

**Agenda
Audit and Assurance Committee
Wednesday 20 September 2023**

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 5 June 2023
(Pages 1 - 8)**

General Counsel

The Committee is asked to approve the minutes of the meeting of the Committee held on 5 June 2023 and authorise the Chair to sign them.

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

General Counsel

The Committee is asked to note the updated actions list.

5 TfL Annual Report and Statement of Accounts Year Ended 31 March 2023

Chief Finance Officer

The Committee is asked to note the paper and

- (a) approve the 2022/23 Statement of Accounts, subject to any comments Members might have, and agree that the Statutory Chief Finance Officer will make any further adjustments arising from the work prior to the auditors Ernst & Young LLP, signing their opinion, or from any comments made by the Board of any subsidiary company. Should any changes be required to the Statement of Accounts, which in the opinion of the**

Statutory Chief Finance Officer are material, he will seek approval of the Audit and Assurance Committee for these changes;

(b) note that the TfL Board has authorised the Chief Customer and Strategy Officer to make any further design or editorial changes to the Annual Report as may be required; and

(c) note that the Chair of the Audit and Assurance Committee will sign and date the Statement of Accounts in due course.

External Audit Items

6 EY Annual Audit Letter

Chief Finance Officer

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

7 Effectiveness Review of External Auditors (Pages 13 - 16)

Chief Finance Officer

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

Audit, Risk and Assurance Items

8 Risk and Assurance Quarter 1 Report 2023/24 (Pages 17 - 42)

Director of Risk and Assurance

The Committee is asked to note the report, approve the Internal Audit Plan 2023/24 Phase 2 set out in Appendix 1, and note the exempt supplementary information on Part 2 of the agenda.

9 Independent Investment Programme Advisory Group Quarterly Report (Pages 43 - 46)

General Counsel

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

10 TTL Properties Limited Assurance Update (Pages 47 - 58)

Director of Risk and Assurance

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

Accounting and Governance

11 Freedom of Information Update (Pages 59 - 64)

General Counsel

The Committee is asked to note the paper.

12 Financial Control Environment Trend Indicators (Pages 65 - 70)

Chief Finance Officer

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

13 Register of Gifts and Hospitality for Members and Senior Staff
(Pages 71 - 76)

General Counsel

The Committee is asked to note the paper.

14 Members' Suggestions for Future Discussion Items (Pages 77 - 80)

General Counsel

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

15 Any Other Business the Chair Considers Urgent

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

16 Date of Next Meeting

Wednesday, 29 November 2023 at 10.00am.

17 Exclusion of Press and Public

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

Agenda Part 2

18 EY Annual Audit Letter

Exempt supplementary information relating to the item on Part 1.

19 Effectiveness Review of the External Auditors (Pages 81 - 84)

Exempt supplementary information relating to the item on Part 1.

20 Risk and Assurance Quarter 1 Report 2023/24 (Pages 85 - 106)

Exempt supplementary information relating to the item on Part 1.

21 TTL Properties Limited Assurance Update (Pages 107 - 108)

Exempt supplementary information relating to the item on Part 1.

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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, Monday 5 June 2023**

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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Staff

Patrick Doig	Acting Chief Finance Officer
Jill Elliott	Head of Internal Audit
Lorraine Humphrey	Director of Risk and Assurance
Nico Lategan	Head of Enterprise Risk
Richard Mullings	Head of Counter-Fraud and Corruption
James Norris	Head of Project Assurance
Pritesh Patel	Interim Group Finance Director
Mike Shirbon	Head of Quality, Safety and Security Assurance
Chris Tann	Head of Financial Accounting and Tax
Sue Riley	Secretariat Officer

Also In Attendance

Janet Dawson	Partner, Ernst & Young
Alison Munro	Chair, Independent Investment Programme Advisory Group
Philip Young	Partner, Ernst & Young

18/06/23 Apologies for Absence and Chair's Announcements

The Chair welcomed everyone to the meeting. There were no apologies for absence. The meeting was quorate. Rachel McLean, Chief Finance Officer, was currently on medical leave and the Committee asked that their best wishes for a speedy recovery be recorded.

The meeting was also being broadcast live to TfL's YouTube channel to ensure the public and press could observe the proceedings and decision making.

Following the meeting, Members were scheduled to meet with the External Auditors for the annual informal meeting.

The Chair agreed to take Item 5 TfL Annual Report 2022/23, Item 6 TfL Statement of Accounts for Year Ended 31 March 2023 and Item 7 EY Report to those Charged with Governance, which were marked to follow on the agenda, as late items, as information in the papers was being verified and finalised at the time of publication.

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 the appropriate member of the Executive Committee after the meeting.

19/06/23 Declarations of Interest

Members confirmed that their declarations of interests, as published on tfl.gov.uk, were up to date and there were no interests to declare that related specifically to items on the agenda.

20/06/23 Minutes of the Meeting of the Committee held on 15 March 2023

The minutes of the meeting of the Committee held on 15 March 2023 were approved as a correct record and the Chair was authorised to sign them.

21/06/23 Matters Arising, Actions List and Delegated Authority

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

A verbal update was provided on the Ransomware exercise recently carried out and led by Accenture (46/09/22 (4)).

Since the last meeting of the Committee on 15 March 2023, there had been two uses of Chair's Action in relation to the approval of authority requests submitted to the meeting of the Committee on 15 March 2023, and the 2022/23 TfL Scorecard Assurance Review.

The Committee noted the updated Actions List and use of Delegated Authority.

22/06/23 TfL Annual Report 2022/23

This item was published as a late urgent item on 1 June 2023, as information in the report was not available when the papers for the meeting were published.

Patrick Doig introduced the TfL Annual Report 2022/23.

The Committee welcomed the report as clear, concise and easy to read. Members welcomed the focus on the Elizabeth line and individual staff stories and thanked all those involved in its production.

The Committee noted the Annual Report and noted the delegation to the Chief Customer and Strategy Officer the task of making any adjustments prior to submission to the Board.

23/06/23 EY Report to Those Charged with Governance

This item was published as a late urgent item on 1 June 2023, as information in the report was not available when the papers for the meeting were published.

Janet Dawson and Philip Young presented the report, setting out the key risks addressed by EY during the audit of the Statement of Accounts for the Transport for London Group for the year ended 31 March 2023.

Key risks included the continuing uncertainty of future funding and a potential major cyber breach.

Work continued on the technical review of the annual accounts and value for money assessment.

Clarification was provided on the accounting of infrastructure assets and accounting adjustments identified by management.

The Committee was advised that discussions with the Department for Transport in relation to future funding were progressing. The current agreement meant a substantial amount of capital expenditure costs were covered, but TfL's flexibility in relation to major projects was limited due to committed contracts. Board Members would be kept updated.

The Committee noted the report.

24/06/23 TfL Statement of Accounts for the Year Ended 31 March 2023

This item was published as a late urgent item on 1 June 2023, as information in the report was not available when the papers for the meeting were published.

Patrick Doig introduced the TfL Statement of Accounts for the Year ended 31 March 2023.

TfL continued to reduce its operating deficit by increasing revenue and reducing costs. Increased capital expenditure meant cash balances had been maintained. The restructuring of lease liabilities and increasing working capital for rolling stock were also highlighted.

Patrick Doig was content with the current financial strategy. Timing issues in relation to the general fund reserves meant this would need to be monitored more closely and would, therefore, be included in future quarterly reports to the Board. It was noted that the general fund reserves were forecast to increase to the target of £500m in the financial year 2024/25.

An update was provided on the TfL Pension Fund. The net surplus on TfL's defined benefit pension schemes and unfunded liabilities, calculated in accordance with IAS 19, has increased from a net deficit to a net surplus at 31 March 2023, due to a change in the financial assumptions adopted and technical accounting judgements. The audit work in relation to recognition of this surplus in accordance with IAS 19 was under review by EY.

The Committee:

- (a) noted the draft Statement of Accounts and the Remuneration Report and the delegation to the statutory Chief Finance Officer to make any adjustments arising from the ongoing audit work prior to submission to the Board. Any material adjustments arising would be reported to the next meeting of the Committee;**

- (b) recommended that the Board confirm its overall approval of the provision of an ongoing guarantee by Transport Trading Limited of all the outstanding liabilities of those of its subsidiary companies listed below, such guarantee enabling those subsidiaries to be exempt from the need to have their accounts audited:**
 - (i) Woolwich Arsenal Rail Enterprises Limited;**
 - (ii) City Airport Rail Enterprises Limited;**
 - (iii) London Underground Limited;**
 - (iv) LUL Nominee BCV Limited;**
 - (v) LUL Nominee SSL Limited;**
 - (vi) Docklands Light Railway Limited;**
 - (vii) Tube Lines Limited;**
 - (viii) Rail for London Limited;**
 - (ix) Rail for London (Infrastructure) Limited**
 - (x) Tramtrack Croydon Limited;**
 - (xi) London Buses Limited;**
 - (xii) London Bus Services Limited;**
 - (xiii) London River Services Limited;**
 - (xiv) Transport for London Finance Limited;**
 - (xv) Victoria Coach Station Limited;**

(c) noted that:

- (i) as a result of the application of IFRS 9 Financial Instruments, Transport for London's auditors, Ernst & Young LLP, required that letters of financial support previously provided by TfL in respect of the liabilities of its subsidiaries be re-signed annually by TfL's Chief Finance Officer; and**

- (ii) Board approval for the issue of such letters was granted when the subsidiaries were first established or acquired and the template for the letter to be signed was included in Appendix 2 to the paper.**

25/06/23 EY Letter on Independence and Objectivity

Janet Dawson presented the letter, informing the Committee on the independence and objectivity of EY.

The Committee noted the paper.

26/03/23 EY Report on Audit and Non-Audit Fees for Six Months Ended 31 March 2023

Janet Dawson and Philip Young presented the letter, informing the Committee on fees billed by EY for non-audit services.

The Committee noted the report.

27/06/23 Annual Audit Fees 2023/24

Patrick Doig presented the annual audit fee for the audit of Transport for London, Transport Trading Limited (TTL) Group, Crossrail Limited and TTL Properties Limited (TTLP) Group for the year ending 31 March 2024.

The fee increase was due to the complexity of the TTLP Group and increase in the number of subsidiary companies. A competitive process had been carried out for all work.

EY had been appointed as auditors for the next five years for TfL and its subsidiaries.

The Committee noted the paper.

28/06/23 Risk and Assurance Annual Report and Assurance Statement 2022/23

Lorraine Humphrey and Jill Elliott introduced the annual report and assurance statement of the Risk and Assurance Directorate.

Increased support from senior management in closing down management actions in a timelier manner had resulted in a positive reduction of all management actions and particularly those over 100 days.

The Committee welcomed the report and continued improvements.

The Committee noted the report.

29/06/23 Risk and Assurance Quarter 4 Report 2022/23

Lorraine Humphrey introduced the report, and the related exempt supplementary information on Part 2 of the agenda, setting out work completed by the Risk and Assurance Directorate during Quarter 4 of 2022/23 (1 December 2022 to 31 March 2023), including work in progress and planned activities. Jill Elliott, Nico Lategan, Richard Mullings, James Norris and Mike Shirbon were also in attendance.

The Directorate continued to increase capacity, resourcing and resilience through recruitment, training and internal promotions.

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

30/06/23 Independent Investment Programme Advisory Group Quarterly Report

Lorraine Humphrey introduced the Independent Investment Programme Advisory Group's (IIPAG) quarterly report. Alison Munro set out the key areas of the report in detail.

Elizabeth line performance would continue to be closely monitored, including by the Elizabeth Line Delivery Group, until complete transition in autumn 2023, and by the Head of Project Assurance. It was also subject to a Government Infrastructure and Projects Authority final Gateway review.

The Committee noted the Independent Investment Programme Advisory Group's (IIPAG) Quarterly Report, the management response to it and approved the IIPAG Workplan for 2023/24.

31/06/23 Elizabeth Line Programme Assurance Report Quarter 4 2022/23

James Norris presented an overview of programme assurance activity in relation to the Elizabeth line during Quarter 4 of 2022/23 (11 December 2022 to 31 March 2023).

An update would be provided on the 'Information Management and Transfer – Hardcopy Documents' audit ('Requires Improvement') at the next meeting, as part of the Risk and Assurance quarterly report. **[Action: Jill Elliott]**

The Committee noted the paper.

32/06/23 TTL Properties Limited Assurance Update

Lorraine Humphrey presented the report on progress with assurance activity across TTL Properties Limited during Quarter 4 of 2022/23 (1 December 2022 to 31 March 2023), and the related exempt supplementary information on Part 2 of the agenda.

Internal Audit was asked to review all previous commercial transactions, including joint ventures and residential property transactions, to ensure due process had been applied and this would be built into the audit plan at the right point. **[Action: Jill Elliott]**

Further details would be provided on the Property Transfer Accounting, to ensure that the sampling carried out was adequate. **[Action: Jill Elliot]**

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

33/06/23 Review of Governance and the Annual Governance Statement for Year Ended 31 March 2023

Howard Carter introduced the annual review of compliance with the TfL Code of Governance in 2022/23.

The outcomes of the ongoing Board Effectiveness Review would be included in the final improvement plan.

The Committee:

- 1 noted the paper and approved the Annual Governance Statement, as set out in Appendix 1 of the paper, for signing by the Chair of TfL and the Commissioner, for inclusion in the 2022/23 Annual Report and Accounts; and**
- 2 noted the progress against the 2022/23 improvement plan, as set out in Appendix 2 of the paper, and the plan for 2023/24, as set out in Appendix 3 of the paper.**

34/06/23 Legal Compliance Report (1 October 2022 – 31 March 2023)

Howard Carter presented the summary of information provided by each TfL Directorate for the Legal Compliance Report for the period 1 October 2022 to 31 March 2023.

An update was provided on the trial of the driver of the tram at the time of the Sandilands derailment, which was in progress at the Old Bailey.

Four new grounds of challenge on the Ultra Low Emission Zone scheme had been granted for inclusion in the judicial review scheduled for July 2023.

The Committee noted the report.

35/06/23 Financial Control Environment Trend Indicators

Pritesh Patel presented the quarterly update on Financial Control Environment Trend Indicators.

A Procurement and Commercial scorecard was being developed for internal reporting and some of the metrics in that scorecard would be included in the future quarterly update reports to the Committee.

