

# Agenda

**Meeting: Audit and Assurance Committee**

**Date: Wednesday 18 September 2024**

**Time: 10:30am**

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

## Members

Mark Phillips (Chair)  
Keith Richards OBE (Vice-Chair)  
Cllr Ross Garrod  
Anurag Gupta

Deborah Harris-Ugbomah  
Tanya Joseph  
Marie Pye

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

This meeting will be open to the public and webcast live on [TfL's YouTube channel](https://www.youtube.com/watch?v=Uj8vYUgk8p4) except for where exempt information is being discussed as noted on the agenda.

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

## Further Information

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

Sue Riley, Secretariat Officer; Email: [sueriley@tfl.gov.uk](mailto:sueriley@tfl.gov.uk).

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

Andrea Clarke, General Counsel  
Tuesday 10 September 2024

**Agenda**  
**Audit and Assurance Committee**  
**Wednesday 18 September 2024**

**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 2024**  
(Pages 1 - 8)

General Counsel

**The Committee is asked to approve the minutes of the meeting of the Committee held on 5 June 2024 and authorise the Chair to sign them.**

**4 Matters Arising and Actions List (Pages 9 - 14)**

General Counsel

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

**External Audit Items**

**5 EY Audit Results Report - To Follow**

Chief Finance Officer

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

## **Audit, Risk and Assurance Items**

### **6 Risk and Assurance Quarter 1 Report 2024/25 (Pages 15 - 44)**

Director of Risk and Assurance

**The Committee is asked to note the report and the exempt supplementary information on Part 2 of the agenda and approve the Internal Audit Plan 2024/25 Phase 2.**

### **7 Internal Audit Charter (Pages 45 - 54)**

Director of Risk and Assurance

**The Committee is asked to note the paper and approve the updated Internal Audit Charter.**

### **8 Independent Investment Programme Advisory Group Quarterly Report (Pages 55 - 62)**

General Counsel

**The Committee is asked to note IIPAG's Quarterly Report and the management response and the exempt supplementary information on Part 2 of the agenda.**

### **9 Places for London Assurance Update (Pages 63 - 72)**

Director of Risk and Assurance

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

## **Accounting and Governance**

### **10 Finalisation of TfL's Annual Report and Statement of Accounts for Year Ending 31 March 2024 - To Follow**

Chief Finance Officer

**The Committee is asked to approve TfL's Statement of Accounts for the year ended 31 March 2024 , note the provision of an ongoing parent company guarantee by Transport Trading Limited to most of TfL's subsidiary companies and the exempt supplementary information on Part 2 of the agenda.**

**11 Effectiveness Review of the External Auditors** (Pages 73 - 76)

Chief Finance Officer

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

**12 Freedom of Information Update** (Pages 77 - 82)

General Counsel

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

**13 Finance Control Environment Trend Indicators** (Pages 83 - 88)

Chief Finance Officer

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

**14 Register of Gifts and Hospitality for Members and Senior Staff**  
(Pages 89 - 98)

General Counsel

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

**15 Members' Suggestions for Future Discussion Items** (Pages 99 - 102)

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.**

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

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

**17 Date of Next Meeting**

**Wednesday 27 November 2024 at 10.30am.**

## **18 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 and 5 of Schedule 12A to the Local Government Act 1972 (as amended), in order to consider the following items of business.

## **Agenda Part 2**

### **19 EY Audit Results Report - To Follow**

Exempt supplementary information relating to the item on Part 1.

### **20 Risk and Assurance Quarter 1 Report 2024/25 (Pages 103 - 134)**

Exempt supplementary information relating to the item on Part 1.

### **21 Independent Investment Programme Advisory Group Quarterly Report (Pages 135 - 158)**

Exempt supplementary information relating to the item on Part 1.

### **22 Places for London Assurance Update (Pages 159 - 164)**

Exempt supplementary information relating to the item on Part 1.

### **23 Finalisation of TfL's Annual Report and Statement of Accounts for Year Ending 31 March 2024 - To Follow**

Exempt supplementary information relating to the item on Part 1.

### **24 Effectiveness Review of the External Auditors (Pages 165 - 168)**

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, Wednesday 5 June 2024**

#### **Members**

Mark Phillips (Chair)  
Anurag Gupta (Vice Chair)  
Kay Carberry CBE

#### **Executive Committee**

Andrea Clarke	Interim General Counsel
Rachel McLean	Chief Finance Officer

#### **Staff**

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

#### **Also in attendance**

Phil Young	Partner, Ernst & Young
Chloe Wilkinson	Senior Manager, Ernst & Young
Alison Munro	Chair, Independent Investment Programme Advisory Group

### **17/06/24 Apologies for Absence and Chair's Announcements**

An apology for absence had been received from Councillor Ross Garrod. Dr Mee Ling Ng OBE was unable to attend the meeting via Teams due to technical issues. The meeting was quorate.

Janet Dawson, EY was unable to attend and Phil Young was deputising.

The Chair welcomed everyone to the meeting. The meeting was broadcast live to TfL's YouTube channel, except for the discussion of the information on Part 2 of the agenda, which was exempt from publication, to ensure the public and press could observe the proceedings and decision making.

The meeting was being held in a pre-election period. It had been agreed that the meeting should go ahead as scheduled to ensure transparency and accountability for TfL's activities. Members were reminded to be mindful of the pre-election restrictions and not to say anything that could be construed as being designed to affect support for any political party or candidate.

The TfL Annual Report 2023/24 and draft TfL Statement of Accounts 2023/24 were not included on the agenda but would be submitted to the meeting of the Board on 24 July 2024, with a request for approval of the Statement of Accounts to be delegated to the Committee at its meeting on 18 September 2024.

Under section 100B(4)(b) of the Local Government Act 1972, the Chair had agreed that the late items marked "to follow" on the agenda would be considered as a matter of urgency. The items were: the Review of Governance and the Annual Governance Statement for Year Ended 31 March 2024; Ernst & Young Report to Those Charged with Governance; and the Update on Key Accounting Issues, which were published on 31 May 2024. They were accepted as urgent as the papers related to the statutory publication of TfL's Annual Report and Statement of Accounts 2023/24 and the Committee's consideration was required before they were submitted to the meeting of the Board on 24 July 2024.

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.

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

## **18/06/24    Declarations of Interests**

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

## **19/06/24    Minutes of the Meeting of the Committee held on 14 March 2024**

**The minutes of the meeting of the Committee held on 14 March 2024 were approved as a correct record, and the Chair was authorised to sign them.**

## **20/06/24    Matters Arising, Actions List and Use of Delegated Authority**

Andrea Clarke introduced the item, which set out progress against actions agreed at previous meetings of the Committee. There had been one use of Chair's Action since the last meeting on the 2023/24 TfL Scorecard Assurance Review.

**The Committee noted the updated actions list and the use of Chair's Action.**



## **21/06/24    Review of Governance and the Annual Governance Statement for Year Ended 31 March 2024**

The Chair had agreed to the late publication of the paper, to allow for the latest information available to be provided.

Andrea Clarke introduced the item, which provided the annual review of compliance with the TfL Code of Governance in 2023/24, which concluded that TfL had a satisfactory level of compliance, with highlighted areas of continuous improvement.

**The Committee noted the paper and:**

- 1        approved the draft Annual Governance Statement, as set out in Appendix 1 to the paper, for signing by the Chair of TfL and the Commissioner, for inclusion in the 2023/24 Annual Report and Accounts; and**
- 2        noted the progress against the 2023/24 improvement plan, as set out in Appendix 2 to the paper, and approved the plan for 2024/25, as set out in Appendix 3 to the paper.**

## **22/06/24    Ernst & Young Report to Those Charged with Governance**

The Chair had agreed to the late publication of the paper, to allow for the latest information available to be provided.

Phil Young and Chloe Wilkinson presented the EY report outlining the key risks addressed and the status of the audit work performed to date.

EY provided a status update, as the audit of the accounts was still in progress. EY highlighted the continued risks on financial sustainability and of inappropriate revenue recognition, with a particular focus on fares revenue and manual revenue adjustments posted to non-fares revenues. It was not anticipated that there would be any value for money or going concerns risks. TfL had put appropriate mitigation measures and arrangements in place to address capital revenue shortfall in funding.

EY agreed to provide further clarification in the final report on its assessment of value for money as a significant weakness, under the terms of the Code of Audit Practice, as expressed in the Executive Summary. **[Action: Patrick Doig/EY]**

A further update would be provided at the informal briefing scheduled for 5 July 2024.

EY confirmed that they were happy with £132m materiality, as set out, based on previous metrics used but would keep this under review.

**The Committee noted the report.**

## **23/06/24 Update on Key Accounting Issues**

The Chair had agreed to the late publication of the paper, to allow for the latest information available to be provided.

Christopher Tann introduced the update on preparation of the draft TfL Group Statement of Accounts for the year ending 31 March 2024, focusing on key accounting issues under consideration.

A note had been posted on the TfL website explaining the reason for the delay in the publication of the Statement of Accounts for 2023/24.

The potential impact on the accounting treatment of historic 'long leases' was discussed, particularly in relation to Places for London.

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

## **24/06/24 EY Letter on Independence and Objectivity**

Phil Young introduced the letter informing the Committee on EY's independence and objectivity, taking into account guidance of the National Audit Office's Code of Audit Practice.

**The Committee noted the paper.**

## **25/06/06 EY Report on Audit and Non-Audit Fees for Six Months Ended 31 March 2024**

Phil Young introduced the report setting out fees billed by EY for non-audit services.

**The Committee noted the report.**

## **26/06/24 Annual Audit Fees 2023/24**

Patrick Doig and Christopher Tann introduced the paper informing the Committee of the annual audit fee for the audit of TfL, the Transport Trading Limited Group and the Places for London Group for the year ending 31 March 2024.

The fee increase for TfL was due to wider issues in the Local Authority audit market, which was in line with other public bodies. Fee charges were set by the Public-Sector Audit Appointments.

**The Committee noted the paper.**

## **27/06/24 Risk and Assurance Annual Report and Assurance Statement 2023/24**

Lorraine Humphrey and Jill Elliott introduced the annual report and assurance statement 2023/24 of the Risk and Assurance Directorate.

TfL's overall framework of governance, risk management and internal control in the year ended 31 March 2024 remained generally adequate for TfL's business needs and operated in an effective manner with no significant weaknesses identified. Areas for improvement were highlighted in the report.

The differences between 'Requires Improvement' and 'Poorly Controlled' audit conclusions were emphasised.

It was agreed that the charts and metrics currently used in the quarterly reporting would be included in the annual report in future. **[Action: Lorraine Humphrey]**

**The Committee noted the report.**

## **28/06/24 Risk and Assurance Quarter 4 Report 2023/24**

Lorraine Humphrey and Jill Elliott introduced the report, which set out the work completed by the Risk and Assurance Directorate during Quarter 4 of 2023/24 (10 December 2023 to 31 March 2024), including work in progress and planned activities. Patrice Locker, Richard Mullings, James Norris and Mike Shirbon were also in attendance.

It was noted that the 85 per cent target had been exceeded for Internal Audit and Quality, Safety and Security Assurance in 2023/24. The number of overdue management actions also continued to be reduced.

An update would be provided to the next meeting on outstanding actions from the management of Medical Fitness in Buses audit. **[Action: Mike Shirbon]**

**The Committee noted the paper and the exempt supplementary information on the changes to Risk Appetite and Tolerance as set out in Part 2 of the agenda.**

## **29/06/24 Independent Investment Programme Advisory Group Quarterly Report**

Lorraine Humphrey introduced the Independent Investment Programme Advisory Group's (IIPAG) quarterly report. Members noted that only one overdue action remained.

Alison Munro set out the key areas of the report in detail, including re-occurring themes. The lack of adequate funding for asset renewals was an area of concern highlighted by IIPAG in relation to service reliability and performance. Safety was not compromised in any way.

