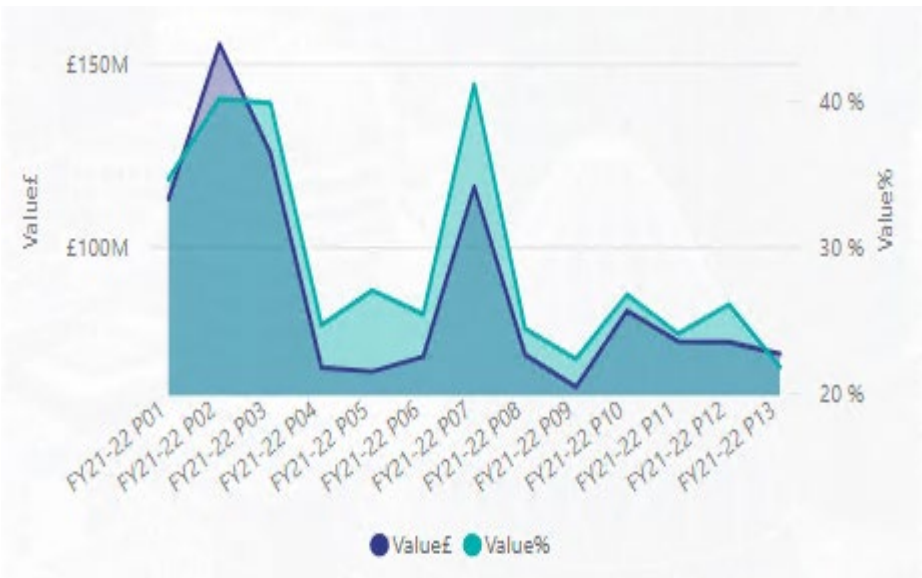
Benefit Delivery



Direct Awards



Spend Under Contract



Audit and Assurance Committee



Date: 6 June 2022

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

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 February to 30 April 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 38 declarations were made by senior staff, of which 21 were declined and 17 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 has been reviewed recently and changes to the guidance and Frequently Asked Questions are proposed to add further clarity to the implementation of the policy. The Policy 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 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 February to 30 April 2022.
- 4.2 A total of 38 declarations of offers were made by senior staff in this period and 21 of these were declined.
- 4.3 Table 1A shows the current period and the previous two periods. The figures for the current period are comparable to the August to October 2022 period and slightly lower than the November 2021 to January 2022 period, which typically includes more offers due to the festive Christmas period.
- 4.4 Table 1B shows the same reporting periods for the previous year. An accurate comparison is difficult due to the impact of measures to control the coronavirus pandemic during 2020/21.
- 4.5 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

	01/08/21- 31/10/21	01/11/21- 31/01/22	01/02/22- 30/04/22
Period reported to Committee	3 months	3 months	3 months
Total offers	35	52	38
Total declined	23	29	21
Total accepted	12	23	17
Monthly average			
Total offers	12	17	13
Total declined	8	9.5	7
Total accepted	4	7.5	6

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

	01/08/20- 31/10/20	01/11/20- 31/01/21	01/02/21- 30/04/21
Period reported to Committee	3 months	3 months	3 months
Total offers	16	3	1 (5*)
Total declined	6	3	1
Total accepted	10	0	0 (4*)
Monthly average			
Total offers	5.3	1	<1
Total declined	2	1	<1
Total accepted	3.3	0	0

*Events were recorded and accepted but fell outside of our policy.

List of appendices to this report:

Appendix 1: Table of Received and Accepted Offers

List of Background Papers:

Corporate Gifts and Hospitality Register

Contact Officer: Howard Carter, General Counsel
Email: HowardCarter@tfl.gov.uk

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TfL Gifts and Hospitality Register

Appendix 1

Name of Officer	Donor/Provider of Gift/Hospitality	Detail of Gift/Hospitality	Reason for Accepting Gift / Hospitality	Date of Event/Hospitality
Ableman Thomas	PA Consulting	Transport Sustainability Dinner	Bringing transport business leaders together to explore the sectors many opportunities and discuss solutions	09/02/2022
Brown Matthew	TidyCo	IMECHE Railway Division Lunch	Industry Networking	04/03/2022
Byford Andy	Sir Peter Hendy, Chair Network Rail	Network Rail Board Dinner	Networking with Board	23/03/2022
Byford Andy	Brendan Bechtel, Chair Bechtel	Framed picture with quote	Kind gesture	25/04/2022
Cheeseman Louise	Global	Classic FM Concert with Global	Long standing relationship with Global and a good networking opportunity	11/04/2022
Field Stephen	Ian R Skinner, Willis Towers Watson (WTW)	Lunch	Annual review meeting	18/02/2022
Field Stephen	Peter Massam, Health & Benefits GB, Willis Towers Watson	Review meeting and lunch	Review meeting	22/04/2022
Gould Sam	Campaign for Better Transport	Working lunch with key stakeholders brought together by the Campaign for Better Transport	Contribute to policy development at TfL	15/03/2022
Humphrey Lorraine	Turner and Townsend	Networking event to celebrate 75 years in business at Royal Opera House	Network with industry colleagues	28/04/2022
Lord Andy	Pauline Latham OBE MP	Rail Forum Parliamentary Reception	Networking event	15/03/2022
Lord Andy	Arriva	Dinner with Gareth Powell and David Brown	Introduction to new COO roles	14/03/2022
Mullins Sam	Imperial War Museum	Private viewing of Second World War and The Holocaust Galleries	Networking in the museum sector	01/03/2022
Powell Gareth	Arriva	Dinner with Andy Lord and David Brown	Introduction to new COO roles	14/03/2022
Powell Gareth	Network Rail	Dinner	Stakeholder networking	23/03/2022
Risk Lisa-Jane	HB Reavis	Reception	Culture Works launch participant	31/03/2022
Shashi Verma	Cognizant	Dinner with the British Asian Trust at the British Museum	Social networking event with a group that I am familiar with	09/02/2022

TfL Gifts and Hospitality Register

Smith Howard	Nichols Group	Spring Event Reception	Networking	10/03/2022
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Audit and Assurance Committee



Date: 6 June 2022

Item: Members' Suggestions for Future Discussion Items

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:
- | | |
|------------------|--------------------------------|
| 30 November 2022 | Director of Risk and Assurance |
| 15 March 2023 | Chief Finance Officer |
| June 2023 | External Auditors |

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

Audit and Assurance Committee Forward Plan 2022/23

Appendix 1

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

Standing Items		
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

21 September 2022		
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

30 November 2022		
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

15 March 2023		
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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