The use of an improved commercial procurement system meant better future planning would be implemented, providing a more efficient, competitive and value for money process.

The Committee noted the paper and the Financial Control Environment Trend Indicators dashboard.

36/06/23 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.

37/06/23 Members' Suggestions for Future Discussion Items

Howard Carter introduced the current forward plan for the Committee.

The Committee noted the forward plan.

38/06/23 Any Other Business the Chair Considers Urgent

There was no other urgent business to discuss.

39/06/23 Date of Next Meeting

The next scheduled meeting of the Committee would be held on Wednesday 20 September 2023 at 10.00am.

40/06/23 Exclusion of Press and Public

The Committee agreed to exclude the press and public from the meeting, in accordance with paragraphs 3 and 7 of Schedule 12A to the Local Government Act 1972 (as amended), when it considered the exempt information in relation to the items on: Risk and Assurance Quarter 4 Report 2022/23; and TTL Properties Limited Assurance Update.

The meeting closed at noon.

Chair: _____

Date: _____

Audit and Assurance Committee



Date: 20 September 2023

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 and any use of delegated authority via Chair's Action since the last meeting. There has been no use of Chair's Action.
- 1.2 Appendix 1 sets out the progress against actions agreed at previous meetings.

2 Recommendation

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

List of appendices to this report:

Appendix 1: Actions List

List of Background Papers:

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 20 September 2023)

Actions from the meeting held on 5 June 2023

Minute No.	Item/Description	Action By	Target Date	Status/Note
31/06/23	<p>Elizabeth Line Programme Assurance Report Quarter 4 2022/23</p> <p>An update to be provided on the 'Information Management and Transfer – Hardcopy Documents' audit ('Requires Improvement') at the next meeting, as part of the Risk and Assurance quarterly report.</p>	Jill Elliott	20 September 2023 meeting	A verbal update will be provided at the meeting.
32/06/23 (1)	<p>TTL Properties Limited Assurance Update</p> <p>Internal Audit to review all previous commercial transactions, including joint ventures and residential property transactions, to ensure due process had been applied and this would be built into the audit plan at the right point.</p>	Jill Elliott	20 September 2023 meeting	Completed. TfL governance processes have been followed. Going forward Risk and Assurance will assure/audit new transactions as part of the TTL Properties Limited Integrated Assurance Framework.
32/06/23 (2)	<p>TTL Properties Limited Assurance Update</p> <p>Further details to be provided on the Property Transfer Accounting, to ensure that the sampling carried out was adequate.</p>	Jill Elliott	20 September 2023 meeting	Completed. The sampling carried out has been reviewed and Internal Audit believe it is representative of the area audited.

Actions from previous meetings

Minute No.	Item/Description	Action By	Target Date	Status/Note
06/03/23	<p>Risk and Assurance Quarter 3 Report 2022/23: Fraud Referrals</p> <p>Future reports to include a breakdown of fraud referrals received through the TfL website, including referrals dealt with by the Counter-fraud and Corruption team or disseminated elsewhere.</p>	Richard Mullings	20 September 2023 meeting	Completed. Detail included in the Risk and Assurance Quarter 1 Report 2023/24 on the agenda for this meeting and will be included in all future reports.
07/03/23	<p>Independent Investment Programme Advisory Group (IIPAG) Quarterly Report: Capital Projects</p> <p>IIPAG to consider reviewing projects across the capital programme comparing their original budget, schedule and business plan benefits against final position.</p>	Alison Munro/ Stuart Harvey /Michael Cooper	20 September 2023 meeting	A verbal update will be provided at the meeting.
14/03/23	<p>Members' Suggestions for Future Discussion Items: Risk Matrix</p> <p>The outcomes of a further discussion with the Executive Committee on risk matrix to be submitted to a future meeting.</p>	Lorraine Humphrey	20 September 2023 meeting	An informal session with Board Members was held on 31 August 2023. A verbal update will be provided at the meeting.
46/09/22 (3)	<p>Risk and Assurance Quarter 1 Report 2022/23: Fraud</p> <p>Clarification on whether fraud against TfL, through revenue activities, was increasing or decreasing and further information, following engagement with key stakeholders, to be provided.</p>	Richard Mullings	20 September 2023 meeting	A verbal update will be provided at the meeting.

Audit and Assurance Committee



Date: 20 September 2023

Item: Effectiveness Review of the External Auditors

This paper will be considered in public

1 Summary

- 1.1 This paper provides a report to the Committee on external auditor effectiveness.
- 1.2 A more detailed paper is included on Part 2 of the agenda, which contains exempt supplementary information. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains detailed comments on Ernst & Young's (EY's) performance during the audit, which are commercially sensitive. Any discussion of that exempt information must take place after the press and public have been excluded from the meeting.

2 Recommendation

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

3 Background

- 3.1 The Terms of Reference of the Committee require it to review formally the performance of the external auditors at least annually. This review covers the performance of the external auditors of all parts of the TfL Group where EY are auditor.
- 3.2 The Terms of Reference do not specify the means by which auditor performance is to be assessed. Other guidance is available, one of the more recent of which is the Financial Reporting Council 2016 publication "Guidance on Audit Committees" (the Guidance). This is an update of guidance first published in 2003 and subsequently updated in 2008. It is based on the UK Corporate Governance Code, and although this relates to listed companies, the principles are also relevant to entities such as TfL.
- 3.3 The Guidance identifies four criteria in assessing external auditors:
 - (a) qualification;
 - (b) expertise and resources;
 - (c) effectiveness; and
 - (d) independence.

- 3.4 EY are the auditors of all entities within the TfL Group (with the exception of London Transport Museum (the Museum) which was audited by Moore Kingston Smith LLP). Both EY and Moore Kingston Smith LLP are “registered auditors” and are required to comply with the International Standard on Auditing (UK) which cover such matters as independence and integrity, maintaining competence, compliance with technical standards and monitoring compliance with the Regulations. These requirements ensure that the criterion regarding qualification is addressed.
- 3.5 Independence of the external auditors is dealt with through separate reports to the Committee on fees for non-audit services and on independence and objectivity, both reported twice a year. The external auditors are appointed by Public Sector Audit Appointments Limited, the successor body to the Audit Commission, under a statutory process, and this provides additional safeguards in terms of independence.
- 3.6 This paper deals with assessing the remaining two criteria in the Guidance, namely the effectiveness, and also the expertise and resources, of EY as external auditors. The Museum is not material to the Group as a whole and the effectiveness of the Museum audit was discussed at its own Audit Committee.

4 Methodology for Assessing External Auditor Effectiveness and Expertise

- 4.1 A questionnaire was devised and distributed to key finance staff and senior management to obtain their views on the conduct and effectiveness of the external audit, including the expertise and resources of the external auditors.
- 4.2 A separate questionnaire was also devised and distributed to Committee Members to assess the quality and effectiveness of EY’s performance and reporting across the Group in respect of the audit of the year ended 31 March 2023.
- 4.3 Responses from key staff were sought under four main headings:
- (a) audit planning and preparation;
 - (b) field work;
 - (c) closing meetings and sign-off; and
 - (d) general.
- 4.4 Responses from Committee Members were sought under the headings:
- (a) assessing the auditor’s judgements about materiality;
 - (b) risk assessment;
 - (c) nature and extent of audit work; and
 - (d) audit conclusions and auditor reporting.
- 4.5 The questionnaires provided respondents with an opportunity to comment on the specific questions and also respond on more general, free-form topics.

- 4.6 Questionnaires were sent out to all parts of the business and to Committee Members, and most were completed and returned. Some parts of the business consolidated their responses into one return for that business unit. The Finance Shared Services Centre and the Group Accounting team were also covered.
- 4.7 Respondents were asked to score responses on a 1 to 3 scale, with 3 being the top score. Average scores were calculated for each part of the questionnaire.

5 Conclusions on External Auditor Effectiveness and Expertise

- 5.1 Overall, Members were satisfied with EY's performance as external auditors during 2022/23. Average scores ranged from 2.8-3.0.
- 5.2 TfL finance staff were also generally satisfied with EY performance. The scores on average were in line with the prior year. The average score across all questions was 2.7 (2022/23 2.7).
- 5.3 It was noted that the efficiency and focus of the audit were improved on the prior year, and that EY had taken on board suggested improvements from the 2021/22 feedback.
- 5.4 The questionnaire asked if there were any members of the audit team that TfL staff would single out for their strong personal contribution. Several names were mentioned and these have been fed back to the EY partners.

List of appendices to this report:

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

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

Date: 20 September 2023

Item: Risk and Assurance Quarter 1 Report 2023/24

This paper will be considered in public

1 Summary

- 1.1 This report informs the Committee of the work completed by the Risk and Assurance Directorate during Quarter 1 (Q1) of 2023/24 (1 April to 24 June 2023) 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 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, approve the Internal Audit Plan 2023/24 Phase 2 set out in Appendix 1 and note the exempt supplementary information on Part 2 of the agenda.**

3 Director Update

- 3.1 This is the first quarterly report for 2023/24 setting out the work undertaken by the various teams within the Risk and Assurance Directorate. This new format provides more cohesive information on that work under the headings of Risk Management, Internal Control and Governance.
- 3.2 Internal Audit delivered three audits in Q1 and detail is included at Appendix 2. The Accounts Receivable audit was rated as 'adequately controlled' and two memos were issued, one with the outcome of the annual TfL Scorecard review and the other was a supplier audit review that was completed at the request of the business. The number of audits delivered in Q1 is lower than last year due, in part, to the limited carry over from 2022/23. In previous years Q1 figures were boosted by the completion of carry over audits which distracted from the delivery of the new plan. At the end of Q1 all audits due in the quarter were either towards the end of fieldwork or in reporting but not where forecast. We are working to smooth out audit delivery over the remaining three quarters of the year.

3.3 The Quality, Safety and Security Assurance (QSSA) team delivered 18 second line audits in Q1 of which none were rated as 'poorly controlled'. Five were rated as 'requires improvement' and all have agreed actions plans in place:

- (a) Projects Asbestos Management;
- (b) TfL Estates Management Health, Safety and Environment Compliance;
- (c) Noise, Nuisance, Vibration Management;
- (d) Revenue Inspection Devices; and
- (e) London Underground Track and Welding.

3.4 There has been no noteworthy change in audit conclusion profile in the past 12 months when broken down by strategic risk or Chief Officer team. Key findings and trends from Integrated Systems audits of London Underground operational teams have been presented to the Stations, Trains and Service Control senior management team to share good practice and where systems level action is required to address the common non-compliances.

3.5 Two consultancy style reviews were completed on Medical Fitness in Buses and TfL Health Surveillance. Both provided recommendations to improve the robustness of the control environment and to promote compliance in the management of colleague and supplier health.

3.6 During Q1, the Counter-fraud and Corruption (CFC) team received 233 referrals, all of which were assessed and disseminated within the 10 working days target. As a result of the referrals seven new full fraud cases are under investigation and a further 36 have been made miscellaneous cases that require the CFC team to carry out further enquiries to assess whether any become a full case. Six full cases were closed during Q1.

3.7 A breakdown of current full fraud cases and their status is shown in the table below.

Chief Office	Start Q1	New Q1	Closed Q1	Under investigation by CFC	With Line Management	With Law Enforcement
Operations	22	2	6	6	5	7
Capital	0	0	0	0	0	0
Customers & Strategy	8	5	0	5	1	7
People	1	0	0	0	0	1
General Counsel	3	0	0	0	1	2
Finance and Procurement	1	0	0	0	0	1
Total	35	7	6	11	7	18

3.8 A CFC investigation into allegations that concessionary Oyster cards (5-10 scheme) were being supplied to ineligible members of the public through a social media platform led to the identification of a suspect providing the fraudulent service. The British Transport Police executed a warrant and seized telephones

linked to the suspected fraud and a number of applications awaiting processing through the Post Office. Cash was seized from the address and further cash restrained in a bank account totalling £80,000. The suspect pleaded guilty to all charges and will be sentenced at a later date following the calculation of losses related to the 288 fraudulent applications identified. The CFC team will be seeking full compensation through the Crown Prosecution Service.

- 3.9 A former Customer Service Assistant was convicted and sentenced at the Royal Courts of Justice to 12 months' imprisonment (suspended for 12 months) for 26 incidents of theft from Passenger Operated Machines. The thefts occurred between March and May 2019 at various London Underground stations. The former Customer Service Assistant was also ordered to carry out 150 hours of unpaid work and pay TfL over £2,500 in compensation.
- 3.10 During this quarter we had three people leave however our recruitment campaigns have been successful and we have 12 new starters including our two Internal Audit apprentices in Q2.

4 Internal Audit Plan

- 4.1 The audit plan has been updated with the work that we intend to carry out in the second six months of 2023/24. The Committee is asked to approve the updated audit plan set out in Appendix 1.
- 4.2 The plan is subject to regular review and provides the level of flexibility to meet any changes to the organisation's assurance needs. The detailed plan also shows the areas where there will be second line audit or review activity carried out by the other assurance teams, both within in Risk and Assurance and the Independent Investment Programme Advisory Group (IIPAG).

5 Risk Management

- 5.1 Understanding and managing risk at all levels within TfL is essential to ensure that we can mitigate the risks as far as is practical and understand our exposure. The Directorate supports the business with Enterprise Risk management at Enterprise (Level 0), strategic (Level 1) and tactical (Level 2).
- 5.2 The following Level 0 Enterprise Risk reviews were facilitated by the team in Q1:
- (a) Significant security incident (ER4);
 - (b) Efficient and high performing supply chains and effective procurement (ER5);
 - (c) Financial Resilience (ER7);
 - (d) Delivery of key investment programmes and projects (ER8); and
 - (e) Governance and control suitability (ER10).
- 5.3 Work on the revised risk appetite approach is ongoing and some further information has been requested by Board Members before it can be finalised.
- 5.4 Level 1 risk identification workshops were held for the following areas: Chief People Officer; General Counsel; Green and Safety; and Procurement and Commercial. Following the approval of these risks by the respective Chief Officers, work is ongoing to develop these risks. Level 1 risk development is also

in progress for Operations, Customer and Security business areas where the risk identification workshops were held in the previous quarter.