A discussion on TfL's Asset Condition Index would be included as part of the Business Planning process update for Members, which IIPAG welcomed.

Recruitment was underway for two vacant IIPAG member positions.

The IIPAG workplan for 2024/25 was explained to the Committee.

**The Committee noted the Independent Investment Programme Advisory Group's Quarterly Report, the management response and approved the IIPAG Workplan for 2024/25.**

### **30/06/24 Places for London Assurance Update**

Lorraine Humphrey introduced the update on progress with assurance activity across Places for London during Quarter 4 of 2023/24 (10 December 2023 to 31 March 2024).

All Independent Investment Programme Advisory Group Places sub-group recommendations had been addressed and there were no overdue actions outstanding.

Confirmation would be provided as to how money laundering was being covered in the risk register in relation to right to buy in Places for London. **[Action: Patrice Locker]**

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

### **31/06/24 Counter-fraud and Corruption Plan to 2030**

Lorraine Humphrey and Richard Mullings presented the details of the Counter-fraud and Corruption Plan to 2030 and proposed actions linked to the three pillars of the Plan – Prevent and Deter, Detect, and Pursue.

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

### **32/06/24 Legal Compliance Report (1 October 2023 - 31 March 2024)**

Andrea Clarke presented the paper summarising legal and compliance information provided by each TfL Directorate for the period of 1 October 2023 to 31 March 2024.

Further details on the Notice of Deficiency by the London Fire Brigade in relation to Canning Town Underground station would be provided to Members.

**[Action: Andrea Clarke]**

**The Committee noted the paper.**

### **33/06/24 Financial Control Environment Trend Indicators**

Patrick Doig presented the quarterly Financial Control Environment Trend Indicators dashboard.

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

### **34/06/24 Register of Gifts and Hospitality for Members and Senior Staff**

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

**The Committee noted the paper.**

### **35/06/24 Members' Suggestions for Future Discussion Items**

Andrea Clarke introduced the item.

In addition to items already noted during the meeting, the annual cyber security briefing would be added to the Forward Plan. **[Action: Secretariat]**

**The Committee noted the forward plan.**

### **36/06/24 Any Other Business the Chair Considers Urgent**

There was no other urgent business to discuss.

### **37/06/24 Date of Next Meeting**

The next scheduled meeting of the Committee would be held on Wednesday 18 September 2024 at 10.00am.

### **38/06/24 Exclusion of Press and Public**

**The Committee agreed to exclude the press and public from the meeting, in accordance with paragraphs 3, 5 and 7 of Schedule 12A to the Local Government Act 1972 (as amended), when it considered the exempt information in relation to the items on: Update on Key Accounting Issues; Risk and Assurance Quarter 4 Report 2023/24; Places for London Assurance Update; and Counter-fraud and Corruption Plan to 2030.**

The meeting closed at 12.15pm.

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

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

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## Audit and Assurance Committee



**Date:** 18 September 2024

**Item:** Matters Arising and Actions List

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**This paper will be considered in public**

### **1 Summary**

- 1.1 This paper informs the Committee of progress against actions agreed at previous meetings 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: Andrea Clarke, General Counsel  
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## Audit and Assurance Committee Actions List (to be reported to the meeting on 18 September 2024)

### Actions from the meeting held on 5 June 2024

Minute No.	Item/Description	Action By	Target Date	Status/Note
22/06/24	<b>Ernst &amp; Young Report to Those Charged with Governance: Value for money</b> EY to provide further clarification in the final report on its assessment of value for money as a significant weakness, under the terms of the Code of Audit Practice, as expressed in the Executive Summary.	Patrick Doig	September 2024	An oral update will be provided at the meeting.
27/06/24	<b>Risk and Assurance Annual Report and Assurance Statement 2023/24: Content</b> The charts and metrics currently used in the quarterly reporting to be included in the annual report in future.	Lorraine Humphrey	June 2025	Scheduled on the forward plan.
28/06/24	<b>Risk and Assurance Quarter 4 Report 2023/24: Bus Safety Programme</b> An update to be provided to the next meeting on outstanding actions from the management of Medical Fitness in Buses audit.	Mike Shirbon	September 2024	<b>Completed.</b> All outstanding actions from the audit have been closed. The outstanding actions all concerned Sullivan's Buses who are no longer operating any TfL services.
30/06/24	<b>Places for London Assurance Update: Money laundering</b> Confirmation to be provided as to how money laundering was being covered in the risk register in relation to right to buy in Places for London.	Patrice Locker	September 2024	TfL is not a registered social landlord and as a result does not fall within the scope of the statutory right to buy. The socially rented element of the housing stock is taken on by registered social landlords who will broker any right to buy/acquire discussions if they apply.

Minute No.	Item/Description	Action By	Target Date	Status/Note
32/06/24	<b>Legal Compliance Report (1 October 2023 - 31 March 2024): Notice of Deficiency</b> Further details on the Notice of Deficiency by the London Fire Brigade in relation to Canning Town Underground station to be provided to Members.	Andrea Clarke	September 2024	<b>Completed.</b> Further details provided to Members on 20 August 2024.
35/06/24	<b>Members' Suggestions for Future Discussion Items</b> The annual cyber security briefing to be added to the Forward Plan.	Secretariat	September 2024	<b>Completed.</b> An update on cyber security will be provided to Members following the meeting.  As this is now within the remit of the new Safety and Security Panel, annual updates will be scheduled on the Panel's forward plan. All Members will be invited.

#### Action from previous meetings:

Minute No.	Item/Description	Action By	Target Date	Status/Note
05/03/24 (1)	<b>Risk and Assurance Quarter 3 (Q3) Report 2023/24: Bus network safety</b> Staff to provide further assurances that the bus network, as part of Enterprise Risk 1, would include adequate controls and mitigations on safety from concession partners.	Claire Mann	December 2024	An update will be provided to the Safety and Security Panel at its meeting on 2 December 2024 and will be shared with Committee Members.
05/03/24 (2)	<b>Risk and Assurance Q3 Report 2023/24: Customer response action plan</b> An update to be provided on TfL's customer response action plan as a result of significant operational disruptions due to extreme weather, power outages and other similar issues.	Claire Mann	October 2024	An update will be provided to the Customer, Sustainability and Operations Panel at its meeting on 2 October 2024 and will be shared with Committee Members.

Minute No.	Item/Description	Action By	Target Date	Status/Note
05/03/24 (3)	<b>Risk and Assurance Q3 Report 2023/24: Risk management briefing</b> All Board Members to be invited to an informal briefing on TfL's risk management in the autumn, which would also be linked to new Board Members' induction.	Secretariat	Autumn 2024	In progress.
09/03/24	<b>Personal Data Disclosure to Police and Other Statutory Law Enforcement Agencies (2023): Policy review</b> Future reports to reference the link between policy areas and disclosure. The overarching policy would be reviewed, and the report would highlight how the policy was used to consider data requests.	Siwan Hayward	12 March 2025 meeting	Scheduled on the forward plan.
47/09/23 (1)	<b>Effectiveness Review of External Auditors: Annual Questionnaire: Future changes</b> The annual questionnaire to be adapted next year as more suited to Members.	Chris Tann	September 2024.	<b>Completed.</b> Survey circulated on 29 July 2024 and results included in the report on agenda for this meeting.

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## Audit and Assurance Committee



**Date: 18 September 2024**

### **Item: Risk and Assurance Quarter 1 Report 2024/25**

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**This paper will be considered in public**

#### **1 Summary**

- 1.1 This paper informs the Committee of the work completed by the Risk and Assurance Directorate during Quarter 1 of 2024/25 (1 April to 22 June 2024) (Q1) and other information about the Directorate's activities. This paper excludes work undertaken on Places for London as that is covered elsewhere on the agenda.
- 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 paper, and the exempt supplementary information on Part 2 of the agenda and approve the Internal Audit Plan 2024/25 Phase 2.**

#### **3 Director Update**

- 3.1 This is the first quarterly report for 2024/25 setting out the work undertaken by the teams within the Risk and Assurance Directorate.
- 3.2 The Internal Audit team delivered seven audit reports in Q1, details of these audits are included at Appendix 1. One audit was rated as 'adequately controlled, three 'requires improvement', one 'poorly controlled' and two memos were issued.
- 3.3 The Quality, Safety and Security Assurance (QSSA) team delivered 20 second line audits in Q1; further details are set out in paragraph 5.7 below. No QSSA audits were concluded as 'poorly controlled'.
- 3.4 During Q1, the Counter-fraud and Corruption (CFC) team received 189 referrals, all of which were assessed and disseminated within the 10 working days target. As a result, 11 new fraud cases are under investigation. A further 13 are miscellaneous cases that require the team to carry out further enquiries to assess whether any should become a full case. Nine cases were closed during Q1.

- 3.5 A breakdown of current fraud cases by Chief Officer area and their status is shown in the table below:

Chief Officer Area	Start Q1	New Q1	Closed Q1	Under investigation by CFC	With Line Management	With Law Enforcement
Operations	23	5	5	5	7	11
Capital	1	0	1	0	0	0
Customer and Strategy	16	6	2	9	3	8
People	2	0	1	0	0	1
General Counsel	0	0	0	0	0	0
Finance	1	0	0	1	0	0
<b>Total</b>	<b>43</b>	<b>11</b>	<b>9</b>	<b>15</b>	<b>10</b>	<b>20</b>

- 3.6 During Q1 QSSA had two new auditors join the team and two leavers, and the Enterprise Risk team also had two new risk managers join. We are also running recruitment campaigns in the Enterprise Risk team, Internal Audit and the CFC team and are seeing good interest in the roles.

## 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 2024/25. The Plan is subject to regular review and provides the level of flexibility to meet any changes to organisation's assurance needs. The Committee is asked to approve the updated phase 2 Audit Plan set out in Appendix 2.

## 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 practicable and understand our exposure. The Risk and Assurance Directorate supports the business with Enterprise Risk (ER) management at Enterprise (Level 0), Strategic (Level 1) and Tactical (Level 2).
- 5.2 An update to the ER05 title has been agreed with the Executive Committee to better reflect the current risk we face in this area. The new title is 'Supply chain disruption and ineffective procurement and contract management' and this was reported to the Finance Committee on 11 July 2024.
- 5.3 Project Assurance (PA) has completed a review of the documentation and processes associated with new frameworks to be procured by London Underground. The frameworks will be in place for up to eight years and include the procurement of labour and services to enable track infrastructure works. Reviews at earlier points in the documentation production process had identified

a number of key areas that required improvement. In the most recent review there was evidence of significant improvements having been made and the recommendations made were addressed before documents were issued as part of the procurement process. A further review will be undertaken at the tender evaluation and contract award recommendation stage.

- 5.4 A list of the Level 0 risks is included at 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 Risk and Assurance teams assess the appropriateness and effectiveness of, and compliance with, internal controls.
- 6.2 The year-end audit of the TfL scorecard built on the findings of the interim audit and we confirmed that there are adequate controls in place over the collection and processing of data for reporting the TfL scorecard measures. This includes adequate local business unit procedures and central coordination. The results were accurately reported and are a fair reflection of the organisation's performance during the year.
- 6.3 The internal audit of booking external courses by Learning and Development advisors found that there are effective key controls in place. The controls provide assurance that the courses booked are relevant to the needs of TfL, and compliant with commercial and financial requirements in the procurement of external training suppliers.

### **Finance and Procurement**

- 6.4 Our audit of track labour looked to provide assurance that payments made to suppliers on the framework for the supply of track labour were valid, complete, accurate, timely and in compliance with contractual obligations. We found inconsistencies across the two routes for requesting labour. Improvements in the audit trail to support the payment of invoices and the documentation of procedures were identified and management actions, including those referred to at 5.3 above, have been agreed to address these issues.

### **Technology and Data**

- 6.5 The audit of station cabinets containing Wi-Fi equipment found a number of control weaknesses that including lack of compliance with regulations, unclear ownership and responsibility for compliance and maintenance of the Wi-Fi cabinets, and obsolescence of some Wi-Fi infrastructure.

## **Safety**

- 6.6 In Q1, three QSSA audits against ER01 (Inability to deliver safety objectives and obligations) were concluded as 'requires improvement' – 'DLR Risk Management and Project Competencies', 'TfL Management of Risk from Hazardous Substances' and 'Rail For London Infrastructure Safety of People at Work'. None of these audits were concluded as 'poorly controlled'. All have agreed action plans in place.

## **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.
- 7.2 The procurement of the new advertising concessions contract is underway and Internal Audit are providing real time audit of the procurement process. The objective of this is to ensure that the process is transparent, follows procurement rules and regulations and decision making is fully documented. Based on the audit work carried out to date, we concluded that the procurement of the New Advertising Concessions Contract up to the issue of the Invitation to Tender is being adequately managed. The audit continues to review the procurement with the next phase completed in early July, which will be reported in the Quarter 2 submission to the Committee.
- 7.3 Our audit of the management of conflicts of interest in procurement found that there was a lack of awareness among some Procurement and Commercial staff over the purpose of the Declarations of Interest form, the differences between a conflict and declaration, and the procedure requirements. We found that documentation was not always complete. Improvements to the review process were also identified and actions agreed to address.
- 7.4 We finished our series of internal audits on TfL's plans in the event of extreme weather events with an audit of the arrangements in place for the Elizabeth line. The plans for individual or combined weather events and associated seasonal plans need to be reviewed and updated to include route wide risk assessments and scenario planning.

## **Assurance and Investment Programme**

- 7.5 The primary source of assurance for the delivery of the TfL Investment Programme continues to be through the work of the PA team and the Independent Investment Programme Advisory Group (IIPAG). PA and IIPAG consider that there is sufficient scrutiny of the Investment Programme in TfL through the various programme meetings as well as the Executive Committee Investment sub-group, and at the Programmes and Investment Committee.
- 7.6 PA completed a programme of targeted assurance reviews including the annual programme submissions to the 26 June 2024 meeting of the Programmes and Investment Committee, plus other targeted assurance and ongoing continuous assurance activity. From this work, recommendations have been made and



themes identified and collated; these are reported to the Programmes and Investment Committee.

- 7.7 A trend that has been visible for some time, but has been particularly noteworthy in recent PA reviews, is that poor-quality programme schedules are causing a risk to project delivery as they are not meeting a sufficiently good standard to act as a robust management tool. The picture across the Investment Programme is quite variable and in some areas schedule management is good. However, many of the schedules that PA have reviewed recently have not achieved the standard that we would expect to see.
- 7.8 There is recognition of this issue by the Programme Management Office and the need for improvement; the appointment of a Planning Professional Lead is a positive step and one that is already driving improvements such as taking steps to address a long-standing overdue action to create an integrated schedule in a portfolio within the Environment Programme as well as leading schedule improvements in the Piccadilly Line Upgrade programme. This trend will continue to be monitored by PA and reported to the Programmes and Investment Committee.
- 7.9 Of continued interest and under regular review by PA is the standard of project and programme business cases. There continues to be evidence of improvement, but a high proportion of PA recommendations relate to improvements needed to these documents.
- 7.10 IIPAG has worked with PA on programme reviews and reviews of higher value projects and they have continued to progress their programme of cross-cutting reviews this quarter. A review of the prioritisation and planning of capital renewals is progressing well with fieldwork underway. In addition, an IIPAG review investigating how TfL investment decisions are taking into consideration the need to reduce whole life carbon emissions has commenced. Internal Audit will be considering carbon management in operations. The IIPAG review and the audit are running in parallel, and the remits have been drafted and agreed to ensure alignment and to avoid duplication.

## **8 Programme Changes**

- 8.1 The planned grant audit of the Department of Culture, Media and Sport/Wolfson Museums and Galleries Improvement Fund has been cancelled following confirmation from the museum's Chief Finance Officer that an audit was no longer required. Also cancelled was the audit of readiness for the new Procurement Act. The Head of Internal Audit is providing real time support to the Procurement Act Programme Group through attendance at the programme group meetings instead. Once the changes have been implemented and allowed to embed Internal Audit will review how effectively they are working.
- 8.2 The following audits have been moved to Phase 2 of the 2024/25 plan. The procurement of the professional services contract has been delayed and so our real time audit work will not be taking place until late September 2024. The audit of Cubic risk management has been moved to coincide with a time that a team from Technology and Data will be visiting Cubic. This will minimise the possible

disruption to this service provider. The audit of ransomware was moved to Phase 1 to accommodate the change in timing.

- 8.3 One QSSA audit, Management of Workplace Violence and Aggression, was deferred to next year's audit plan to allow time for the workplace violence and aggression strategy to implement a number of improvement actions which will form the scope of future audit work.

## **9 Management Actions/Recommendations**

- 9.1 A breakdown of overdue management actions and recommendations across Chief Officers and the Risk and Assurance teams is included at Appendix 4. We continue to work with the management teams and the relevant Chief Officers to resolve these and a number have been closed since period end.
- 9.2 Appendix 5 provides an analysis on a rolling four quarter basis of management actions from Internal Audit, QSSA work and PA recommendations.

## **10 Customer Feedback**

- 10.1 In Q1, the QSSA team received 13 customer feedback responses out of 21 sent out (62 per cent response rate), with a 97.1 per cent satisfaction score. Internal Audit issued four customer feedback forms, two were returned (50 per cent response rate), with an average score of 87.5 per cent.

## **11 Mayoral Directions**

- 11.1 There have been no Mayoral directions since the last Committee meeting.

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

Appendix 1: Internal Audit reports issued in Q1 2024/25  
Appendix 2: Internal Audit plan for 2024/25 Phase 2  
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

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## Internal Audit reports issued in Quarter 1 (1 April - 22 June 2024)

## Appendix 1

Seven draft reports (excluding Places for London) were issued during the quarter.

Enterprise Risk	Directorate	Ref	Audit Title	Summary of Findings	Conclusion
<b>ER02 Attraction, retention, wellbeing and health of our employees</b>	Chief Finance Officer	24 003	Learning and Development - External Training	There are effective key controls around the booking of external courses by Learning and Development Advisers on behalf of TfL business areas. This provides assurance that these courses are relevant to the needs of TfL and employees who receive training. The controls also aim to ensure compliance with commercial and financial requirements in the procurement of external training suppliers. We identified the need for introducing a process for obtaining feedback from attendees in order to evaluate suppliers as well as some instances of non-compliance with the requirement to record training on employees' SAP records.	Adequately Controlled
<b>ER03 Environment including climate adaptation</b>	Chief Operating Officer	24 006	Impact of extreme weather - Elizabeth Line	The plans for individual or combined weather events and associated seasonal plans have not been reviewed and updated to accommodate new information on the hazards and risks from extreme events. There were five high issues and one medium identified. The high issues relate to a lack of route wide risk assessments and scenario planning, no adequate definition of severe weather, absence of weather stations and hotspot registers and no single authority accountable for co-ordination and decision making in extreme events.	Requires Improvement
<b>ER04 Significant security incident including</b>	Chief Customer and Strategy Officer	24 009	Review of station cabinets containing Wi-Fi equipment	A number of control weaknesses were identified, including the lack of compliance with the Fire Precautions (Sub-surface Railway Stations) (England) Regulations 2009, unclear ownership and responsibility for compliance and maintenance of the Wi-Fi cabinets, and obsolescence of some of the Wi-Fi infrastructure.	Requires Improvement

Enterprise Risk	Directorate	Ref	Audit Title	Summary of Findings	Conclusion
<b>cyber security</b>					
<b>ER05 Efficient and high performing supply chains and effective procurement</b>	Chief Customer and Strategy Officer	23 028	Procurement of the TfL Advertising Concessions Contract (Live audit) - Phase 1	Based on the audit work carried out to date, we conclude that the procurement of the New Advertising Concessions Contract up to the issue of the final Invitation To Tender pack is being adequately managed. The audit will continue to review progress as the procurement progresses with the next phase completed in early July 2024 to be reported in the Quarter 2 submission to the Committee.	Memo
<b>ER05 Efficient and high performing supply chains and effective procurement</b>	Chief Finance Officer	24 016	Management of conflicts of interest for procurements - Indirects	There was a lack of awareness among some Procurement and Commercial staff over the purpose of the Declarations of Interest form, the differences between a conflict and declaration, and the procedure requirements. We found that the documentation was not always complete. Improvements to the review process were also identified.	Requires Improvement
<b>ER07 Financial resilience</b>	Chief Finance Officer	24 020	TfL Scorecard – Year-End	Based on the audit work performed on a sample of measures, the 2023/24 TfL Scorecard results are accurately reported and are a fair reflection of the organisation's performance during the year.	Memo
<b>ER10 Governance and controls suitability</b>	Chief Operating Officer	23 031	Supplier Contract Audit – Track Labour	Our audit of track labour looked to provide assurance that payments made to suppliers on the framework for the supply of track labour were valid, complete, accurate, timely and in compliance with contractual obligations. We found inconsistencies across the two routes for requesting labour. Improvements in the documentation to support the payment of invoices and of	Poorly Controlled

Enterprise Risk	Directorate	Ref	Audit Title	Summary of Findings	Conclusion
				procedures were identified and management actions have been agreed to address the issues raised.	

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## Detailed TfL 2024-25 Internal Audit Plan – Phase 2: September 2024 to March 2025

Enterprise Risk 01	Inability to deliver safety objectives and obligations		
Audit Title	Rationale and Outline Audit Scope		Chief Officer/directorate/ client
Use of Body Worn Cameras (Risk driven)	Why now?	Body worn cameras became part of essential kit in September 2023 and new equipment is being rolled out to staff in operational areas. We will review if staff across TfL operations are adhering to the policies and procedures in place, including compliance with the General Data Protection Regulation.	Siwan Hayward (Director Security Policing Enforcement)
	Audit objective	Provide assurance on the adequacy and effectiveness of key controls for managing the implementation of body worn cameras.	
Enterprise Risk 02	Attraction, retention, wellbeing and health of our employees		
Audit Title	Rationale and Outline Audit Scope		Chief Officer/directorate/ client
Our People Leaders Framework (Risk driven)	Why now?	Achieving TfL's objectives relies on a strong culture of good people leadership across TfL - a culture that supports our people, our Purpose, and our Vision and Values.	Fiona Brunskill (Chief People Officer)
		The Our People Leaders' framework is a key organisational initiative that underpins the shift from line manager to people leader. It describes what we expect every person responsible for the	

		performance and development of others to do. The principles are the same whether you are Chief Officer or a first line supervisor. The framework underpins every people leader's performance, and development.	
	Audit Objective	Provide assurance on how effectively the Our People Leaders' framework is being embedded.	
Enterprise Risk 03	Environment including climate adaptation		
Audit Title	Rationale and Outline Audit Scope		Chief Officer/directorate/client
Use of the Environmental Evaluation Tool (Risk driven)	Why now?	TfL is committed to both delivering our transport infrastructure in a sustainable way and achieving the ambitions within our Corporate Environment Plan and the Mayor's Transport Strategy. To enable us to meet these goals, all Pathway projects that undertake construction works or alter assets or systems must complete an Environmental Evaluation (EE). The EE is a digital tool used to identify and manage environmental risks and opportunities so that projects can be legally compliant and delivered in line with TfL's corporate environmental goals.	Lilli Matson (Chief Safety, Health and Environment Officer)
	Audit Objective	Provide assurance on the adequacy and effectiveness over the use of the Environmental Management Tool.	