- 5.5 Following the IIPAG recommendation to strengthen second line assurance of high value procurement actions, the Project Assurance (PA) team has completed a detailed procurement review focusing on the preparation of tender documentation for a contract relet in the Technology and Data area. Notable findings included clarity of evaluation criteria, and ways to limit process bias towards incumbent suppliers. A review of documentation and processes associated with a new framework in the London Underground infrastructure area started in Q1. Undertaking this new type of assurance is adding value to the procurement process, reducing the risk profile of significant procurements, and providing reassurance to senior management that the processes are robust or suggest improvements to make them so.
- 5.6 A list of the Level 0 risks is included as Appendix 3.

6 Internal Control

- 6.1 Effective internal control is essential to ensure that TfL realises its stated aims and objectives. This is achieved through an internal control system that promotes adherence with policies and procedures, the safeguarding of assets, the prevention and detection of fraud and error, and the accuracy and completeness of financial and non-financial records. The teams in Risk and Assurance assess the appropriateness and effectiveness of, and compliance with, internal controls.
- 6.2 The CFC team has been working with a design and delivery specialist from the Learning and Development team to develop fraud and corruption material for all new starters to TfL. A series of slides and a script have been agreed and are now included in the main Welcome to TfL slide pack. A more detailed offering will also be available on the Digital Welcome to TfL guide, which will be available to all employees. Raising awareness of fraud and corruption and how to report suspicions are two of the many facets of managing the risk of fraud against TfL.

Finance and Procurement

- 6.3 The audit of the adequacy and effectiveness of TfL's Accounts Receivable process found that controls are in place and operating effectively. The only medium rated finding related to some senior managers asking staff that report to them to be set up as substitutes for approving credit notes in the event of their absence. This breaches the TfL SAP Substitutes Policy and as a result the policy has been revised so that downward delegation is no longer allowed.

Safety

- 6.4 The QSSA team found in their review of projects asbestos management that there was good awareness among Project Managers of the internal asbestos procedures. Where non-TfL/external Principal Contractors were appointed the requirements of this procedure were unclear. As a result the procedure will be amended so that Works Manager/Project Manager responsibilities are clearly defined and consistent with the level of risk and control when TfL is not the Principal Contractor.

7 Governance

- 7.1 Governance is the combination of processes and structure that the Board puts in place to inform, direct, manage and monitor TfL's activities to ensure the achievement of objectives. The Risk and Assurance teams look at how this is supported and works in practice at an organisational level. We reported at year end that our work often identified poor records management, a lack of clarity over roles and responsibilities and compliance with established procedures. We continue to raise this through wider discussion with the business so that we can effectively target future work.

Assurance and Investment programme

- 7.2 The primary source of assurance for the delivery of the TfL Investment Programme continues to be through the work of the PA team and IIPAG. PA and IIPAG consider that there is sufficient scrutiny of the Investment Programme in TfL through the various portfolio meetings as well as the Executive Committee Investment sub-group, and at the Programmes and Investment Committee.
- 7.3 The PA team has continued its programme of targeted assurance interventions, including reviews associated with annual sub-programme submissions to the May meeting of the Programmes and Investment Committee, plus ongoing continuous assurance activity. From this work recommendations have been made and themes identified and collated. Findings relating to procurement, commercial and affordability have been notable this quarter. Resources have continued to be monitored and generally an improving situation has been observed, although challenges remain, with certain roles (including certain specialist engineering and technical roles) still being in short supply.
- 7.4 Business cases continue to be reviewed in detail in most PA reviews. New initiatives and tools have started to improve aspects of business cases but areas for improvement still routinely arise in reviews. In particular the need to better demonstrate how TfL will deliver benefits aligned to the project objectives – the “golden thread”. Additionally significant effort has been involved in reviewing business cases to be submitted to the Department for Transport as part of applications for funding under the Major Road Network programme.
- 7.5 IIPAG have worked with PA on programme reviews and reviews of higher value projects. They have continued to progress their programme of cross-cutting reviews this quarter. Fieldwork has been completed on the Delivery of Renewals review, and the Effectiveness of Pathway Gates Part 1 (Projects) review has commenced. Respective areas of TfL continue to work addressing recommendations from earlier cross-cutting work.

Assurance of the Elizabeth line

- 7.6 The commencement of the 24 trains per hour timetable (Stage 5C) operation of the Elizabeth line in May 2023 completed the final stage of the train service operations linking Abbey Wood and Shenfield in with Heathrow and Reading via the central operating section. PA's process of regular interaction with the Crossrail team concluded with a summary of PA's position on Crossrail's response to the Project Development Agreement obligations and concluded that

Crossrail had undertaken its obligations as set out in the Project Development Agreement and had not transferred any residual risk to TfL as a result.

7.7 Going forward the focus for future Elizabeth line assurance within PA will include the following:

- (a) a targeted assurance review to align with the TfL project completion stage gate following financial close as agreed as part of the recent Infrastructure and Projects Authority review;
- (b) targeted assurance reviews on the Elizabeth line capital renewal works programme (annual), and on capital projects exceeding £5m in value, selected based on risk and project lifecycle stage; and
- (c) continuous assurance monitoring of projects, and of the reliability performance of the rolling stock and a number of key contracts.

Security Governance

7.8 The QSSA team provided a consultancy piece on the continuation and development of security governance and culture maturity within TfL. The report was provided to the Compliance Policing Operations Security team and was presented at the relevant Executive Committee sub-group. Overall, the report concluded that there is evidence of the maturing of TfL security governance and culture, primarily due to the establishment of a pan-TfL security policy, strategy, governance meetings, communications plans and performance metrics. The report provided recommended actions that will assist with TfL's work to improve security culture and governance. Many of the recommended actions address either the revision of materials or the communication of the new strategies and alignment across the TfL security teams. Other actions identify where other scope items could be expanded to reflect or seek good practice from organisations such as the Department for Transport.

8 Programme Changes

8.1 No internal audits or QSSA audits were cancelled or deferred in Q1. One additional internal audit of one of our suppliers was completed at the request of the Chief Finance Officer.

9 Management Actions/Recommendations

9.1 A breakdown of overdue management actions and recommendations across Chief Officers and Risk and Assurance teams is included as Appendix 4.

9.2 Appendix 5 provides an analysis on a rolling four quarter basis of management actions from Internal Audit and QSSA work and PA recommendations.

10 Customer Feedback

10.1 In Q1, the QSSA team received five customer feedback responses out of eight sent out, with a 100 per cent satisfaction. In the last 12 months, 35 responses were received out of 70 issued with an average 98 per cent satisfaction score. Internal Audit issued two customer feedback forms, both were returned with a satisfaction rate of 94 per cent.

11 Mayoral Directions

- 11.1 The Mayor is permitted to issue to TfL general directions as to the manner in which TfL is to exercise its functions, or specific directions as to the exercise of its functions (or not to exercise a power specified in the direction). Directions are also often made in relation to the implementation of matters in respect of which the Mayor delegates statutory powers to TfL.
- 11.2 The Mayor makes Mayoral Directions through Mayoral Decisions, which are published on the [GLA's Decisions Database](#). A summary of current Mayoral Directions to TfL is maintained on the [How we are governed](#) page on our website. Mayoral Directions to TfL are reported to the relevant Board Committees for discussion as soon as possible after they are received by TfL or published. Mayoral Directions are also reported to this Committee so it can consider if the annual audit plan has appropriate audit resource to provide assurance on TfL's work in implementing Mayoral Directions.
- 11.3 Since the last report to the Committee there has been one new Mayoral Direction to TfL.

MD3142 11/07/23	Withdrawal of Day Travelcards on TfL Network TfL's funding settlements with Government requires TfL to generate between £0.5bn and £1bn of additional net revenue per annum from 2023. TfL's assessment of Day Travelcards is that it is effectively under-funded by the Travelcard Agreement at a total cost of approximately £40m a year. As a fairer share of the income from Day Travelcards is yet to be agreed with the Train Operating Companies, the Mayor has directed TfL to give six-months' notice to terminate the relevant provisions of the Travelcard Agreement. Should the Department for Transport and Train Operating Companies propose an alternative arrangement during this notice period, which is financially acceptable to TfL and allows it to meet the requirements of its funding settlement with Government, this notice could (by agreement) be retracted and Day Travelcards remain available.
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List of appendices to this report:

- Appendix 1: 2023/24 Internal Audit Plan – October 2023 to March 2024 (Phase 2)
- Appendix 2: Internal Audit reports issued in Q1 2023/24
- Appendix 3: Level 0 Enterprise Risks
- Appendix 4: Overdue Actions and Recommendations by Team
- Appendix 5: Analysis of Management Actions and Recommendations by Category and Team

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

List of Background Papers:

None

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

Enterprise Risk 1		Inability to deliver safety objectives and obligations	
<p>Quality, Security and Safety Assurance will deliver a portfolio of engagements at the second line relating to safety assurance in addition to the Safety, Health and Environment (SHE) and Engineering assurance teams</p>			
Enterprise Risk 2		Attraction, retention, wellbeing and health of our employees	
Audit Title	Rationale and Outline Audit Scope		Chief Officer/ Directorate/client
Headcount Controls Process (Risk Driven)	Why now?	TfL’s headcount controls process is in place to ensure that TfL has the right people with the right skills to meet the organisation’s goals within the current financial constraints. Since May 2023, the Chief People Officer is no longer required to review and approve all recruitment requests. Authority for this has been given to each of the Chief Officers.	Fiona Brunskill (Interim Chief People Officer)
	Audit objective	To provide assurance on the adequacy and effectiveness of controls governing the headcount controls process launched in May 2023.	
Enterprise Risk 3		Environment including climate adaptation	
Audit Title	Rationale and Outline Audit Scope		Chief Officer/ Directorate/client
Impact of Severe Weather <ul style="list-style-type: none"> • Severe heat followed by heavy rain and flooding • Wind • Snow 	Why now?	As the impact of climate change is realised, severe weather extremes are likely to increase in frequency and severity. During the first half of the year we looked at heavy rain and flooding and heat and these final three elements will complete this series of work.	Carl Eddleston (Director of Network Management and Resilience)
	Audit objective	To provide assurance on the adequacy and effectiveness of controls in place to deal with the impact of extreme weather.	

(Risk Driven)			
Enterprise Risk 4	Significant security incident		
Quality, Security and Safety Assurance will deliver a portfolio of engagements at the second line relating to the Payment Card Industry Data Security Standard			
Enterprise Risk 5	Efficient and high performing supply chains and effective procurement		
Audit Title	Rationale and Outline Audit Scope		Chief Officer/ Directorate/client
Readiness for the New Procurement Bill (Risk Driven)	Why now?	The government is reforming UK procurement rules via the new Procurement Bill. It would reform the way public authorities purchase goods, services and public works. The Cabinet Office has confirmed that it is now looking at a go-live date of October 2024. It is important that TfL are prepared and have sufficient time to address any issues identified.	Rachel McLean (Chief Finance Officer)
	Audit objective	To provide assurance over Procurement and Commercial's (P&C) readiness for complying with the new Procurement Bill.	
SAP Ariba – Source to Contract (Risk Driven)	Why now?	SAP Ariba should have strengthened controls and improved accuracy of information leading to better reporting of expenditure, planning future procurement activities, and fraud prevention. It is important that an audit is performed early to ensure controls are robust. The Source to Contract module of SAP Ariba has been identified as the highest risk for P&C activity.	Rachel McLean (Chief Finance Officer)
	Audit Objective	To provide assurance on the adequacy and effectiveness of controls governing SAP Ariba's Source to Contract module.	
Enterprise Risk 6	Deterioration of operational performance		

Quality, Security and Safety will deliver a portfolio of assurance reviews at the second line of defence, in addition to work by the Engineering Maintenance Assurance team

Enterprise Risk 7	Financial Resilience		
Audit Title	Rationale and Outline Audit Scope		Chief Officer/ Directorate/client
Department of Culture Media and Sport (DCMS)/ Wolfson Museums and Galleries Improvement Fund (Business Led)	Why now?	In line with the conditions of the grant, this audit will certify costs in respect of funding towards the Covent Garden Photography Gallery.	Elizabeth McKay (Director of London Transport Museum)
	Audit Objective	To certify costs claimed in respect of funding from DCMS/Wolfson Museums and Galleries Improvement Fund comply with conditions of this grant.	
Arts Council England (ACE): Museum Estate and Development Fund Round 1 (Business Led)	Why now?	In line with the conditions of the grant this audit will certify costs in respect of funding towards the Covent Garden lift and chiller works.	Elizabeth McKay (Director of London Transport Museum)
	Audit Objective	To certify costs claimed in respect of funding from ACE comply with conditions of this grant.	
Group Treasury (Core Work)	Why now?	The Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management in the Public Services Code of Practice (CIPFA Code) defines Treasury Management as ‘the management of an organisation’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks’.	Joanna Hawkes (Corporate Finance Director)
	Audit objective	To review the adequacy and effectiveness of controls in place to manage Group Treasury activities in TfL.	

TfL Scorecard – Mid-year Review (Core Work)	Why now?	An annual audit of the TfL Scorecard is conducted at the end of every financial year to provide assurance that year-end results are being accurately reported. There has been some change to the metrics this year and the audit review will provide assurance on the efficiency, effectiveness and reliability of how data is gathered. The timing of this allows for any finding to be addressed before the end of the financial year.	Patrick Doig (Group Finance Director)
	Audit objective	To provide assurance on the adequacy of controls in place to gather data for the reporting of measures in the TfL Scorecard.	
Cost of Change (Risk Driven)	Why now?	The People Directorate drive and coordinate change across the organisation, providing central strategic oversight from a programme and operating model perspective, and provide expertise to support the business in delivering the Our TfL change programme. It is imperative that planned financial benefits are tracked so that savings can be accurately reported.	Fiona Brunskill (Interim Chief People Officer)
	Audit objective	To provide assurance that planned financial benefits of change and return on investment are being realised across the change landscape.	
National Rail Reimbursement Scheme (PAYG) (Risk Driven)	Why now?	<p>The National Rail Reimbursement Scheme (Pay As You Go) has been a popular scheme since launching last summer. The scheme was originally introduced for TfL staff coming into the office two days a week (on average) or eight times in four weeks.</p> <p>An extension of this scheme is now being introduced, so it can be used for 10 journeys in 28 days (four weeks); this enables those colleagues who are hybrid working over a five-day week, to spend the required amount of time working in one of our office environments.</p>	Maureen Jackson (Director of Business Services)
	Audit objective	To provide assurance on the adequacy and effectiveness of controls in place governing the National Rail Reimbursement Scheme (PAYG).	