Enterprise Risk 04	Significant Security Incident including cyber security		
Audit Title	Rationale and Outline Audit Scope		Chief Officer/directorate/client
<b>Effectiveness of Monitoring and Patching of TfL's Supply Chain (Cubic)</b> (Core)	Why now?	<p>Vulnerability exploitation is on the rise. The threat landscape as reported in 2023 reveals that one-third of high-risk vulnerabilities were found in network infrastructure and web applications. It is, therefore, important to promptly manage vulnerabilities by implementing appropriate patch management.</p> <p>Any T&amp;D managed or contracted system may experience a cyber security incident resulting in adverse operational, financial, reputational, legal, regulatory, environmental, and public safety consequences. Cubic is responsible for the management/operation of TfL's payment systems under the Revenue Collection Contract (RCC).</p>	Shashi Verma (Chief Technology Officer)
	Audit Objective	Assess and evaluate the adequacy and effectiveness of a selection of key controls, in relation to the monitoring and patching of the payments systems managed by Cubic on behalf of TfL.	
<b>Payments Technology Refresh (Live Audit)</b> (Business Led)	Why now?	<p>TfL's Payments service is managed/operated by Cubic and is responsible for collecting circa £15m per day in ticketing revenue. Cubic are responsible for maintaining the lifecycle of the hardware and software of the Payments systems and provide an indemnity against loss of revenue to TfL should the systems fail.</p> <p>Equally, TfL has an obligation to procure hardware, software/licences and maintenance based on</p>	Shashi Verma (Chief Technology Officer)

		<p>Cubic's requirements. The refresh project commenced in 2020 and is due to finish in 2027.</p> <p>Failure to anticipate systems that are approaching end of life and can no longer be patched are at risk of cyber security incidents that may lead to operational, financial and reputational losses, as well as legal and regulatory penalties.</p>	
	Audit Objective	Assess and evaluate the adequacy of the plans for the payments technology refresh project.	
<b>Artificial Intelligence (implementation of Microsoft tools with built-in AI)</b> (Core)	Why now?	<p>Artificial intelligence (AI) is a technology that enables computers and machines to simulate human intelligence and problem-solving capabilities. Generative AI (GenAI) refers to deep-learning models that can take raw data and "learn" to generate statistically probable outputs. At a high level, GenAI models make a simplified view of their training data usage to create a new view. GenAI applications could exacerbate data bias, privacy and unauthorised access risks.</p> <p>TfL intends to implement and make use of corporate tools with GenAI capabilities, in alignment with the recently launched TfL Generative Artificial Intelligence policy.</p>	Shashi Verma (Chief Technology Officer)
	Audit Objective	Assess and evaluate the adequacy and effectiveness of a selection of key controls in relation to the implementation of corporate tools with AI.	

London Transport Museum (LTM) Business Continuity (Core)	Why now?	It is important that the LTM has robust business continuity plans in place, and these are embedded across the organisation. The LTM is not covered by TfL’s business continuity arrangements which were reviewed earlier this year.	Elizabeth McKay (Museum Director)
	Audit Objective	Provide assurance on the adequacy of LTM’s business continuity process.	
Enterprise Risk 05	Supply chain disruption and ineffective procurement and contract management		
Audit Title	Rationale and Outline Audit Scope		Chief Officer/directorate/client
Procurement of the new advertising contract – phase 3 (Risk driven)	Why now?	This is a high financial value procurement which may lead to challenges by bidders. It is important to ensure that risks to challenges are minimised by continuing to provide real-time assurance on the procurement to ensure it complies with TfL policies and procedures.	Emma Strain (Customer Director)
	Audit Objective	Provide assurance on the procurement of the new advertising contract (real-time audit).	
Supplier contract management audits 3 and 4 (Risk driven)	Why now?	Good contract management is vital to ensure value for money and a good service from TfL’s suppliers. This includes the management of sub-contractors by the main contractor.	Jonathan Wharfe (Director of Procurement and Commercial – Operations)
		This is part of the suite of contract management audits to be carried out across TfL as part of the annual audit plan.	Luke Jarvis (Director of Procurement and Commercial – Capital)

	Audit Objective	Provide assurance the payment control processes for the contracts selected are adequate and effective.	
<b>Enterprise Risk 06</b>	<b>Deterioration of Operational Performance</b>		
Audit Title	Rationale and Outline Audit Scope		Chief Officer/directorate/client
<b>Bus Service Delivery Model</b> (Risk driven)	Why Now?	This is a follow up to an audit conducted in 2020 which had a rating of 'Poorly Controlled.' Actions were underway to address the issues raised in the audit and it was agreed that we would revisit the topic to ensure that all concerns have been addressed.	Nick Owen (Interim Director of Buses)
	Audit objective	Review the adequacy and effectiveness of the Bus Service Delivery Model.	
<b>Asset management</b> (Business Led)	Why Now?	TfL is an asset intensive organisation and realising value from our assets is a core function that is fundamental to being able to deliver a safe and reliable service. Asset Management measures need to be defined, used and reported to enable effective use of funds.	Claire Mann (Chief Operating Officer)
	Audit objective	Provide assurance on the adequacy and effectiveness of asset management.	

Enterprise Risk 07	Financial Sustainability		
Audit Title	Rationale and Outline Audit Scope		Chief Officer/directorate/client
<b>Adequacy of Joint Venture Reporting</b> (Risk driven)	Why now?	<p>Joint Ventures (JVs) are the key vehicle used by Places for London to deliver its revenue generating programme. It is important that the reporting to TfL is accurate.</p> <p>IIPAG undertook a targeted review of structuring and management of JVs in 2023 and the immaturity of the arrangements in place for JV reporting was identified.</p>	Digby Nicklin (Chief Finance Officer, Places for London)
	Audit objective	To build on the IIPAG findings and provide assurance on the arrangements now in place to ensure robust JV reporting.	
<b>General Ledger</b> (Core)	Why now?	There are core areas of the business which are audited on a cyclical basis. These tend to be key financial, people and procurement controls. A new general ledger was implemented as part of SAP 4 Hana in July 2023.	TBC
	Audit objective	Provide assurance on the effectiveness of the new general ledger implementation.	
<b>Savings Validation and Tracking</b> (Risk driven)	Why now?	Within TfL's 2030 Strategy, the ambition is to 'control its like-for-like costs in real terms, targeting inflation minus two per cent'. Various savings programmes in TfL (such as the LU Modernisation Programme or the Our TfL programme) exist, in whole or in part, to achieve this strategic aim. The 2024 Business Plan has clearly set out that the	Patrick Doig (Group Finance Director)

		<p>delivery of £650m of recurring savings is required between 2022/23 and 2025/26 to meet this objective.</p> <p>In order to ensure that TfL is delivering on the savings targets, it is critical that savings are defined, valued, recorded and reported. A savings tracker (with definitions and guiding principles) has been developed and rolled out across TfL.</p>	
	Audit Objective	Provide assurance that savings are being correctly and accurately recorded on the savings tracker.	
<b>Discount application and journey resolution processes</b> (Risk driven)	Why now?	The way that discounts for customers are processed and the journey resolution process have been identified as posing potential fraud risks.	Nick Dent (Director Customer Operations - LU)
	Audit objective	Provide assurance on the adequacy and effectiveness of controls in place for discount application and journey resolution processes.	
<b>Enterprise Risk 10</b>	<b>Governance and Controls Suitability</b>		
<b>Safeguarding in the Educational Engagement programme (Places for London)</b> (Risk driven)	Why now?	Education Engagement programme works with selected schools to increase underrepresented groups in construction jobs where there is a huge skills shortage. The team works with students under 18 and it is essential that safeguarding processes and controls are in place.	Lisa Jane Risk (Head of Operations, Places for London)
	Audit objective	Provide assurance that the controls for safeguarding in the Educational Engagement programme within Places for London are adequate and effective.	

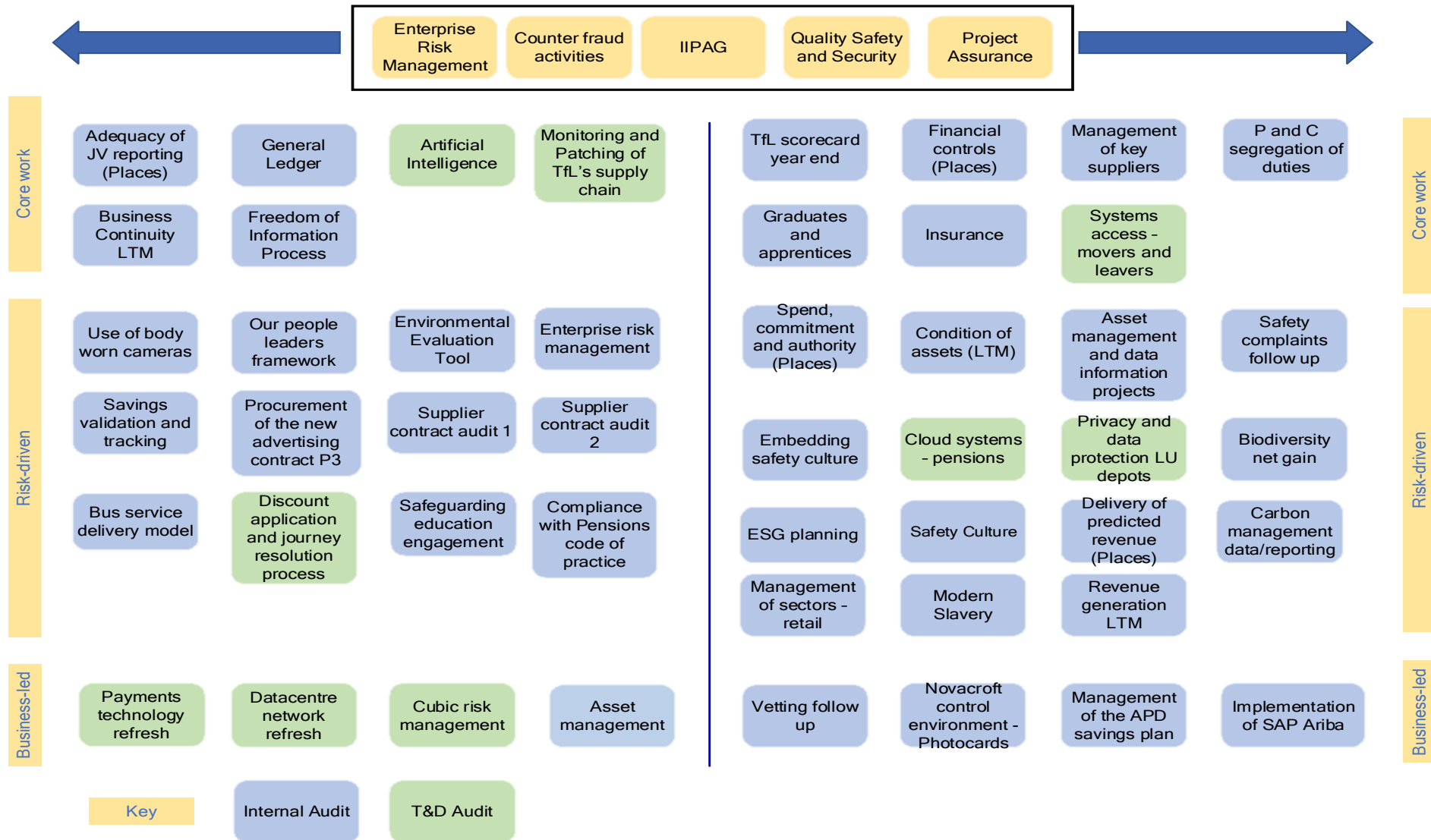
<b>Freedom of Information process</b> (Core)	Why now?	<p>The Freedom of Information Act 2000 (FoIA) provides public access to information held by public authorities. Public authorities are required to publish certain information about their activities; and members of the public are entitled to request information from public authorities. This legislation is intended to help promote openness and accountability across the public sector. As a public authority the FoIA applies to TfL and its subsidiary companies.</p> <p>A periodic review for compliance with the FoIA is required. Failure to deliver all FoIA obligations would significantly affect TfL's reputation and trigger financial penalties.</p>	Richard Bevins (Head of Information Governance and Data Protection Officer)
	Audit objective	Assess the adequacy and effectiveness of internal controls in place for TfL's compliance with the FoIA 2000.	
<b>Compliance with the Pensions Code of Practice</b> (Risk driven)	Why now?	<p>The Pensions Regulator's revised Code of Practice consolidates 10 existing codes of practice covering aspects of governance common to all types of schemes. It also takes account of recent legislative changes which set new requirements for trustees to establish and operate an effective system of governance including internal controls. The Code explains to trustees and scheme managers of private and public sector pension schemes the standards of conduct and practice expected of them when carrying out functions.</p> <p>This audit has been postponed for a couple of years, while the Code was being consulted on.</p>	Stephen Field (Director of Pensions & Chief Executive of TfL Pension Fund)