Fraud Controls in Licensing and Regulation (Risk Driven)	Why now?	The Licensing and Regulation Directorate are responsible for the licensing and regulation of London's taxi and private hire industry. There are a number of areas where robust fraud controls should be in place to ensure employees and applicants are not able to deceive TfL for personal or financial gain.	Helen Chapman (Director of Licensing and Regulation)
	Audit objective	To provide assurance on the adequacy and effectiveness of fraud controls in place within Licensing and Regulation.	
Management of Property Voids (Risk Driven)	Why now?	Commercial and residential properties should be occupied at all times to maximise income. There needs to be an effective process in place to minimise the period of time that properties are empty between tenants.	Graeme Craig (Director and Chief Exec TTLP)
	Audit objective	To provide assurance on the adequacy and effectiveness of controls to manage property voids.	
Enterprise Risk 8	Delivery of key investment programmes and projects		
Audit Title	Rationale and Outline Audit Scope		Chief Officer/ Directorate/client
Project Cost Estimation (Risk Driven)	Why now?	Our early estimates for projects are often far lower than the Estimated Final Cost turns out to be at project completion. The estimating process used in the early stages may not provide realistic figures for business planning purposes and budgeting.	Stuart Harvey (Chief Capital Officer)
	Audit objective	To provide assurance over the adequacy and effectiveness of the controls over the early cost estimation processes.	
<p>Project Assurance will deliver a portfolio of assurance reviews at the second line of defence, in addition to work undertaken by SHE and Programme Management Office teams</p> <p>IIPAG will deliver a portfolio of assurance reviews at the third line of defence</p>			

Enterprise Risk 10			Governance and Control Suitability	
Audit Title	Rationale and Outline Audit Scope		Chief Officer/ Directorate/client	
Privacy and Data Protection: Surveillance Cameras in Buses (Risk Driven)	Why now?	<p>TfL's use, management and control of surveillance cameras inside buses had come under increased scrutiny by police forces for crime prevention and detection. Recordings are also provided to TfL staff to facilitate responses to Subject Access Requests, as well as for purposes such as safety investigations and staff disciplinary matters.</p> <p>Most of the recordings are Personal Data under the General Data Protection Regulation (GDPR). Non-compliance with GDPR can result in fines of up 20 million euros or four per cent of turnover (whichever is higher).</p>	Richard Bevins (Head of Information Governance)	
		To provide assurance that TfL's use, management and control of surveillance cameras inside buses are in accordance with GDPR.		
Unblocking TfL Processes for the LTM (Business Led)	Why now?	One of the London Transport Museum's (LTM) strategic priorities is the resolution of 'blockers' caused by the potential incompatibility of TfL processes with LTM's operating environment.	Elizabeth McKay (Director of London Transport Museum)	
	Audit objective	This consultancy review will map out a TfL process, to be agreed with the LTM Board, identify any blockers, and determine potential routes to resolve without compromising corporate processes.		
Documentation and Records Management for Procurements and Contracts (Risk Driven)	Why now?	The lack of adequate supporting documentation, inconsistent approach to record keeping and document management was a key theme running through our work year ending March 2023. Having good documentation and records management is essential for all procurements and contracts, and identifying the root causes for any inadequacies is vital for to ensure P&C put in place robust processes. In addition, if TfL is subject to external challenges, it is imperative that documentation and records is robust and easily accessible.	Rachel McLean (Chief Finance Officer)	

	Audit objective	To assess the adequacy of the management of documentation and records in P&C.	
Effectiveness of the TfL Pension Fund Trustee Board (Core)	Why now?	<p>The TfL Pension Fund is managed by a Board of 18 Trustee Directors. Their role is to manage the Fund in the best interests of the Fund's members and beneficiaries. Trustees must manage the Fund in line with the 'Trust Deed and Rules' document.</p> <p>The Trustees aim to invest the Fund's assets to obtain the best long-term returns for members without putting the Fund at undue risk. Trustees should also ensure that employee and employer contributions are collected, and benefits are properly calculated and paid out.</p>	Stephen Field (Director of Pensions and Reward)
	Audit objective	To provide assurance over the effectiveness of the TfL Pension Fund's Trustee Board.	
Supplier Contract Management 1 and 2 (Business Led)	Why now?	Good contract management is vital to ensure value for money and a good service from TfL's suppliers. In order to ensure that contractors are managing their obligations to sub-contractors effectively a series of audits of sub-contractors will be undertaken.	Richard Jones (Director of Asset Performance and Facilities)
	Audit objective	To provide assurance on the effectiveness of sub-contractor contract management.	

Phase 2 October 2023 - March 2024

Potential Phase 1 April 2024 - September 2024



	Phase 2 October 2023 - March 2024				Potential Phase 1 April 2024 - September 2024				
Core work	DCMS/ Wolfson grant audit	ACE funded projects	ULEZ debt management	Group Treasury	Cash management in stations	London river service accounts	Compliance with new pensions guidance	P and C segregation of duties	Core work
	TfL scorecard mid-year review	Effectiveness of the TfL Pension fund and trustee board			Payroll	Freedom of Information process	TTLP 1	TTLP 2	
Risk-driven	Headcount controls process	Impact of extreme weather	Readiness for the new procurement bill	SAP Ariba - source to contract	TTLP spend, commitment and authority	Carbon reduction strategy - 24/25	Asset management and data information projects	Contract management - buses	Risk-driven
	Cost of change	National Rail reimbursement scheme	Documentation and record keeping P and C	Project cost estimation	Temporary agency recruitment	Cyber security improvement programme	Surveillance cameras on buses	Licensing - application and vetting	
	Fraud controls in licensing and regulation	Surveillance cameras on LU and EL trains	Management of property voids	Quality, Safety & Security Assurance	ESG planning	Safety Culture	Procurement enablement activities	Quality, Safety & Security Assurance	
	Unblocking TfL processes for LTM	Legacy technology - PSTN	Review of Strategics (application)	Supplier Contract Management 1	SAP permissions	Medical Assistance Programme	Re-let of concessions contracts	Quality, Safety & Security Assurance	
Business-led	Supplier Contract Management 2	Customer Complaints Process	Quality, Safety & Security Assurance	Project Assurance	Supplier Contract Management 1	Supplier Contract Management 2	Project Assurance		Business-led
	Key	Internal Audit	T&D Audit	Quality, Safety & Security Assurance	Project Assurance				

Transport for London Audit and Assurance Committee

Internal audit reports issued in Q1 2023/24

Appendix 2

- Three draft reports (excluding TTL Properties Limited) were issued during the quarter.

Enterprise Risk	Directorate	Ref	Audit title	Summary of Finding	Conclusion
ER07 Financial resilience	Chief Finance Officer	22 040	Accounts Receivable	There are effective controls for managing the key risks associated with Accounts Receivable processes. The only medium-risk issue the audit identified is not specific to Accounts Receivable. It relates to non-compliance with the TfL SAP Substitution Policy in a way that undermines management accountability and control. We have suggested actions to improve the policy and ensure compliance.	Adequately Controlled
ER07 Financial resilience	Chief Finance Officer	23 001	TfL Scorecard Audit 22/23	Based on the audit work performed on a sample of measures, the 2022/23 TfL Scorecard results are accurately reported and are a fair reflection of the organisation's performance during the year.	Memo
ER05 Efficient and high performing supply chains and effective procurement	Chief Finance Officer	23 027	Supplier Audit	The findings have been shared with the business.	Memo

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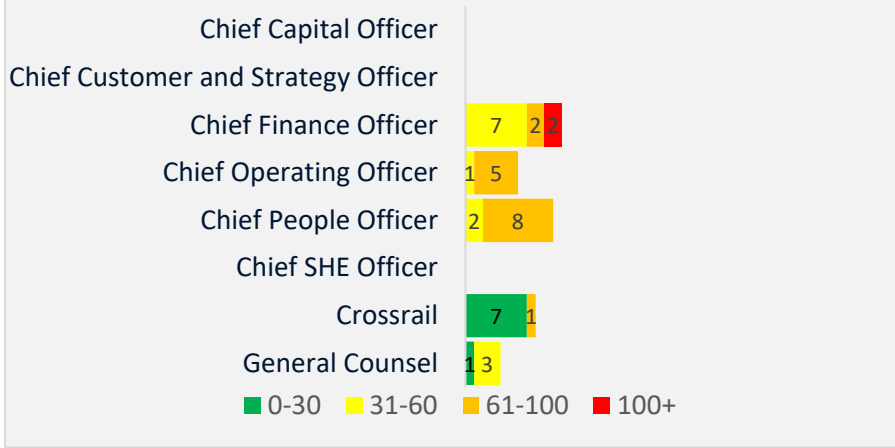
Level 0 Enterprise Risks

Appendix 3

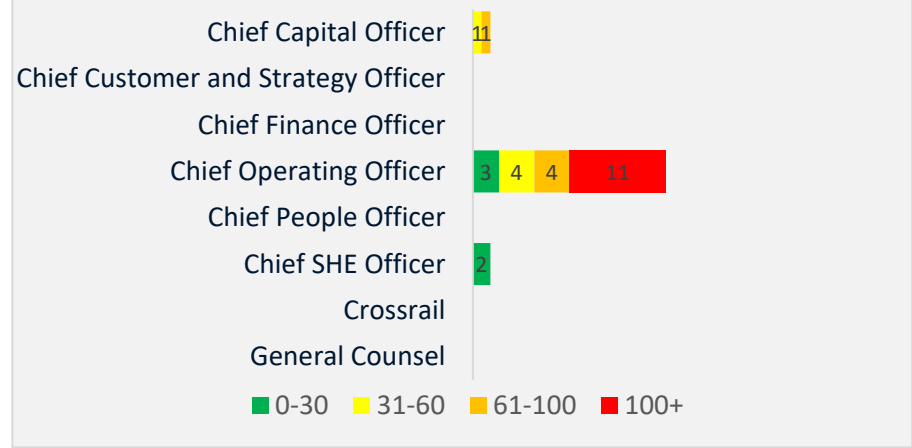
Risk No.	Risk	Owner	Panel and Committee
ER1	Inability to deliver safety objectives and obligations	Chief Safety, Health and Environment Officer	Safety, Sustainability and Human Resources Panel
ER2	Attraction, retention, wellbeing and health of our employees	Chief People Officer	Safety, Sustainability and Human Resources Panel
ER3	Environment including climate adaptation	Chief Safety, Health and Environment Officer	Safety, Sustainability and Human Resources Panel
ER4	Significant security incident	Chief Operating Officer	Audit and Assurance Committee
ER5	Efficient and high performing supply chains and effective procurement	Chief Finance Officer	Finance Committee
ER6	Deterioration of operational performance	Chief Operating Officer	Customer Service and Operational Performance Panel
ER7	Financial Resilience	Chief Finance Officer	Finance Committee
ER8	Delivery of key investment programmes and projects	Chief Capital Officer	Programmes and Investment Committee
ER9	Changes in customer demand	Chief Customer and Strategy Officer	Finance Committee
ER10	Governance and control suitability	General Counsel	Audit and Assurance Committee

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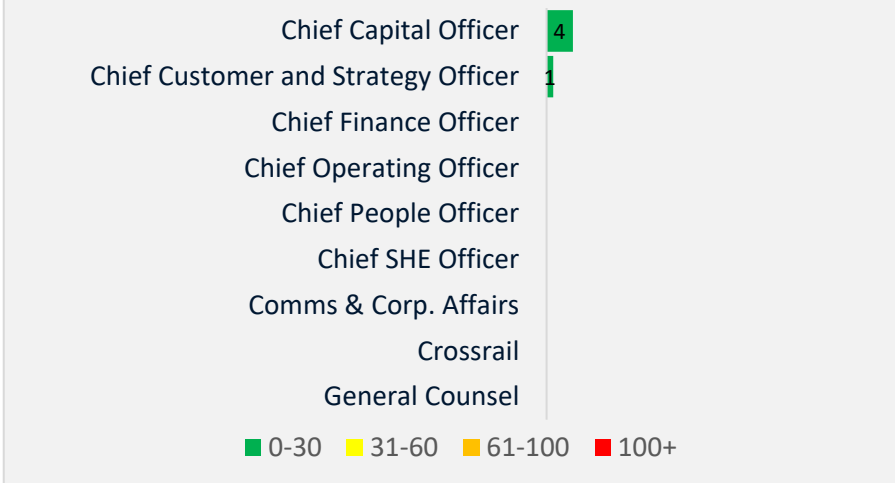
Internal Audit Overdue Action by Days



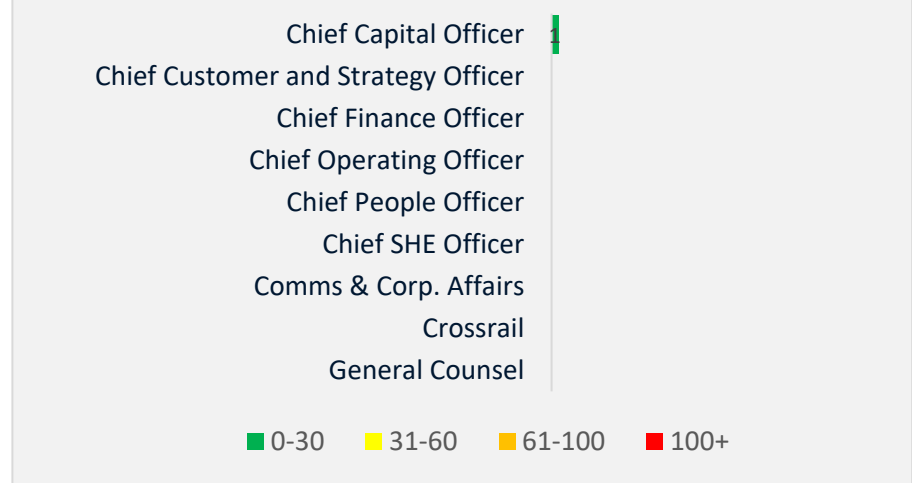
Quality Safety Security Overdue Action by Days



Project Assurance Overdue Recommendations by Days



IIPAG Overdue Recommendations by Days

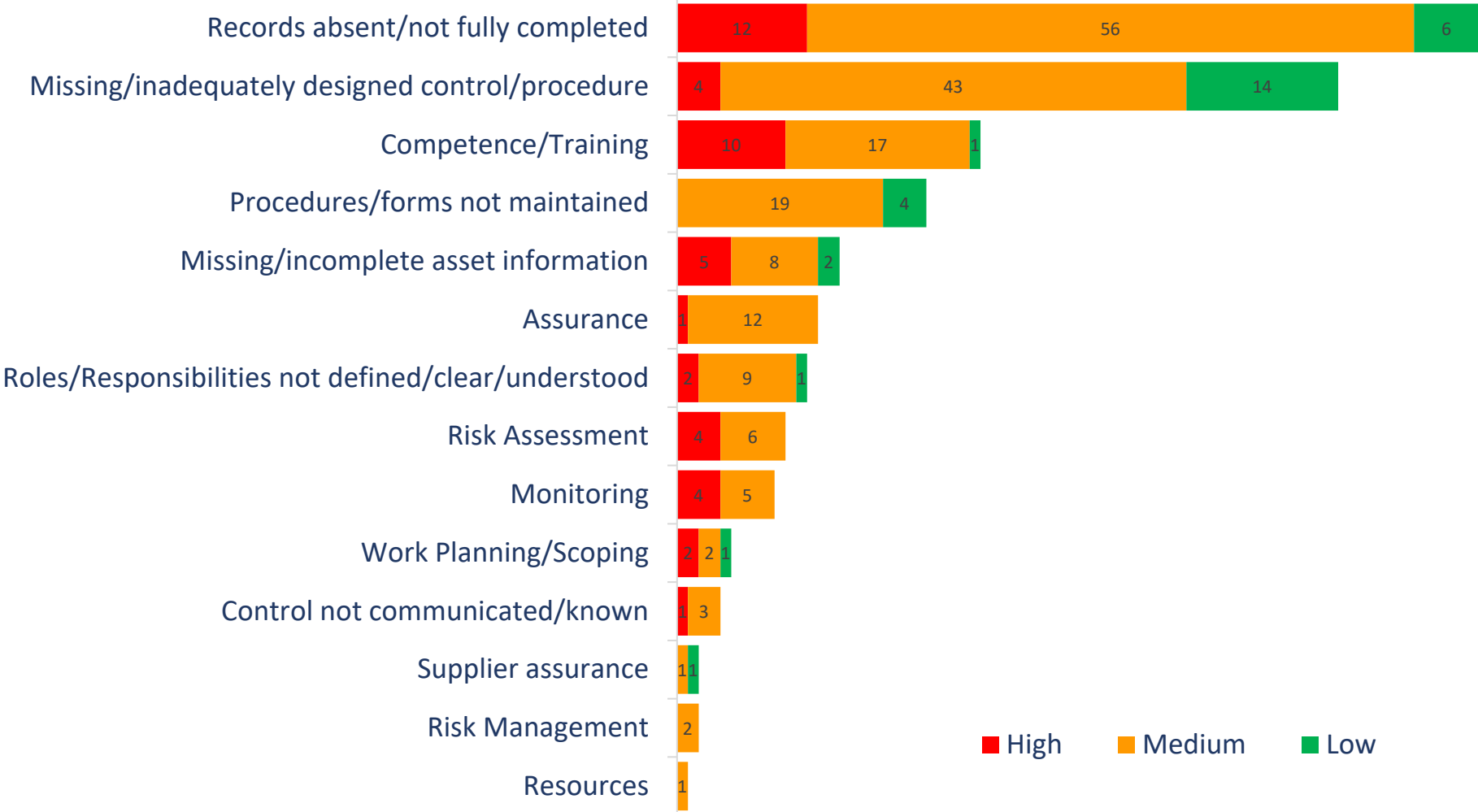


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Internal Audit Findings Categories by Priorities - 4 Quarters



Quality, Safety and Security Assurance Findings Categories by Priorities - 4 Quarters



Project Assurance Findings by Themes by Type - 4 Quarters



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Audit and Assurance Committee



Date: 20 September 2023

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 September 2023. It describes the work undertaken since the last report presented to the Committee in June 2023.

2 Recommendation

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

3 IIPAG Quarterly Report

3.1 Under its Terms of Reference IIPAG is required to produce quarterly reports of its advice on strategic and systemic issues, progress against actions and recommendations and the effectiveness of the first and second lines of project and programme assurance. IIPAG’s Quarterly Report for September 2023 is included as Appendix 1.

3.2 Figure 1 sets out the status of the IIPAG recommendations at the end of each of the last three quarters. The one overdue recommendation shown at the end of Quarter 1 of 2023/24 (1 April to 24 June 2023) is not a critical issue.

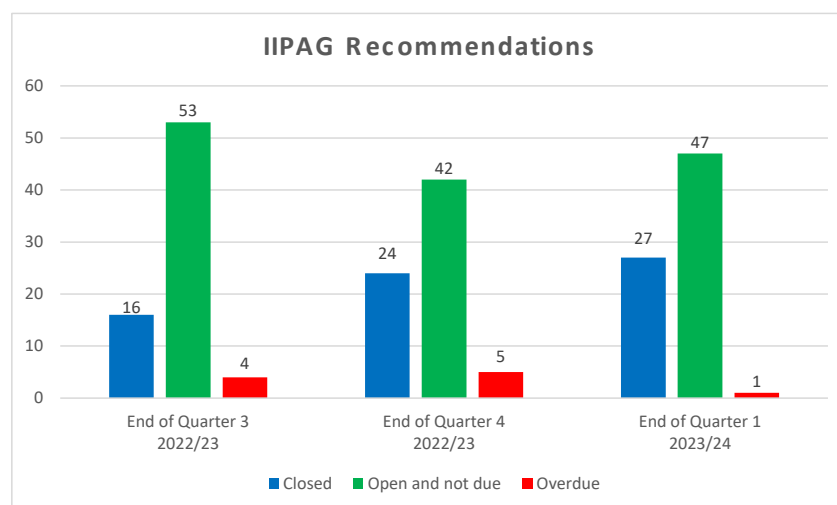


Figure 1: Status of IIPAG Recommendations

3.3 From the assurance reviews undertaken during Quarter 1 IIPAG made 23 recommendations, none of which were critical issues. All of the recommendations were agreed with the respective project teams.

4 Management Response to IIPAG Quarterly Report

Common Themes

- 4.1 TfL welcomes IIPAG's ongoing work to identify common themes and will continue to address these across the business. We look forward to the completion of the cross-cutting reviews and will respond to any recommendations made.

List of appendices to this report:

Appendix 1: Independent Investment Programme Advisory Group - Quarterly Report
September 2023

List of Background Papers:

None

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Email: LorraineHumphrey@tfl.gov.uk

Independent Investment Programme Advisory Group – Quarterly Report September 2023

1. Introduction

1.1. This report to the Committee describes IIPAG's activities since June 2023. We have made no new strategic recommendations.

2. IIPAG Activity

2.1. We have undertaken sub-programme reviews in this period covering:

- The Streets, Bus, and Rail and Sponsored Services (RSS) Renewals, and the Rail and Station Enhancements sub-programmes.
- The Surface Technology and the London Underground Technology sub-programmes (which combined with Technology & Data form the new Technology sub-programme).

2.2. This grouping of sub-programmes, which were previously separate for assurance purposes, reflects a move towards the new programme structure that the Programmes and Investment Committee (PIC) agreed at the May 2023 meeting.

2.3. We also engaged in reviews of two technology projects and the Surrey Quays project, which were considered through Executive governance. We also received an update on the Bank Station Upgrade project.

2.4. At the time of writing, we have started assurance reviews for sub-programmes that will be considered at 5 October 2023 PIC meeting. We are undertaking continuous real time assurance on the Piccadilly Line Upgrade programme, as well as ongoing assurance on the Elizabeth Line.

2.5. The accompanying paper from Project Assurance describes management progress in implementing IIPAG's recommendations.

2.6. Our reviews continue to raise a number of common themes. In our report to July 2023 PIC, we noted:

- (i) The continuing pressure on resources for some key skills. We specifically noted project management and engineering resources, but shortages of commercial management resource also continue to be a concern.
- (ii) The lack of visibility of baseline costs, scope and schedule against which performance in year and over the life of a project or programme can be judged.

- (iii) Issues around the clarity and strength of governance arrangements, including questions around the balance between delegation and oversight/control.

2.7. We will be following up on the second and third points above through our cross-cutting work.

3. Progress with Cross-cutting Work

3.1. We are currently completing a report on our cross-cutting review of the delivery of renewals to be submitted to a future PIC meeting. We are at the early stages of a review of the effectiveness of the Pathway Gate process for projects.

3.2. We are in the process of drawing up Terms of Reference for our annual review of the effectiveness of the first and second Lines of Defence. We are also preparing for a review of progress with improvements in Procurement and Commercial which have been derived from the earlier Procurement and Commercial Improvement Programme and the ongoing Our TfL Programme workstreams.

3.3. As part of our continuous assurance, and as background to our reviews, we receive briefings from time to time from management on developments within TfL. We have recently had briefings on the investment governance workstream, and on developments in the sponsorship function.

Alison Munro, Chair, IIPAG
August 2023

Audit and Assurance Committee



Date: 20 September 2023

Item: TTL Properties Limited Assurance Update

This paper will be considered in public

1 Summary

- 1.1 This paper reports on progress with assurance activity across TTL Properties Limited (TTLP) during Quarter 1 of 2023/24 (1 April to 24 June 2023) (Q1).
- 1.2 A paper is included on the Part 2 agenda which contains supplementary information that is exempt from publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendation

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

3 Background

- 3.1 The TTLP Integrated Assurance Framework is based on a Three Lines of Defence model comprising:
 - (a) Line 1 – Management functions of TTLP and key interfaces;
 - (b) Line 2 (LoD2) – Project Assurance (PA) and Quality, Safety and Security Assurance (QSSA); and
 - (c) Line 3 (LoD3) – TfL Internal Audit and a sub-group of the Independent Investment Programme Advisory Group (IIPAG-TTLP).
- 3.2 This paper reports specifically on Line 2 (PA), Line 3 (Internal Audit) and Line 3 (IIPAG-TTLP) assurance progress and provides an update on Enterprise Risk management. Work in progress for LoD2 and LoD3 is set out in Appendix 1 and work starting next quarter is in Appendix 2.
- 3.3 The LoD2 and LoD3 teams meet periodically to ensure that assurance is carried out by the right team at the right time and to avoid duplication.

4 Line 2 (PA) Assurance

- 4.1 LoD2 continues to provide assurance on an ongoing basis as well as carrying out Targeted Assurance Reviews (TARs) on key areas.
- 4.2 Two TARs were completed, Resourcing, and Procurement and Commercial. The resourcing review identified that more needs to be done to prioritise resources against key business objectives. The commercial review recommended more detailed planning of activities required to successfully deliver the proposed procurement frameworks. Emerging plans for the commercial operating model will be considered through continuous assurance.
- 4.3 Two further reviews were largely complete at the end of Q1 focussing on Governance and the Vacant Possession Plan for Lillie Bridge Depot. We had excellent engagement from the TTLP team and findings will be presented to the September 2023 Land and Property Committee meeting. A review of first line assurance proposals is planned when they are developed.
- 4.4 More detail is contained in Appendix 1 and 2 and further targeted reviews will be undertaken as required to support investment decisions.

5 Line 3 (Internal Audit) Assurance

- 5.1 Two audits were completed, Property Transfer Accounting, and Accounting and Cash Management. The two audits due to start in Q1 are underway and more detail is contained in Appendix 1 and 2. There are currently no overdue actions from previous audits.
- 5.2 The Property Transfer Accounting audit found that there were gaps in the audit trail supporting the assets transferred from TfL to TTLP. This included asset descriptions not matching the live asset, inconsistencies in asset values across documentation, discrepancies in financial posting in SAP and Asset Values, assets not found on TTLP asset register and legal documentation not in the standard format. We also identified weaknesses in planning the delivery of activities as neither a project team nor consideration of the resources required for the delivery of property transfer accounting from TfL to TTLP were established at the outset.
- 5.3 We worked with TTLP in real time on the accounting and cash management processes and while a high-level financial readiness plan was in place the detailed work required to deliver the plan had not been developed or shared with the Executive Leadership Group. As with property transfer accounting, there was also no project resource plan with reliance placed on existing staff. Key stakeholders had not been formally or consistently identified or documented as part of a stakeholder management plan and there was an absence of a communications plan.
- 5.4 We found that the risk log for accounting and cash management processes in TTLP had not been systematically thought through. The severity of the risk/issues had not been assessed using the standard methodology, leaving the project exposed to uncertainties materialising and management having to direct scarce resources to manage the consequences. Actions to address this including the

correct and consistent application of the Red Amber Green (RAG) status of issues and risks were completed in February 2023.

6 Line 3 (IIPAG-TTLP) Assurance

- 6.1 IIPAG-TTLP work for Q1 and Quarter 2 of 2023/24 is set out in Appendix 1 and 2. Activity has been focussed on assessing delivery confidence in housing targets and Joint Venture structuring and management. We have had good engagement from the TTLP team and no critical issues have been identified. Reports will be presented to the September 2023 Land and Property Committee meeting.
- 6.2 The Retail Strategy Review which examined deliverability and risks of generating the increased income targets, is now complete. IIPAG's assessment is that the Gross Retail Income targets over the forecast period should be achievable. The caveat to this assessment is that there are some key risks, which are already known by management, that need to be managed and mitigated. This includes the urgent requirement to generate a fully unified retail strategy, and to settle the operating model and resourcing approach.

7 Enterprise Risk Management

- 7.1 The review of the first Level 0 (L0) risk (TTLP-L0-06) 'Inability to react to external market forces' is now complete. The risk is defined as "where market forces, in the form of increased inflation, higher interest rates, supply chain availability, weaker market confidence and demand, may affect the ability of TTLP's business to deliver value for its customers and TfL." It could result in an increased cost of or reduced availability of financing, reductions in income from tenants or development schemes, missed housing targets, impacts on project viability, and a deterioration in the reputation of TTLP.
- 7.2 Several controls for this risk are in place and further controls are under development. As such, the current management status of this risk is assessed as "requires improvement". Actions have been identified to improve control of this risk, with action owners and outline timescales assigned.
- 7.3 These actions include the introduction of new TTLP policies and procedures and revisions to some existing ones; development of strategies; improvements to financial planning and appraisal processes; and further development of the approach to asset management. Work on reassessing Level 1 risks is now being planned.
- 7.4 Work has begun on developing the next risk TTLP-L0-02 'Attraction, retention, health, wellbeing and capability of our employees' and that will be submitted to the September 2023 Land and Property Committee meeting.
- 7.5 Details of the seven TTLP L0 risks are set out in Appendix 3.