	Audit objective	Provide assurance on the adequacy and effectiveness of key controls for management of the Pension Fund in line with the new Code of Practice.	
<b>Cubic risk management</b> (Business Led)	Why now?	Under the RCC, Cubic is responsible for the management of risk management activities on behalf of TfL. Risk management aims to provide a clear overview and strategy to mitigate risks impacting services provided under the RCC.	Shashi Verma (Chief Technology Officer)
	Audit objective	Assess and evaluate the adequacy and effectiveness of key controls, in relation to risk management undertaken by Cubic on behalf of TfL.	
<b>Enterprise Risk Management</b> (Risk driven)	Why now?	<p>Enterprise Risk Management's core purpose is to support the business with the management of its risks in order to minimise any impacts on TfL, meeting the Mayor's Transport Strategy and TfL's Corporate Strategies.</p> <p>This is done through the following activities:</p> <ul style="list-style-type: none"> <li>- Risk management documentation, such as defining the framework;</li> <li>- Supporting business areas with risk identification, assessment and analysis, evaluation, treatment and recording;</li> <li>- Reporting via Active Risk Management;</li> <li>- Continuous improvement, such as horizon scanning and benchmarking.</li> </ul>	Patrice Locker (Head of Enterprise Risk)
	Audit objective	Provide assurance on the adequacy and effectiveness of key controls governing Enterprise Risk Management's processes.	



Phase 2 October 2024 - March 2025

Potential Phase 1 April 2025 - September 2025

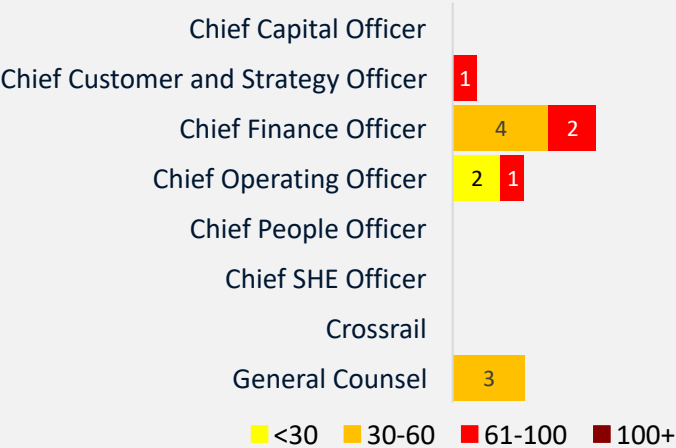


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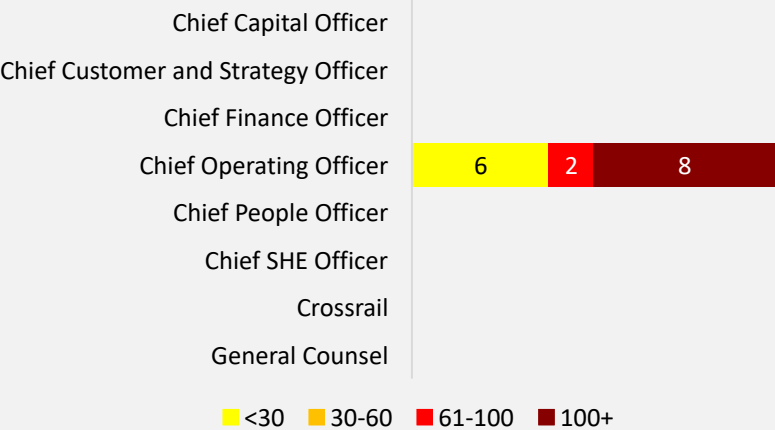
<b>Risk No.</b>	<b>Risk</b>	<b>Owner</b>	<b>Panel and Committee</b>
ER01	Inability to deliver safety objectives and obligations	Chief Safety, Health and Environment Officer	Safety and Security Panel
ER02	Attraction, retention, wellbeing and health of our employees	Chief People Officer	Safety, Sustainability and Human Resources Panel
ER03	Environment including climate adaptation	Chief Safety, Health and Environment Officer	Finance Committee
ER04	Significant security incident including cyber security	Chief Operating Officer	Safety and Security Panel
ER05	Supply Chain disruption and ineffective procurement and contract management	Chief Finance Officer	Finance Committee
ER06	Deterioration of operational performance	Chief Operating Officer	Customer, Sustainability and Operations Panel
ER07	Financial Resilience	Chief Finance Officer	Finance Committee
ER08	Delivery of key investment programmes and projects	Chief Capital Officer	Programmes and Investment Committee
ER09	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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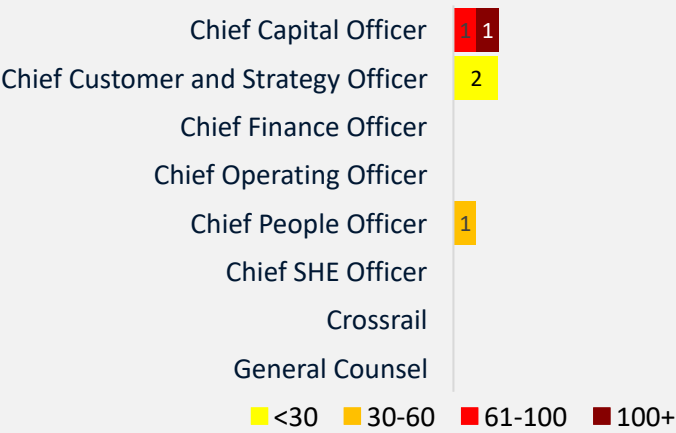
Internal Audit Overdue Action by Days



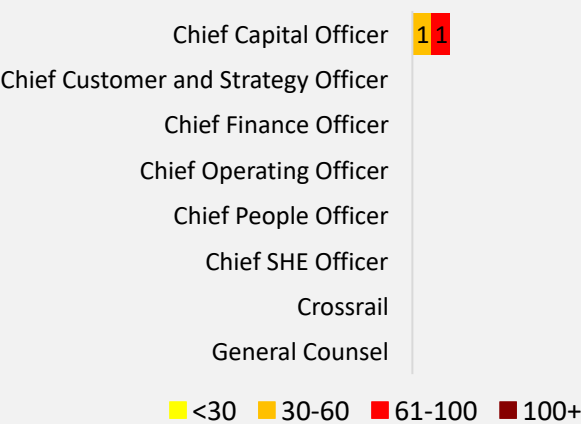
Quality Safety Security Overdue Action by Days