List of Appendices:

Appendix 1: TTLP Integrated Assurance and Audit Schedule – Work in Progress

Appendix 2: TTLP Integrated Assurance and Audit Schedule – Forward Plan

Appendix 3: TTLP Level 0 Enterprise Risks

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

List of Background Papers:

None

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TTL Properties Limited (TTLP) Integrated Assurance and Audit Schedule – Work in Progress

Appendix 1

Priority	Topic	Evidence of Need	Type	Who	When	Objectives
1	Property transfer accounting	<ul style="list-style-type: none"> • New financial processes and controls have been implemented. 	Audit	Internal Audit (IA)	Complete	<ul style="list-style-type: none"> • To assess the maturity and understand financial reporting requirements.
2	Resourcing	<ul style="list-style-type: none"> • Reported staff shortages across multiple teams and reliance on secondments/ non-permanent labour. • People Plan still in development. 	Targeted	Project Assurance (PA)/ Independent Investment Programme Advisory Group (IIPAG)	Complete	<ul style="list-style-type: none"> • To understand how resourcing risks are identified and managed and to assess the impact on the delivery plan.
3	Retail	<ul style="list-style-type: none"> • Considerable uplift in retail income assumed in Business Plan. • Resource shortages impacting ability to deliver new retail opportunities. • Responsibilities historically split across a number of teams. • Wider economic factors are likely to impact viability of existing tenants resulting in more unoccupied units/rising levels of debt. 	Targeted	IIPAG	Complete	<ul style="list-style-type: none"> • To assess the likelihood that the retail strategy can deliver the required uplift in income. • To identify challenges in securing additional retail income and make recommendations which will improve delivery confidence.

Priority	Topic	Evidence of Need	Type	Who	When	Objectives
4	Lillie Bridge – vacant possession of site for development	<ul style="list-style-type: none"> • High value/complex project with significant operational interfaces and a large number of stakeholders. • Governance arrangements developing but not yet finalised. • Opportunities to deliver operational efficiencies have been identified – governance/funding route needs to be confirmed. 	Targeted	PA/IIPAG	Underway	<ul style="list-style-type: none"> • To establish whether requirements are clear and reflect the needs of the development and the operational business. • To consider whether the proposed governance structure and delivery model is appropriate.
5	Procurement and Commercial	<ul style="list-style-type: none"> • New specialist frameworks are being considered. • New commercial strategy and operating model is in development. 	Targeted	PA/IIPAG	Complete	<ul style="list-style-type: none"> • To assess the appropriateness of proposed commercial strategy and any interim arrangements. • To consider any risks to the successful implementation of new frameworks and commercial strategy and to make recommendations to minimise any risk.
6	Accounting and cash management processes	<ul style="list-style-type: none"> • Considerable work to be done to set up the new financial structure but work is not complete. • Resourcing concerns. 	Audit	IA	Complete	<ul style="list-style-type: none"> • To assess financial readiness maturity. • To gain an understanding of financial reporting including cash flow and financial commitments.

Priority	Topic	Evidence of Need	Type	Who	When	Objectives
7	Residential sector	<ul style="list-style-type: none"> • Target doubled from 10,000 to 20,000 units. • Delivery is challenging – often taking longer than expected. • Impact of external market influences including inflation. • Resourcing shortages. • Affordable housing requirement (50 per cent across the portfolio) will impact viability. 	Targeted	IIPAG	Underway	<ul style="list-style-type: none"> • To consider appropriateness of residential strategy. • To assess delivery confidence and understanding/mitigation of key risks.
8	Governance	<ul style="list-style-type: none"> • Governance arrangements are changing – links into wider TfL Executive are not fully defined. • Governance can be complex where there is an operational interface. 	Targeted	PA	Underway	<ul style="list-style-type: none"> • To consider appropriateness of existing governance/first line assurance arrangements and any proposals to improve governance.
9	Joint Venture (JV) structuring and management	<ul style="list-style-type: none"> • High reliance on JV partners to deliver residential targets. • IIPAG review from August 2020 recommended introduction delivery metrics, change control, risk management, progress reporting for JV. 	Targeted	IIPAG	Underway	<ul style="list-style-type: none"> • To assess rationale for JV creation. • To consider the process for ensuring maximum value for TTLP when developing JVs. • To assess governance and management arrangements for existing and proposed JVs.

Priority	Topic	Evidence of Need	Type	Who	When	Objectives
10	Continuous assurance activities	<ul style="list-style-type: none"> • First line assurance and project controls. • Digital strategy. • Risk management (projects). • Health and safety. • Project management. • Bollo Lane, Platinum Portfolio, Lillie Bridge Depot. 	Continuous	PA	Ongoing	<ul style="list-style-type: none"> • To increase understanding of the TTLP business. • To highlight areas for targeted assurance.

Priority	Topic	Evidence of Need	Type	Who	When	Objectives
1	Revenue collection/debt management	<ul style="list-style-type: none"> • Debt recovery activities are an important part of managing the revenue stream. • There has been increasing levels of arrears in recent years. 	Audit	Internal Audit (IA)	2023/24 Q1	<ul style="list-style-type: none"> • To provide assurance over the effectiveness and adequacy of the debt collection process.
2	Due diligence process (new tenants)	<ul style="list-style-type: none"> • Tenants need to be financially secure so that they do not default on rent payments. They need to be fully vetted to ensure this is the case. • A new vetting process was introduced over a year ago and has yet to be tested for effectiveness. 	Audit	IA	2023/24 Q1	<ul style="list-style-type: none"> • To provide assurance on the adequacy and effectiveness of the due diligence process for bringing new tenants on board.
3	First line assurance	<ul style="list-style-type: none"> • Proposals for first line assurance are being developed, including the introduction of a Programme Management Office. 	Targeted	Project Assurance (PA)	2023/24 Q3/Q4	<ul style="list-style-type: none"> • To assess the appropriateness of the proposed improvements to first line assurance.

Priority	Topic	Evidence of Need	Type	Who	When	Objectives
4	Project financial hurdles	<ul style="list-style-type: none"> • Large projects and investments are appraised using financial hurdles. • Some hurdles are being considered as unnecessary as investment decisions are made. 	Targeted	Independent Investment Programme Advisory Group (IIPAG)	2023/24 Q2/Q3	<ul style="list-style-type: none"> • To consider the process and governance regarding exemptions.
5	Property disposal strategy	<ul style="list-style-type: none"> • Disposals are a significant part of generating funds to support the capital investment programme. • Disposal activities are not progressing as forecast. 	Targeted	IIPAG	2023/24 Q2	<ul style="list-style-type: none"> • To assess the impact on the capital investment programme. • To provide assurance over the effectiveness and adequacy of the process for identifying and executing disposals.
6	Key investment decisions	<ul style="list-style-type: none"> • Second and third line assurance as required to support authority requests/ investment decisions. 	Targeted	PA/IIPAG	Ongoing	<ul style="list-style-type: none"> • To provide a recommendation on key decisions and investment requests to support decision makers.

Quarter 1 of 2023/24 (1 April to 24 June 2023) (Q1); Quarter 2 (25 June to 16 September 2023) (Q2); Quarter 3 (17 September to 9 December 2023) (Q3); and Quarter 4 (10 December 2023 to 31 March 2024) (Q4)

TTL Properties Limited (TTLP) Level 0 (L0) Enterprise Risks Appendix 3

Risk	Risk Title
TTLP-L0-1	Inability to deliver safety and legal obligations
TTLP-L0-2	Attraction, retention, health, wellbeing and capability of our employees
TTLP-L0-3	Financial sustainability
TTLP-L0-4	Stakeholders and partnerships
TTLP-L0-5	Environment including climate adaptation
TTLP-L0-6	Inability to react to external market forces
TTLP-L0-7	Procurement including supply chain

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Audit and Assurance Committee



Date: 20 September 2023

Item: Freedom of Information Update

This paper will be considered in public

1 Summary

- 1.1 The Freedom of Information (FOI) Act 2000 provides public access to information held by public authorities. The Environmental Information Regulations 2004 (EIR) provide a similar right of access to information which relates to the environment. This legislation is overseen by the Information Commissioner's Office (ICO), the independent regulator enforcing the effective processing of requests by public authorities.
- 1.2 This paper provides an overview of our performance in processing FOI and EIR requests in 2022/23 (1 April 2022 to 31 March 2023), as well as 2023/24 to date (1 April to 11 September 2023).

2 Recommendation

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

3 Background

- 3.1 The ICO currently expects public authorities to achieve a good level of compliance by replying to at least 95 per cent of all FOI and EIR requests within the statutory deadline (usually 20 working days – the deadline can be extended for FOI requests in the event more time is required to assess whether the public interest favours using an exemption, to withhold information, or for complex EIR requests). TfL has exceeded this target on an annual basis since achieving it for the first time in 2017/18.

4 Current Performance

- 4.1 In 2022/23 TfL replied to 3,374 requests within the statutory deadline from a total of 3,376 received. This provides a response rate of 99.94 per cent of replies being within the statutory deadline. This figure is just 0.01 per cent below the highest percentage of requests replied to on time within a financial year by TfL since the FOI Act and EIR came fully into force in 2005.
- 4.2 Request volumes are now at their highest since the FOI Act and EIR came into force. Despite this significant rise in requests, we have been able to successfully respond within the statutory deadline to 9,814 (99.92 per cent) of the 9,821 FOI/EIR requests we have received between 1 April 2020 and 11 September 2023.

- 4.3 Appendix 1 provides the request volumes broken down by the 13 periods of each financial year (1 April to 31 March) since 2018/19, as well as the five periods of 2023/24 for which we have complete figures so far (1 April to 11 September 2023).
- 4.4 Around 70 per cent of all FOI and EIR requests are responded to in full, with 11 per cent relying on a partial exemption and 19 per cent being refused in full due to an applicable exemption. The most common reasons for refusals are because the information is or will be published (27.5 per cent of all exemptions) or because the time needed to respond to the request exceeds the applicable limit of 18 hours (27 per cent of all exemptions). A further nine per cent of all exemptions apply to protect the personal data of individuals.

5 FOI Caseload

- 5.1 In 2022/23 there was a significant increase in requests relating to the Ultra Low Emission Zone (ULEZ) following the announcement in November 2022 that the ULEZ is to be expanded (205 cases in 2021/22 to 385 in 2022/23). As well as this, requests around advertising, cycling infrastructure, air quality and public transport reliability all feature as frequent topics of interest.
- 5.2 Following the significant (30 per cent) drop in request volumes during the height of the coronavirus pandemic in 2020/21, we have seen a continual increase in volume which has now led to request numbers exceeding any previous year on record.
- 5.3 The overall number of requests received in 2022/23 showed a 21.8 per cent increase on the preceding year (3,376 compared to 2,771). 2022/23 saw an average of 259 FOI/EIR requests per period compared with an average of 213 over the previous year.
- 5.4 Current volumes in 2023/24 (an average of 312 requests have been received per period) are 34.3 per cent higher than those from the first five periods of 2022/23 which currently stands as the busiest ever year for requests. Based on current request volumes we project that we will exceed 3,500 requests in a year for the first time ever. Despite the increase in volumes and the continued pressure on TfL we continue to respond to almost all of these requests within the statutory deadline, having responded on time to 1,469 (99.8 per cent) of the 1,471 requests we have processed this financial year, up to 11 September 2023.
- 5.5 Replies to all requests received in 2022/23 were published on the TfL website, which supports the Transparency Strategy, and we have been able to answer over a quarter of our requests by simply referring to previously published replies, other information published on the website or by explaining that the information requested is due to be published in the near future.

6 Reviews and Appeals

- 6.1 The progress made in achieving a consistently high response rate across all areas of TfL has required a sustained effort and we maintain a commitment and focus across the organisation on access to information legislation to keep this going. We keep internal processes under review to ensure known risks to compliance, including inadvertent disclosure, are mitigated.
- 6.2 Should a requester be unhappy with a response to their FOI or EIR request, they have the right to request an internal review into the handling of their request. As a result of the performance highlighted above, and despite the additional pressures that increased request volumes have placed on TfL, we have maintained a low, albeit slightly increased, proportion of requests resulting in complaints – 128 (3.8 per cent of 2022/23 caseload) against 81 (2.9 per cent of 2021/22 caseload).
- 6.3 Of the 128 internal review requests into the handling of an FOI or EIR request, 10 (7.8 per cent, or 0.3 per cent of the total caseload) were escalated in 2022/23 to the ICO by the requester for further consideration. Six of the 10 cases considered by the Information Commissioner upheld our position and found in our favour, two were resolved in our favour informally, one decision found that, in the ICO's view, our interpretation of a request had been too broad and one other is awaiting a decision by the ICO.
- 6.4 The positive outcome in decision notices mark a continuation of our excellent record where cases are escalated to the Information Commissioner which appears to suggest that the Information Commissioner and requesters recognise the commitment behind TfL's approach to FOI and our compliance with the legislation. This goes some way to improving how open and transparent TfL is considered to be and enhancing the reputation of the organisation more generally.