Project Assurance Overdue Recommendations by Days

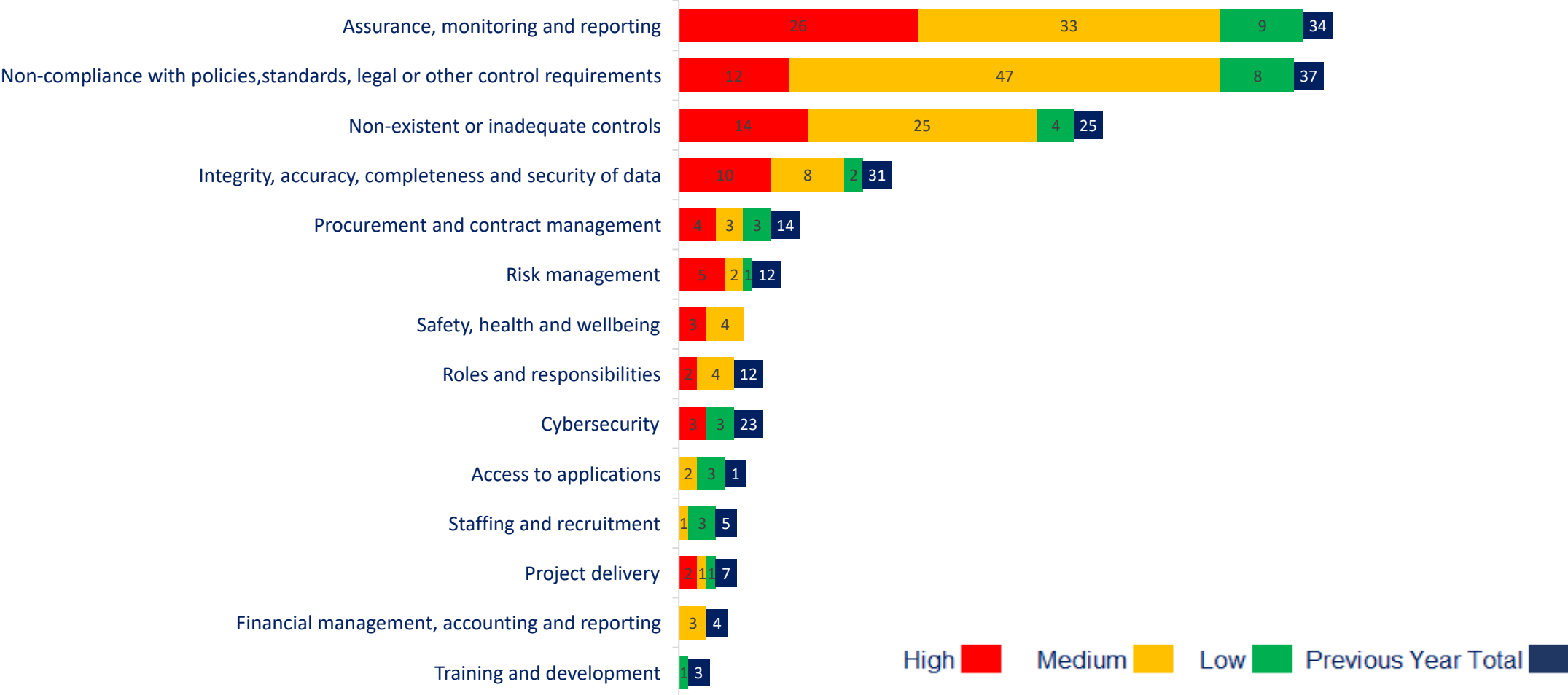


IIPAG Overdue Recommendations by Days

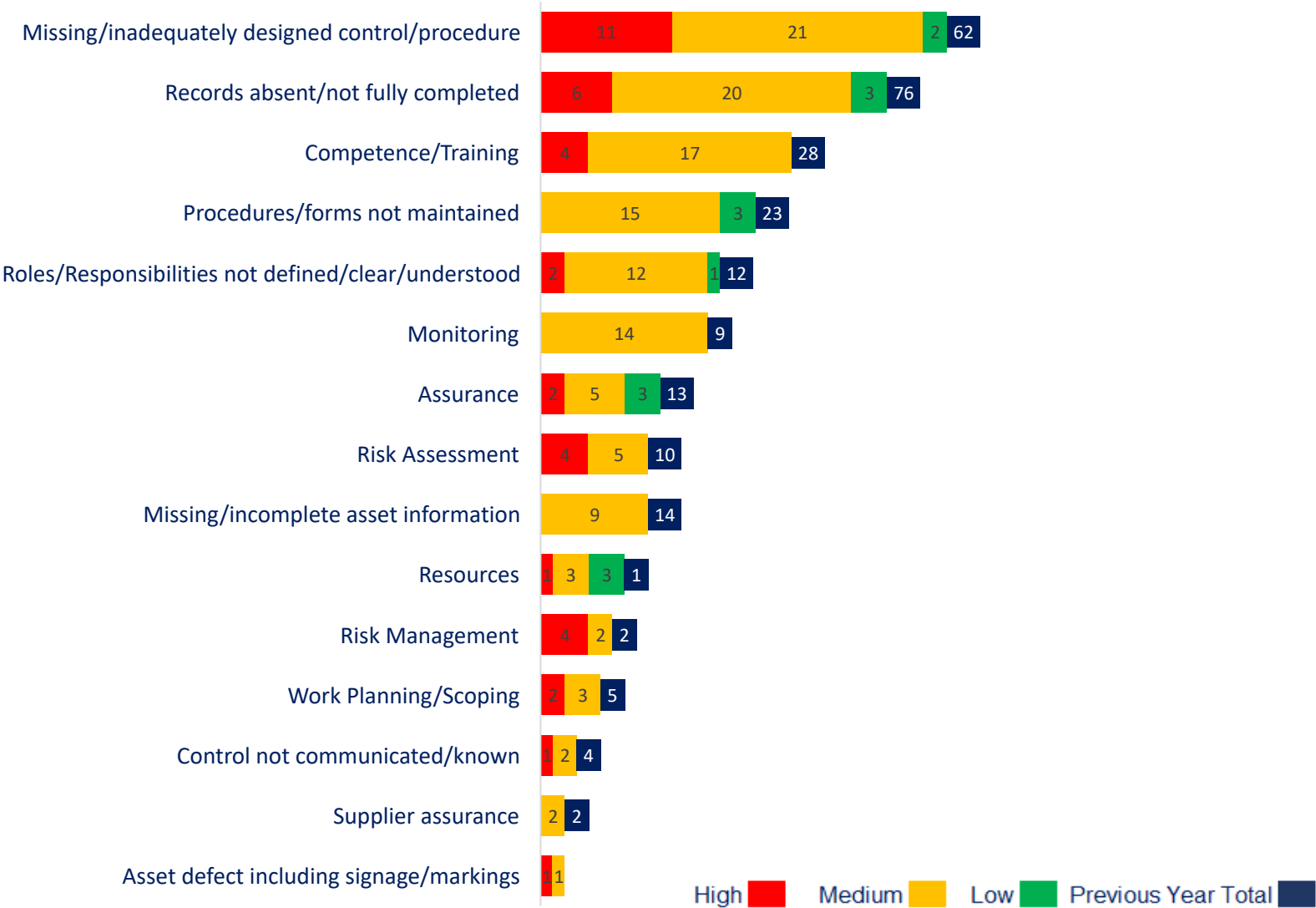


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Internal Audit Findings Categories by Priorities 4 Quarters vs Previous Year



Quality, Safety and Security Assurance Findings Categories by Priorities – 4 Quarters vs Previous Year





Project Assurance Findings by Themes by Type - 4 Quarters vs Previous Year



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## Audit and Assurance Committee



**Date: 18 September 2024**

### **Item: Internal Audit Charter**

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**This paper will be considered in public**

#### **1 Summary**

- 1.1 The purpose of this report is to inform the Committee of the proposed update to the Internal Audit Charter and seek approval to it.

#### **2 Recommendation**

- 2.1 **The Committee is asked to note the paper and approve the updated Internal Audit Charter.**

#### **3 Background**

- 3.1 The Public Sector Internal Audit Standards, published by the Chartered Institute of Public Finance and Accountancy and other relevant standard setters in collaboration with the Chartered Institute of Internal Auditors (CIIA), requires the Internal Audit function to have an Internal Audit Charter which sets out its purpose, authority and responsibility. TfL's Internal Audit Charter was last updated in 2018.
- 3.2 The new Global Internal Audit Standards were released on 9 January 2024, by the Institute of Internal Auditors, and will become effective on 9 January 2025. As a result, a working group has been set up to identify where changes to current policies, procedures and working practices need to be made to comply with the new standards. The first task has been to update the Internal Audit Charter to comply with the new standards. The changes to the charter are minimal and include reference to the new standards. The CIIA three lines of defence model was updated to the three lines model in 2020, section 3.4 of the draft updated Internal Audit Charter provides further information on the new model.
- 3.3 The draft updated Charter is included at Appendix 1.

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

Appendix 1: Draft Internal Audit Charter

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

None

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**E0024 A4**

## Process – Appendix 1

# Risk and Assurance - Internal Audit Charter

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## **1 Purpose and mission**

This document details how TfL's Internal Audit function provides independent, objective assurance and consulting services designed to add value to TfL's operations.

The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice, insight, and foresight.

## **2 Scope**

This document applies to all staff involved in conducting internal audit activities within TfL.

## **3 Process**

### **3.1 Standards for the Professional Practice of Internal Auditing**

Internal Audit conducts its work in accordance with the UK Public Sector Internal Audit Standards (PSIAS). The PSIAS encompass the mandatory elements of the Institute of Internal Auditors' (IIA) International Professional Practices Framework (IPPF), including the Definition of Internal Auditing, the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, and the IIA's Global Internal Audit Standards 2024 for the Professional Practice of Internal Auditing.

### **3.2 Authority**

The Head of Internal Audit is accountable to the TfL Audit and Assurance Committee, and reports administratively through the Director of Risk and Assurance to TfL's General Counsel.

To ensure that Internal Audit has sufficient authority to fulfil its duties, the Audit and Assurance Committee will, on behalf of the TfL Board:

- a) Approve the Internal Audit Charter
- b) Approve the risk-based Internal Audit plan
- c) Approve decisions regarding the appointment and removal of the Head of Internal Audit

Additionally, in accordance with Standing Orders, the appointment and removal of the Director of Risk and Assurance is reserved to the Board in order to ensure organisational independence.

The Director of Risk and Assurance and the Head of Internal Audit have access, when required, to the Commissioner and the Chair of the Audit and Assurance Committee. At least annually, the Director of Risk and Assurance and the Head of Internal Audit will meet privately with the Audit and Assurance Committee with no other members of TfL executive management present.

The statutory Chief Finance Officer (CFO) has specific responsibilities set out in the Local Government Act 1972 and the Greater London Authority Act 1999 for the probity of financial systems. From time to time, the CFO may require Internal Audit to perform specific reviews to enable them to fulfil their responsibilities. The Accounts and Audit Regulations 2015 require TfL to undertake internal audit activity to

evaluate the effectiveness of its risk management, control and governance process, taking into account PSIAS or other guidance.

For the purposes of completing its work Internal Audit:

- a) Has full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information
- b) May allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports
- c) Will if required, use specialist resources, or other specialised co-source partners, from within or outside TfL, in order to complete the engagement.

### **3.3 Independence and objectivity**

The Head of Internal Audit is responsible for ensuring that Internal Audit remains free from all conditions that threaten the ability of Internal Auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content.

If the Head of Internal Audit determines that independence or objectivity may be impaired, or perceived to be so, the impairment will be disclosed to the Audit and Assurance Committee.

Where the Head of Internal Audit either has, or expects to have, roles and/or responsibilities that fall outside of Internal Auditing, safeguards will be established to limit impairments to independence, or objectivity.

Where Internal Audit performs audits of activities carried out by other teams within the Risk and Assurance Directorate (e.g. audits of risk management or fraud management activities), the Director of Risk and Assurance will be excluded from involvement in management of the audit process.

Internal Auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, Internal Auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- a) Assessing specific operations for which they had responsibility within the previous year
- b) Initiating or approving transactions external to the Internal Audit function
- c) Directing the activities of any TfL employee not employed by the Internal Audit function, except when employees are assigned to auditing teams, or to otherwise assist Internal Auditors.

Internal auditors will:

- a) Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties
- b) Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined

- c) Make balanced assessments of all available and relevant facts and circumstances
- d) Take necessary precautions to avoid undue influence, by their own interests, or by others in forming judgments.

### **3.4 Scope of Internal Audit activities**

The scope of Internal Audit work includes, but is not limited to, the use of real-time and scenario-based methods to perform objective examination of evidence. Such methods allow Internal Audit to provide independent assessments to the Board, the Audit and Assurance Committee, management, and outside parties, on the adequacy and effectiveness of governance, risk management, and control processes for TfL.

Internal Audit may also deliver internal consultancy services with the objective of identifying opportunities for improving the efficiency of governance, risk management and control processes.

The Head of Internal Audit coordinates audit activities in alignment with the principles set out in the IIA's three lines model. In this model:

1. Business functions own and manage risk at the first line. First line roles are most directly aligned with the delivery of products and/or services to clients of the organisation, and include the roles of support functions.
2. Second line roles may be assigned to specialists to provide complementary expertise, support, monitoring and challenge to those with first line roles. Second line roles can focus on specific objectives of risk management, such as compliance with laws and quality assurance.
3. Internal Audit provides independent and objective assurance and advice on the adequacy and effectiveness of governance and risk management at the third line. Its independence from the responsibilities of management is critical to its objectivity, authority, and credibility.

In planning its work, Internal Audit will seek, where possible to rely upon the work of assurance providers at the first two lines of assurance.

Internal Audit assessments include, but are not restricted to, evaluating whether:

- a) Risks relating to the achievement of TfL's strategic objectives are appropriately identified and managed
- b) The actions of TfL's officers, directors, employees, and contractors are in compliance with TfL's policies, procedures, and applicable laws, regulations, and governance standards
- c) The results of operations or programmes are consistent with established goals and objectives
- d) Operations or programmes are being carried out effectively and efficiently
- e) Established processes and systems enable compliance with the policies; procedures, laws, and regulations that could significantly impact TfL
- f) Information and the means used to identify, measure, analyse, classify, and report such information are reliable and have integrity



- g) Resources and assets are acquired economically used efficiently, and protected adequately.

### **3.5 Reporting**

Internal Audit will report regularly to the Executive Committee and the Audit and Assurance Committee regarding:

The organisational independence of Internal Audit:

- a) Restrictions on the scope of Internal Audit's work, or its ability to report its findings, and related implications
- b) Internal Audit's purpose, authority, and responsibility (charter)
- c) Internal Audit's plan, and performance (scorecard)
- d) Internal Audit conformance with the IIA's Code of Ethics and Global Internal Audit Standards 2024, and action plans to address any significant conformance issues
- e) Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Audit and Assurance Committee
- f) Results of audit engagements, or other activities
- g) Any management response to risk that may be unacceptable to TfL.

### **3.6 Responsibility and accountabilities**

Internal Audit has the responsibility to:

- a) Develop and maintain, in discussion with the Executive Committee, a rolling Internal Audit plan to provide assurance over the management of TfL's strategic risks, and submit this, at least twice a year for review and approval
- b) Communicate the impact of resource limitations on delivery of Internal Audit's planned work
- c) Review and adjust the plan, as necessary, in response to changes in TfL's business, risks, operations, programmes, systems and controls, and present these changes to the Audit and Assurance Committee for approval
- d) Ensure each Internal Audit engagement is executed in alignment with the established methodologies
- e) Follow up on engagement findings and management actions, and report periodically on any management actions not effectively implemented
- f) Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld
- g) Ensure Internal Audit collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the Internal Audit Charter
- h) Ensure trends and emerging issues that could affect TfL are considered, and communicated as appropriate
- i) Ensure emerging trends and successful practices in the Internal Audit profession are considered

- j) Establish and ensure adherence to policies and procedures designed to guide the Internal Audit function
- k) Ensure adherence to TfL's relevant policies and procedures, unless such policies and procedures conflict with the Internal Audit Charter. Any such conflicts will be resolved or otherwise communicated to the Executive Committee and the Audit and Assurance Committee
- l) Ensure conformance of Internal Audit with the IIA's Global Internal Audit Standards 2024 and PSIAS and, where exceptions exist, ensure appropriate disclosures as part of regular reporting.

### 3.7 TfL management's responsibility

As an independent and objective third line review and support activity, Internal Audit makes recommendations for the improvement of internal control and risk management. It is management's decision and responsibility to:

- a) Identify, evaluate and manage risk within their business operations
- b) Work with Internal Audit to provide input to scope
- c) Ensure that Internal Audit has full support of management and their teams in completing their work
- d) Ensure adequate resources are available to support the audit
- e) Implement time-bound cost effective, and appropriate actions to address internal control weaknesses identified
- f) Determine whether disciplinary action or criminal or civil proceedings should be initiated because of matters identified following an Internal Audit.

### 3.8 Quality assurance and improvement programme

Internal Audit will maintain a quality assurance and improvement programme that covers all aspects of Internal Audit activity. The programme will include an evaluation of Internal Audit's conformance with IIA standards and an evaluation of whether Internal Auditors apply the IIA's Code of Ethics. The programme will also assess the efficiency and effectiveness of the Internal Audit function, and identify opportunities for improvement.

At least once every five years, an external, qualified independent assessor or assessment team will assess the quality assurance and improvement programme.

## 4 Person accountable for this document

Name	Job Title
Jill Elliott	Head of Internal Audit

## 5 Abbreviations

Abbreviation	Meaning
CFO	statutory Chief Finance Officer
IIA	Institute of Internal Auditors
IPPF	International Professional Practices Framework
PSIAS	Public Sector Internal Audit Standards

## 6 Document history

Issue no.	Date	Changes	Author
A1	March 2015	First issue as per CR-04673.	Joe Palfreeman
A2	March 2018	Review and updated as per change No. CR-10848.	Dili Origbo
A3	June 2021	Change of Accountable Person CR-14879.	Mushtaq Ali
A4	July 2024	Change of accountable person and compliance with requirements of the IIA's Global Internal Audit Standards 2024.	Jill Elliott

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## Audit and Assurance Committee



**Date:** 18 September 2024

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

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**This paper will be considered in public**

### **1 Summary**

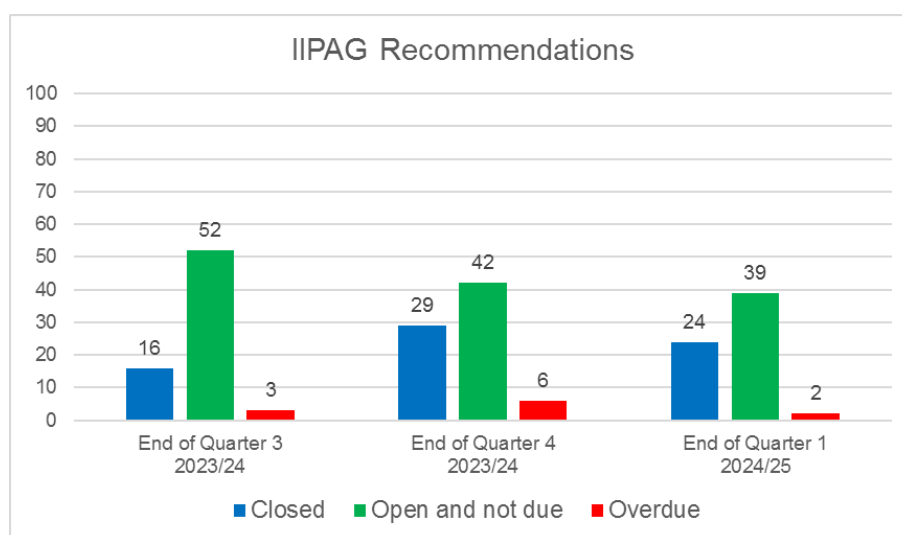
- 1.1 This paper presents the Independent Investment Programme Advisory Group (IIPAG) Quarterly Report for September 2024. It describes the work undertaken since the last report presented to the Committee in June 2024.
- 1.2 A paper is included on Part 2 of the agenda, which contains supplementary information 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 and financial affairs of TfL that is commercially sensitive and likely to prejudice TfL's commercial position. 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 IIPAG's Quarterly Report, the management response and the exempt supplementary information on Part 2 of the agenda.**

### **3 IIPAG Quarterly Report**

- 3.1 Under its Terms of Reference IIPAG is required to produce quarterly reports of its advice on strategic and systemic issues, 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 2024 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 two overdue recommendations shown at the end of Quarter 1 of 2024/25 (1 April to 22 June 2024) are not critical issues.



**Figure 1: Status of IIPAG Recommendations**

- 3.3 From the assurance reviews undertaken during Quarter 1 IIPAG made 23 recommendations, one of which was a critical issue. All of the recommendations were agreed with the respective project teams.

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

### **Common Themes**

#### **Scheduling and Schedule Performance**

- 4.1 The Project Management Office (PMO) acknowledges the points raised by IIPAG in recent assurance reviews on scheduling and has already begun to put steps in place to improve the overall quality of scheduling across TfL.
- 4.2 A PMO Professional Manager for Planning has been appointed and has implemented first line assurance reviews for the schedules of significant and major projects ahead of key lifecycle stages, re-baselining exercises and deep dives. These reviews focus on the robustness of the integrated schedule and will provide recommendations for improvement.
- 4.3 Additional resources and planning expertise has been allocated to programmes and projects which have been identified as requiring further work to fully integrate schedules and challenge their robustness.
- 4.4 Additionally, TfL planning guidelines will be updated to strengthen guidance on the setting of realistic schedules and the integration of planning with the wider controls environment.

#### **Estimated Final Costs (EFC) and Treatment of Cost Risk**

- 4.5 Recommendations relating to EFC maturity are welcomed and have been actioned accordingly in the relevant cases with ongoing discussion with the Project Assurance team about business areas that have particular scope for improvement in this regard.

- 4.6 The TfL risk management handbook outlines the approach to assessing cost risk on projects. This allows for scaling of the sophistication of the technique based on the characterisation of the project.
- 4.7 All programmes and projects of sufficient complexity will be subject to thorough quantitative risk assessment at key points in the lifecycle and will be supported by the appropriate level of risk expertise.

#### **Capacity/Capability of the PMO**

- 4.8 The PMO recognises the capacity and capability challenges in some areas. Work is in progress to support improvements through a programme of interventions directed at releasing capacity by automating data and driving consistency of processes pan-TfL. This will allow PMO colleagues to focus on providing independent challenge and insight.
- 4.9 These improvements also require capacity to design and deliver and are constrained by wider cost pressures, which has limited the pace. Positive progress has been achieved but we share IIPAG's view that the outcomes are not being seen in the business at the desired pace. We are mitigating this in two ways:
- (a) the PMO is in the process of reviewing the scope, scale and resourcing of the ongoing improvement programme to focus on the products that will most positively impact projects; and
  - (b) reviewing staff allocations to ensure that the most challenging projects have the right level of support.

#### **Cross Cutting Work**

- 4.10 TfL welcomes the work IIPAG has undertaken on cross cutting reviews and accept the recommendations made and looks forward to the outputs from the ongoing reviews for which we will provide the necessary management responses to the recommendations made.

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

Appendix 1: Independent Investment Programme Advisory Group - Quarterly Report September 2024

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  
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## Independent Investment Programme Advisory Group

### Quarterly Report September 2024

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#### 1. Introduction

- 1.1. This report to the Committee describes the Independent Investment Programme Advisory Group (IIPAG) activities in July 2024 – August 2024. We have made no new strategic recommendations.

#### 2. IIPAG Activity

- 2.1. We are currently undertaking three programme level reviews ahead of the October 2024 meeting of the Programmes and Investment Committee:
- Piccadilly Line Upgrade (PLU)
  - Silvertown Tunnel
  - London Underground Renewals
- 2.2. We have also undertaken several projects reviews, and continuous assurance for the Four Lines Modernisation programme.

#### 3. Common Themes

- 3.1. We continue to see professionalism and commitment from project teams, but also some recurring causes of concern. These include:
- Scheduling and schedule performance. We have found that a greater level of robustness of integrated baselines schedules is needed for some projects and also noted over-optimism around programme and project delivery, and slippage within project schedules.
  - Estimated Final Costs (EFCs) and treatment of cost risk. EFC cost pressures and increases have been seen in a number of cases. We also found EFCs that require updating to accurately reflect the current position with assessment of cost risk also requiring review to ensure the appropriate level of sophistication/maturity.
  - Capacity/capability of the Project Management Office (PMO). We have observed that the PMO is struggling in some cases to provide fully effective project controls support and information due to capacity/capability constraints, and it is therefore unable to provide the 'critical friend/independent view' that is needed. While improvements are in progress, they are not being made at the pace needed.

- Asset condition. As noted in our last report, asset condition is deteriorating across the business. TfL's financial position is the major cause of this, and we have observed that good work is underway to ensure that the available funds are prioritised as well as possible.

## **4. Cross-cutting work**

### **Review of First and Second Lines of Assurance (LOA 1&2)**

- 4.1. We have completed our regular report of LOA1&2. This time we focused on the effectiveness of risk management and how assurance contributes to improving risk management. We also reviewed the effectiveness of LOA2, including resourcing and prioritisation, and progress against recommendations from IIPAG's previous reviews.
- 4.2. Progress has been made against the recommendations from the previous IIPAG reviews of LOA1&2, and of risk, though generally these require long term effort, and it is acknowledged that there are opportunities for further improvement.

### **Review of Pathway Gate Process for Projects**

- 4.3. We have also completed our review on the effectiveness of Pathway gates. We found that the Pathway process is a well-established and well-respected project gateway process, that is used across a wide variety of TfL projects including enhancement projects, renewals and technology. However, improvement opportunities exist to ensure a consistent level of scrutiny and challenge.

### **Progress on Value for Money**

- 4.4. We have also completed a review of TfL's progress in implementing the recommendations of our 2021 Review of Value for Money. We were impressed with the substantial improvements that been made across all areas to address our recommendations.

### **Current Cross Cutting Reviews**

- 4.5. We have two cross-cutting reviews underway:
  - A review of how TfL takes account in the investment programme of targets to reduce carbon emissions.
  - Our second piece of work on renewals (following our earlier review of the Delivery of Renewals). This second piece is looking at the earlier stages of prioritisation and workbanks.
- 4.6. We are also considering TfL's progress in implementing the recommendations of IIPAG's review of asset information.

## **5. Resources**

- 5.1. Currently IIPAG is operating with two vacancies (out of seven positions). A recruitment exercise is underway and final interviews will take place in the autumn.