List of appendices to this report:

Appendix 1: FOI/EIR request volumes by period since 2018/19

List of Background Papers:

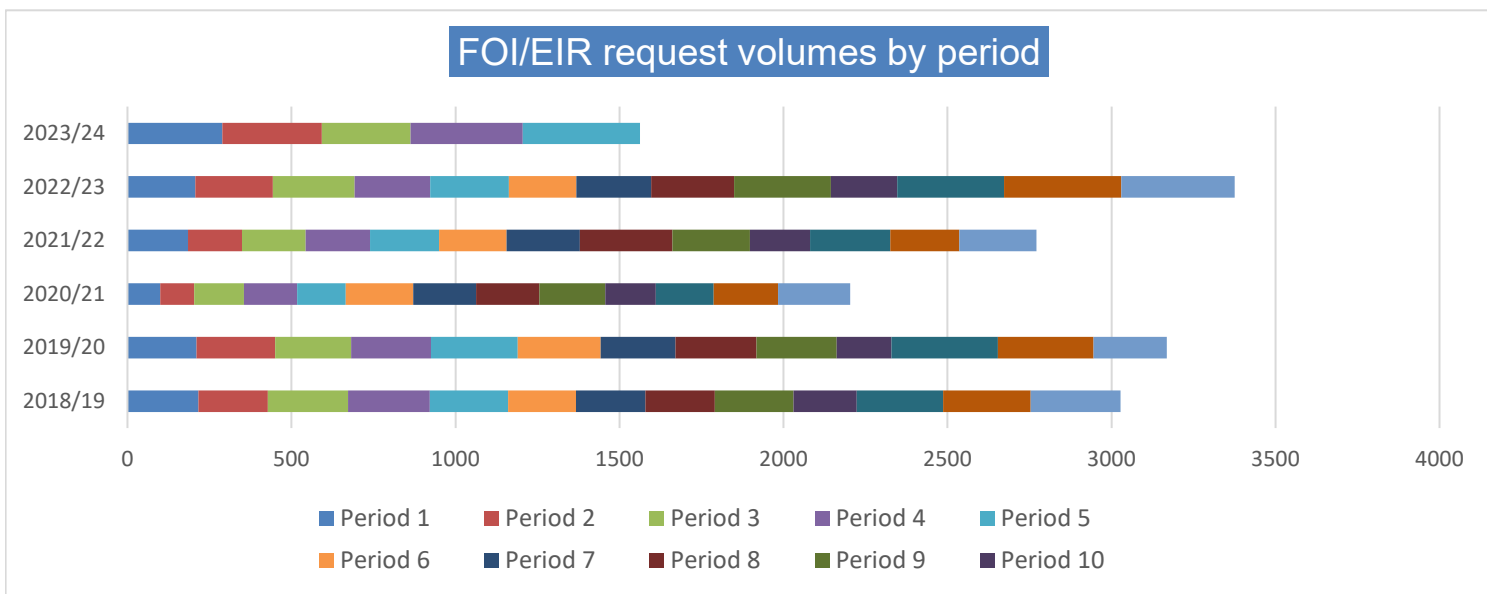
None

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Appendix 1 - FOI/EIR request volumes 2018/19 to 2023/24

Period	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Period 1	216	210	100	184	207	289
Period 2	212	240	103	165	236	304
Period 3	244	232	152	194	249	270
Period 4	250	243	162	197	231	342
Period 5	239	265	149	210	240	357
Period 6	206	253	205	206	205	
Period 7	212	228	192	223	229	
Period 8	212	247	193	282	253	
Period 9	239	244	201	237	295	
Period 10	193	167	154	183	202	
Period 11	264	325	176	245	325	
Period 12	267	291	196	210	358	
Period 13	273	224	220	235	346	
Total	3,027	3,169	2,203	2,771	3,376	1,562



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Audit and Assurance Committee

Date: 20 September 2023

Item: Financial Control Environment Trend Indicators

This paper will be considered in public

1 Summary

1.1 This paper reports to the Committee on the Financial Control Environment Trend Indicators.

2 Recommendation

2.1 **The Committee is asked to note the paper and the Financial Control Environment Trend Indicators dashboard.**

3 Background

3.1 This paper reports on the Quarter 1 Financial Control Indicators, that informs the Committee as to the control environment across TfL's Finance, Business Services and Procurement and Commercial teams.

List of appendices to this report:

Appendix 1: Financial Control Environment Trend Indicators Dashboard

List of Background Papers:

None

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Financial Control Environment Trend Indicators, Quarter 1, 2023/24

Appendix I

TfL Audit and Assurance Committee
20 September 2023



Forecasting accuracy

Q1, 2023/24

Our 2023 TfL Business Plan set out our strategy for rebuilding our finances, improving efficiency and helping to secure our future. The 2023/24 Budget built on this, demonstrating how we will become operationally financial sustainable this year. We have successfully delivered that strategy in Quarter 1, 2023/24.

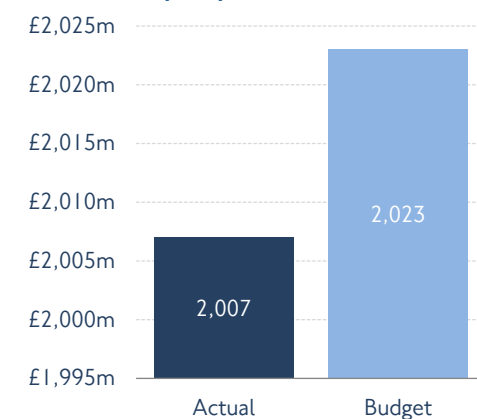
Total revenue is (£16m) (1%) lower than Budget. Passenger income is £20m up on budget and £236m higher than last year, partly from new Elizabeth line services. We have seen some pressure on roads enforcement income from delays to our Deployable Enforcement Camera (DEC) rollout, but we expect to manage this risk.

Operating costs are £33m lower than Budget. However, we are seeing some cost pressures on bus operators costs as well as timing differences in delivering savings. These have been offset by central contingency (held to mitigate key risks on bus performance and London-Wide ULEZ), one offs and other smaller savings.

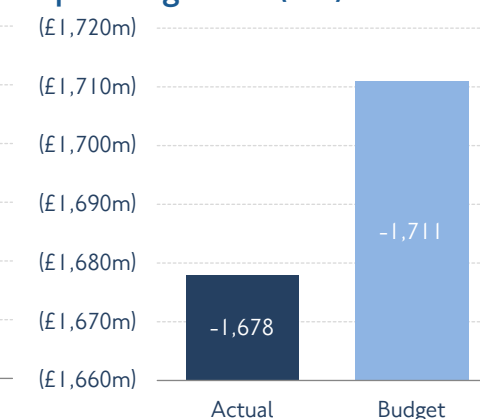
Capital renewals are (£8m) ahead of Budget, from timing of LU renewals. Capital enhancements are £41m lower than Budget, from release of provision for Bank station and slippage across Piccadilly line upgrade (PLU) and DLR rolling stock.

	£m
Quarterly forecasting accuracy	
Q1, 2023/24	
Revenue	2,007
Variance to Budget	(16)
Operating costs	(1,711)
Variance to Budget	33
Capital delivery *	(359)
Variance to Budget	33
Cash flow	(40)
Variance to Budget	(40)
YTD forecasting accuracy	
Revenue	
Actual	2,007
Budget	2,023
Operating costs	
Actual	(1,678)
Budget	(1,711)
Capital delivery *	
Actual	(359)
Budget	(392)
Cash flow	
Actual	(40)
Budget	0

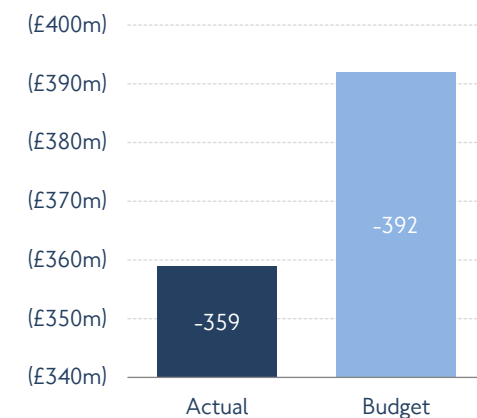
Revenue (£m)



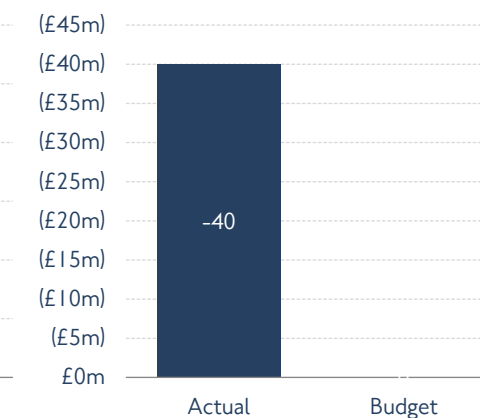
Operating costs (£m)



Capital delivery (£m) *



Cash flow (£m)



* Total TfL capital expenditure excludes amounts relating to Crossrail and TTL Properties Limited

Procurement activity

Q1, 23/24 * This slide was updated

after publication.

Benefits delivery:
 Floor of £85m in benefits and target of £116m has been set for P&C for FY23/24. £30.9m of benefits have been validated with Finance to the end of P03

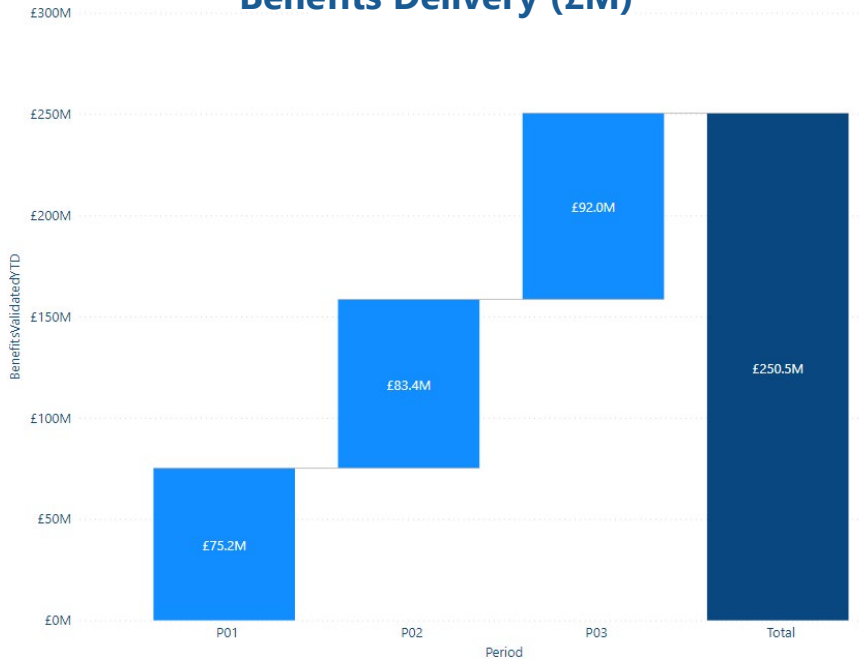
Retrospective Spend:
 This measures where the Purchase Order (PO) was created after the invoices was received. The spike in the value of retrospective POs in P2 is due to a payment of £36m to DLUHC, and of £18m to Arriva Rail London

Over Threshold Single Sources by Value and Volume:
 The number of over threshold single sources (by volume and value) increased slightly over the first three periods of 23/24, but remained within the scorecard target of 1.2% of the number of all awards.

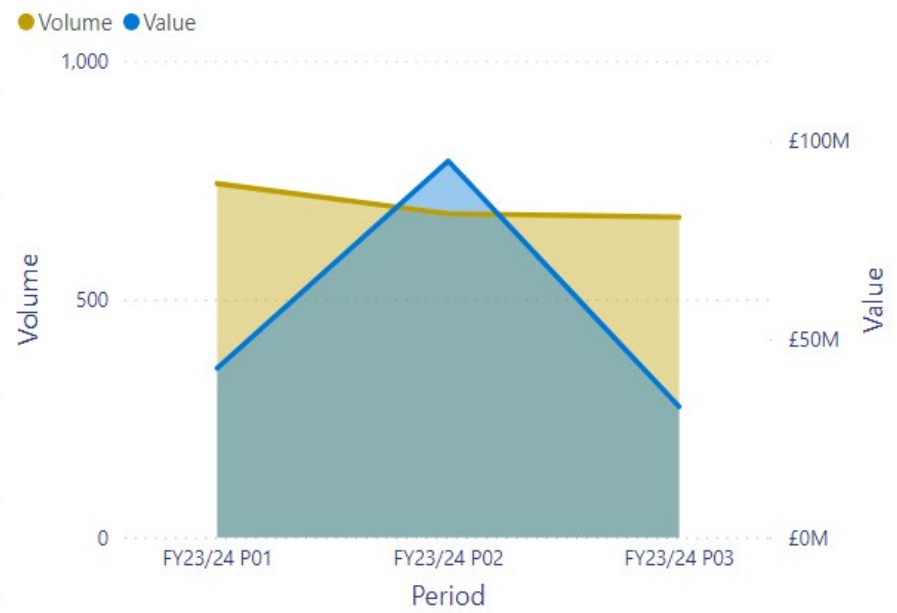
Compliance with the Commercial Assurance Meeting (CAM) process
 CAM Compliance (where CAM submissions are on time and meet the governance requirements) was at 84.6% as of P03, and has been above the scorecard target for each period.



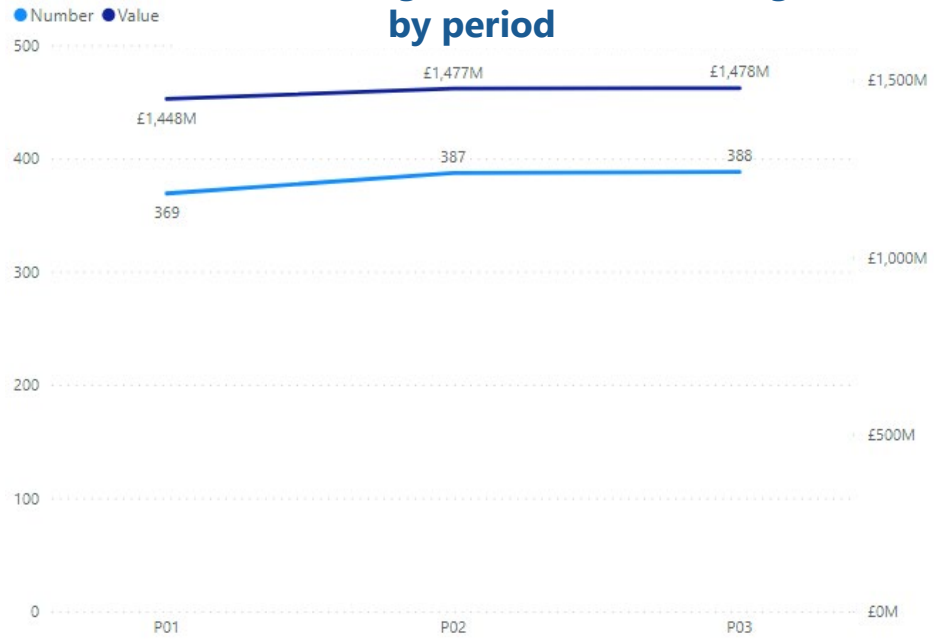
Benefits Delivery (£M)



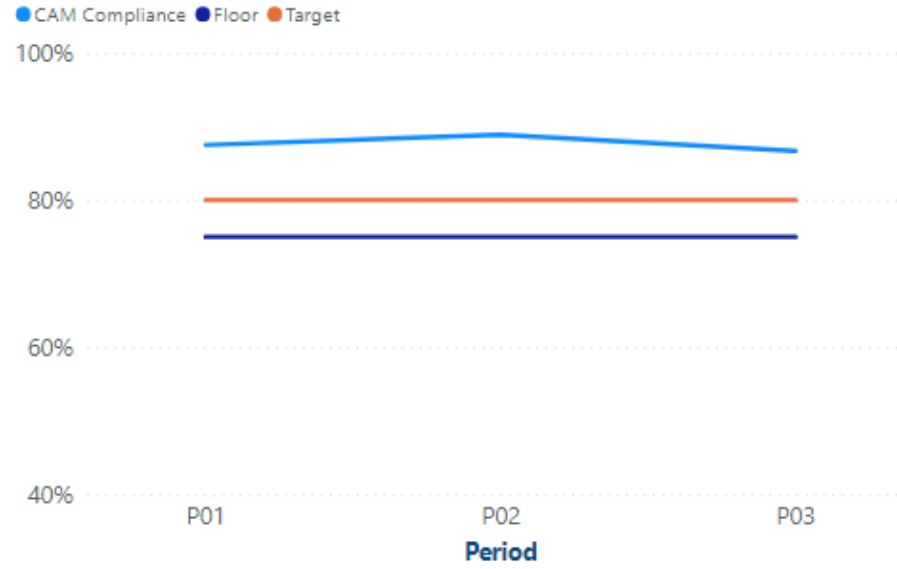
Retrospective Spend



Total Number of Single Sources and Derogations by period



CAM Compliance by Period



Audit Committee performance metrics to Q1, 23/24

Value of open items > 30 days on the bank reconciliation sits at £270k for Q1. The volume of open items in Q1 > 30 days sits at 2116.

Automated Posting % measures the proportion of transactions which are automatically reconciled in SAP. Manually checking and matching transactions and preparing / posting journals is time consuming and increases the risk of error and inconsistency.

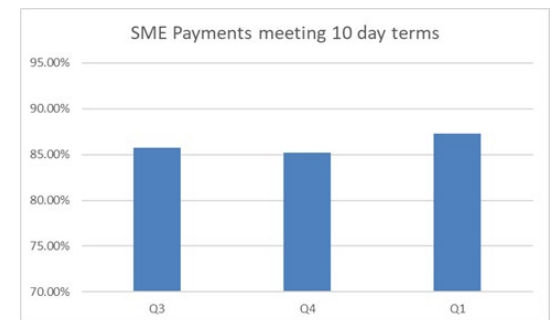
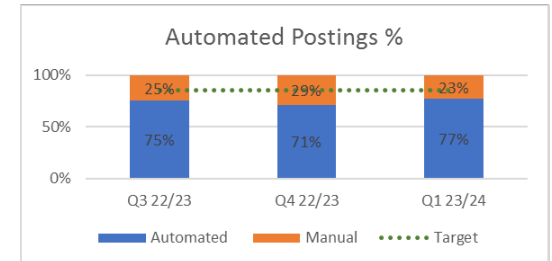
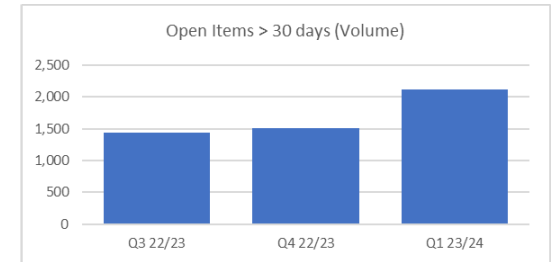
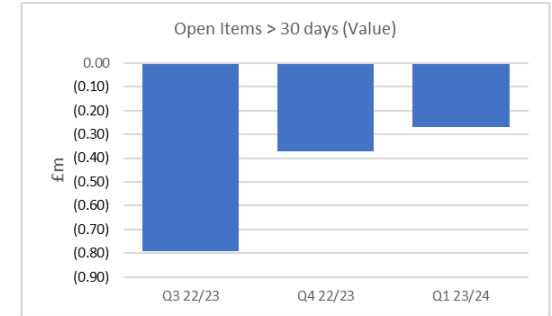
The volume of manual postings decreased over last quarter. There was a particular issue in Q3 and Q4 last year with regard to London Transport Museum's ticket issuing system which increased manual processing whilst a tender was out for a new system. This has now been resolved. Additionally, further automations have been identified in our SAP ERP system which will deliver full benefits by Q3 this year. This will help us to achieve our target of 85%.

The percentage of SME payments meeting the 10 day terms has improved this quarter, but is still slightly below the 90% target. It is expected that performance will continue to improve as legacy Purchase Orders – which slow down the goods receipting process – are gradually closed out.

Processing payments

Quarterly Figures

£m	Q2 22/23	Q3 22/23	Q4 22/23	Q1 23/24
Open Items < 30 days (£m Value)	(10.66)	(5.97)	6.69	8.71
Open Items > 30 days (£m Value)	(0.27)	(0.79)	(0.37)	(0.27)
Open Items < 30 days (Volume)	1,575	1,494	144	419
Open Items > 30 days (Volume)	1,312	1,434	1,504	2,116
Automated Postings %				
Automated	10,747	12,143	21,593	10,558
Manual	1,970	3,033	6,198	2,451
Automated	82%	75%	71%	77%
Manual	18%	25%	29%	23%
Target	85%	85%	85%	85%



Audit and Assurance Committee



Date: 20 September 2023

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/publications-and-reports/organisation-chart>.
- 1.2 This report covers a three-month reporting period, from 1 May to 31 July 2023. During that period, there were no declarations by Members and 57 declarations made by senior staff, of which 37 were declined and 20 were accepted.

2 Recommendation

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

3 Background

- 3.1 TfL's policy on gifts and hospitality applies to TfL Board Members, all staff who work for TfL and staff contracted to work for TfL including on advisory groups or through a third party. It covers both gifts and hospitality offered directly or offered through a spouse or partner.
- 3.2 The policy was reviewed in May 2022 and the guidance and Frequently Asked Questions were updated 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 made by Members during the three-month period from 1 May to 31 July 2023. A total of 57 declarations of offers were made by senior staff in this period and 37 of these were declined, with 20 accepted.
- 4.2 Table 1A shows the current period and the previous two periods. Table 1B shows the same reporting periods for the previous year.
- 4.3 For the current reporting period, the number of offers received is slightly less than in the same period in 2022, though the number of offers accepted is the same.
- 4.4 The offers received and accepted are set out in Appendix 1 and have been reviewed to ensure they comply with the policy and guidance and despite the increase in numbers, no concerns have been identified.
- 4.5 Where there are concerns that the policy or guidance is not being followed, these would be raised with the member of staff and their line manager.

Table 1A: Figures reported to this meeting

Three-month period	01/11/22-31/01/23	01/02/23-30/04/23	01/05/23-31/07/23
Total offers	64	45	58
Total declined	30	27	38
Total accepted	34	18	20
Monthly average			
Total offers	21.3	15	19.3
Total declined	10	9	12.6
Total accepted	11.3	6	6.7

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

Three-month period	01/11/21-31/01/22	01/02/22-30/04/22	01/05/22-30/07/22
Total offers	52	38	64
Total declined	29	21	44
Total accepted	23	17	20
Monthly average			
Total offers	17	13	21.3
Total declined	9.5	7	14.7
Total accepted	7.5	6	6.7

List of appendices to this report:

Appendix 1: Gifts and Hospitality Register.

List of Background Papers:

Corporate Gifts and Hospitality Register

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

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**Gifts and Hospitality - TfL Senior Leadership Team - Appendix 1
1 May to 31 July 2023**

Name of Officer	Offer Status	Donor/Provider of Gift/Hospitality	Detail of Gift/Hospitality	Reason for Accepting Gift / Hospitality	Date of Event/Hospitality
Andy Lord	Accepted	Jean Castex, RATP Group Chairman and CEO	RATP Cocktail Reception at UITP Summit	Networking event at UITP Summit	05/06/2023
Andy Lord	Accepted	Darren Caplan, CEO, RIA	Railway Industry Supplier Excellence Awards	Receiving Award	29/06/2023
Emma Strain	Accepted	Outernet	Dinner	Partnership opportunities. Stakeholder engagement.	11/05/2023
Emma Strain	Accepted	Global	Lunch with major stakeholder	Working Lunch to discuss matters of mutual interest	19/07/2023
Emma Strain	Accepted	J C Decaux	Dinner as part of a visit to Enfield Warehouse to meet the LU Fixing Team	Working Dinner with major stakeholder - part of a visit to Enfield Warehouse to meet the LU Fixing Team	31/07/2023
Fiona Brunskill	Accepted	North Highland Events	Evening engagement to join female leaders at a private event	Expanding female leader network/discuss topics relevant to c-suite/board level leaders	24/05/2023
Fiona Brunskill	Accepted	Arrival Events Company	Evening event to discuss building inclusive leadership capabilities	Discussion/networking with other likeminded leaders on inclusive cultures	22/06/2023
Fiona Brunskill	Accepted	Reward Gateway	Reward Gateway have organised a meal to discuss the success of mydiscounts.	To build relationships and continue to ensure that TfL gains the most from myDiscounts.	28/06/2023
Glynn Barton	Accepted	Network Rail	175 Years of London Waterloo Station	TfL Attendance	11/07/2023
Howard Smith	Accepted	Qash Kadeer, Bechtel	Rail Innovation Awards	their work on Crossrail is shortlisted	23/06/2023
Lester Hampson	Accepted	Barratt	Dinner with Barratt	Barratt are a joint venture partner of TTLP	15/05/2023
Lester Hampson	Accepted	Guinness	G15 Ethnicity in Housing Awards and dinner	Although Lester attended as a non-executive director of Guinness, the subject matter is of interest to TfL's Property Company TTLP	25/05/2023

**Gifts and Hospitality - TfL Senior Leadership Team - Appendix 1
1 May to 31 July 2023**

Name of Officer	Offer Status	Donor/Provider of Gift/Hospitality	Detail of Gift/Hospitality	Reason for Accepting Gift / Hospitality	Date of Event/Hospitality
Louise Cheeseman	Accepted	Global	Invitation to the Summertime Ball	Keeping Good Business Relations	11/06/2023
Michael Cooper	Accepted	Turner & Townsend (Andrew Wain currently seconded to TfL)	Working lunch with sandwiches	Leadership Away Day	16/06/2023
Patrick Doig	Accepted	Railway Industry Association	RIA Dinner and Rise Award	TfL were nominated for an award	29/06/2023
Shashi Verma	Accepted	Mindtree	Breakfast with CEO of Larsen & Tuobro Mindtree	Exploring issues of mutual interest	14/06/2023
Stuart Harvey	Accepted	Atkins Global	Place at the Atkins table for the IRSE corporate dinner	Opportunity to develop industry relationships	11/05/2023
Stuart Harvey	Accepted	RIA	The RIA Railway Industry Supply Excellence (RISE) awards, an annual event which highlights and celebrates excellence within the railway supply sector	Was invited to the ceremony and attended alongside the Commissioner	29/06/2023
Will Norman	Accepted	Bloomberg Philanthropies	Paul McCartney: Photographs 1963-64 Eyes of the Storm	Hosted a Bloomberg bike ride and discussion the same day and was invited along to this as part of the day by Janette Sadik-Khan	28/06/2023
Will Norman	Accepted	LTM in partnership with Gowling WLG, Thales GTS and Mott MacDonald	Interchange Event on Active Travel	To discuss/promote Active Travel with diverse audience and support LTM	13/07/2023

Audit and Assurance Committee



Date: 20 September 2023

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 and TTL Properties Limited assurance 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 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:

29 November 2023
14 March 2024
June 2024

Director of Risk and Assurance
Chief Finance Officer
External Auditors

3.3 It is also proposed that Members have an annual Cyber Security briefing/update after the 29 November 2023 meeting.

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 2023/24

Appendix 1

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

Standing Items		
Finance Control Environment Trend Indicators	Statutory Chief Finance Officer	Quarterly
Risk and Assurance Quarterly Report	Director of Risk and Assurance	Quarterly
TTL Properties Limited Assurance Update	Director of Risk and Assurance	Quarterly
Independent Investment Programme Advisory Group Quarterly Report	Director of Risk and Assurance	Quarterly
Register of Gifts and Hospitality	General Counsel	Quarterly

29 November 2023		
Legal Compliance Report	General Counsel	Six Monthly
Annual Tax Compliance	Statutory Chief Finance Officer	Annual
EY Non-Audit Fees	EY	Six Monthly
Enterprise Risk Update – Significant Security Incident (ER4)	Chief Operating Officer	Annual

14 March 2024		
Critical Accounting Policies	Statutory Chief Finance Officer	Annual
Personal Data Disclosure to Police and Other Statutory Law Enforcement Agencies	Director of Security, Policing and Enforcement	Annual
Enterprise Risk Update – Governance and Controls Suitability (ER10)	General Counsel	Annual

June 2024		
EY Letter on Independence and Objectivity	EY	Annual
EY Annual Audit Fee	EY	Annual
EY Report to Those Charged with Governance	EY	Annual
Risk and Assurance Annual Report and Assurance	Director of Risk and Assurance	Annual
TfL Annual Report and Statement of Accounts	Chief Finance Officer	Annual

Audit and Assurance Committee Forward Planner 2023/24

June 2024		
Review of Governance and the Annual Governance Statement	General Counsel	Annual
Legal Compliance Report	General Counsel	Six Monthly

September 2024		
TfL Statement of Accounts – Changes Made Prior to Finalisation	Statutory Chief Finance Officer	Annual
Effectiveness Review of the External Auditors	Statutory Chief Finance Officer	Annual
EY Annual Audit Letter	EY	Annual
Freedom of Information Update	General Counsel	Annual

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of the Local Government Act 1972.

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