Alison Munro  
Chair, IIPAG

August 2024

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## Audit and Assurance Committee



**Date:** 18 September 2024

**Item:** Places for London Assurance Update

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### This paper will be considered in public

## 1 Summary

- 1.1 This paper reports on progress with assurance activity across Places for London during Quarter 1 of 2024/25 (1 April to 22 June 2024) (Q1).
- 1.2 A 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 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.**

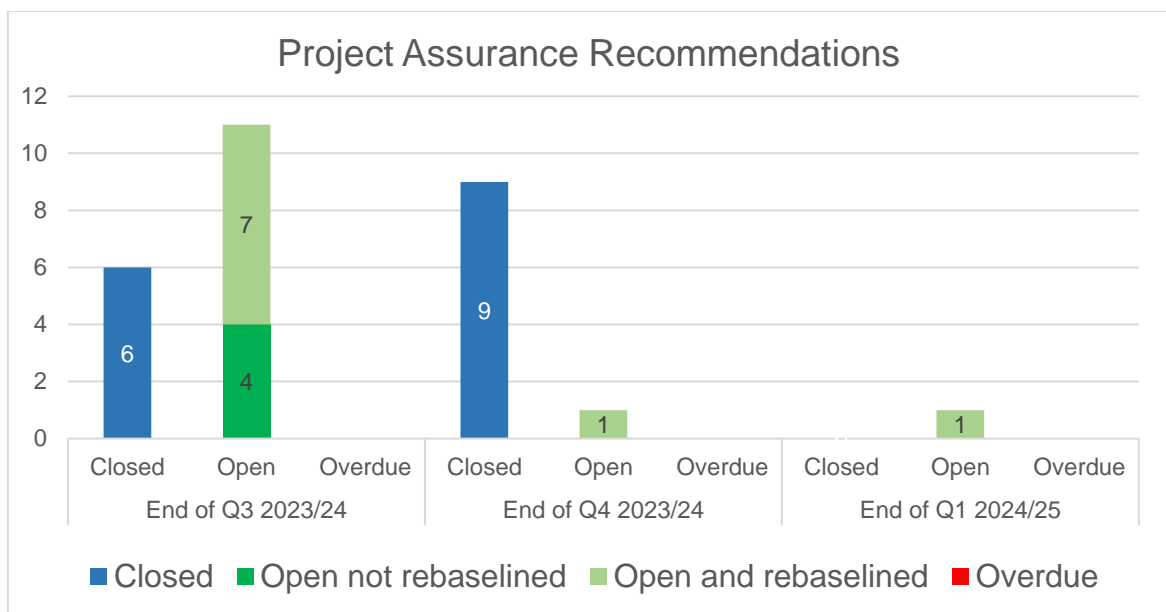
## 3 Background

- 3.1 The Places for London Integrated Assurance Framework is based on a Three Lines of Assurance model comprising:
  - (a) Line 1 – Management functions of Places for London and key interfaces;
  - (b) Line 2 – Project Assurance (PA) and Quality, Safety and Security Assurance (QSSA); and
  - (c) Line 3 – TfL Internal Audit and a sub-group of the Independent Investment Programme Advisory Group (IIPAG-Places).
- 3.2 This paper reports specifically on Line 2 (PA), Line 3 (Internal Audit) and Line 3 (IIPAG-Places) assurance progress and provides an update on Enterprise Risk management. Work in progress for Line 2 and Line 3 is set out in Appendix 1 and work starting in Quarter 2 (23 June to 14 September 2024) (Q2) and Quarter 3 (15 September to 7 December 2024) of 2024/25 is set out in Appendix 2.

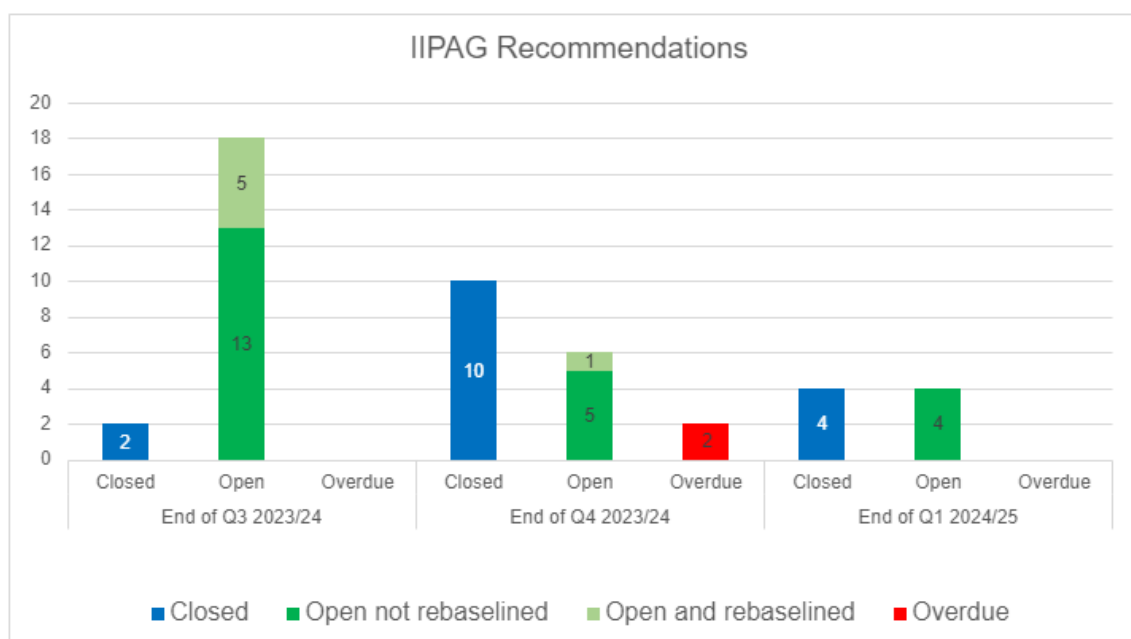
## 4 Line 2 (Project Assurance) Assurance

- 4.1 In addition to continuous assurance activities, where we monitor progress with major property developments and other investment programmes, PA has been planning a number of targeted assurance reviews (TARs). PA has also continued to support IIPAG-Places with third line assurance activities. We continue to have good engagement from the Places for London team in all assurance activities.

- 4.2 Two TARs, one focussing on the schedule for the operational works to enable the Southwark over-station development, and the other a review of first line assurance, are underway. Both will be reported to the 1 October 2024 meeting of the Land and Property Committee. The PA planned review of the property development pipeline and prioritisation process has been cancelled due to overlap with other reviews. Relevant elements will be covered in the PA review of first line assurance and the IPAG-Places review of the investment appraisal process and metrics.
- 4.3 PA has had several discussions on the Network Rail (NR) collaboration and the initial schemes which are being considered, including Victoria. We will be commencing a TAR in Q2 to consider current arrangements for the Victoria scheme and will consider emerging plans for the wider NR partnership at an appropriate time.
- 4.4 PA continues to monitor all open PA and IPAG-Places recommendations. Four recommendations were closed in Q1. A total of five recommendations were still open at the end of Q1 and none are overdue (see Figures 1 and 2 below).



**Figure 1 – Project Assurance Open Recommendations (end of Q1)**



**Figure 2 – IIPAG-Places Open Recommendations (end of Q1)**

## 5 Line 3 (Internal Audit) Assurance

- 5.1 The final audit report for the Management of Voids was issued in Q1 and was rated as 'requires improvement'. All actions are agreed and being actioned by the Places for London team. The audit of the Management of Arches started in Q1 and is due to report in Q2.
- 5.2 Internal Audit monitors the progress of management actions and consequent closure. There are no overdue Places for London audit actions.

## 6 Line 3 (IIPAG-Places) Assurance

- 6.1 In addition to the regular assurance discussions for each of the Places for London directorates, IIPAG-Places has been updated on the Platinum Portfolio, the West London Partnership, the electric vehicle charging hub procurement and the property disposal strategy.
- 6.2 IIPAG-Places is pleased that recommendations from TARs continue to be implemented and use these briefings to track progress with remaining recommendations and inform future targeted assurance activities.
- 6.3 IIPAG-Places note the recent appointment of key leadership roles, including the permanent appointments of the Director of Strategy and Planning and the Director of Asset Management following secondments. They are also pleased to see the appointment of a Head of Retail, which is a key position for generating income. IIPAG-Places believes these appointments will strengthen the execution and delivery of the Places for London business plan.

## **7 Enterprise Risk Management**

- 7.1 Details of the seven Places for London Level 0 (L0) risks are set out in Appendix 3.
- 7.2 The review of two L0 risks, Places-L0-3 (Financial Sustainability) and Places-L0-5 (Environment including climate adaptation), is now complete and updates on each risk were provided to the 3 July 2024 meeting of the Land and Property Committee.
- 7.3 Work will commence to develop Places for London's Risk Appetite and Tolerance approach now that the TfL equivalent has been finalised.

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

- Appendix 1: Places for London Integrated Assurance and Audit Schedule – Work in Progress
- Appendix 2: Places for London Integrated Assurance and Audit Schedule – Forward Plan
- Appendix 3: Places for London Level 0 Enterprise Risks

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

None

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## Places for London Integrated Assurance and Audit Schedule – Work in Progress

## Appendix 1

Priority	Topic	Evidence of Need	Type	Who	Status	Objectives
1	Management of Voids	<ul style="list-style-type: none"> <li>To maximise income commercial and residential properties should be occupied at all times.</li> <li>There needs to be an effective process in place to minimise the period of time that properties are left empty between tenants.</li> </ul>	Audit	Internal Audit (IA)	Complete	<ul style="list-style-type: none"> <li>To provide assurance on the adequacy and effectiveness of the arrangements in place to manage voids.</li> </ul>
2	Management of Arches	<ul style="list-style-type: none"> <li>There are around 850 commercial railway arches and it is essential that management of this sector is effective to ensure it yields expected returns of £11.6m per annum.</li> </ul>	Audit	IA	Underway	<ul style="list-style-type: none"> <li>To provide assurance that the management of the Arches Sector is effective.</li> </ul>
3	Southwark over-station development (OSD) – Operational scope	<ul style="list-style-type: none"> <li>Any delay to works to relocate/remove operational infrastructure could impact the delivery programme for the OSD.</li> </ul>	Targeted	Project Assurance (PA)	Underway	<ul style="list-style-type: none"> <li>To assess potential risk to the OSD programme.</li> </ul>
4	First line assurance	<ul style="list-style-type: none"> <li>Proposals for first line assurance are being implemented, including the introduction of a Programme Management Office.</li> </ul>	Targeted	PA	Underway	<ul style="list-style-type: none"> <li>To assess the appropriateness of current arrangements and proposed improvements to first line assurance.</li> </ul>

Priority	Topic	Evidence of Need	Type	Who	Status	Objectives
5	Electric vehicle charging hubs	<ul style="list-style-type: none"> <li>• Procurement of a delivery partner is underway.</li> </ul>	Continuous	PA/ Independent Investment Programme Advisory Group (IIPAG)	Ongoing	<ul style="list-style-type: none"> <li>• To provide assurance on the procurement and assess key decisions.</li> </ul>
6	Limmo development	<ul style="list-style-type: none"> <li>• Complex site with significant constraints. Procurement of a delivery partner is underway.</li> </ul>	Continuous	PA/IIPAG	Ongoing	<ul style="list-style-type: none"> <li>• To provide assurance on the procurement and assess key decisions.</li> </ul>
7	Continuous assurance activities	<ul style="list-style-type: none"> <li>• A number of functions and strategies are emerging, such as first line assurance.</li> <li>• There are a number of large, complex development programmes and sites.</li> </ul>	Continuous	PA	Ongoing	<ul style="list-style-type: none"> <li>• To assess key decisions and highlight areas for targeted assurance.</li> </ul>

## Places for London Integrated Assurance and Audit Schedule – Forward Plan

## Appendix 2

Quarter 2 (23 June to 14 September 2024) (Q2) and Quarter 3 (15 September to 7 December 2024) (Q3)

Priority	Topic	Evidence of Need	Type	Who	When	Objectives
1	Pipeline development and delivery strategy	<ul style="list-style-type: none"> <li>• Robust development/delivery pipeline and prioritisation process is essential for successful delivery of residential targets.</li> </ul>	Targeted	Project Assurance (PA)	Cancelled	<ul style="list-style-type: none"> <li>• Key elements will be covered in the PA review of first line assurance and the IIPAG-Places review of the investment appraisal process and project financial metrics.</li> </ul>
2	Victoria Station Development	<ul style="list-style-type: none"> <li>• Large complex development being considered with Network Rail.</li> <li>• Programme moving at pace.</li> </ul>	Targeted	PA	2024/25 Q2	<ul style="list-style-type: none"> <li>• To consider appropriateness of arrangements focussing on objectives, governance, funding, project management, resourcing, stakeholder management and risk.</li> </ul>
3	Investment appraisal and project financial hurdles	<ul style="list-style-type: none"> <li>• Projects and investments are appraised using financial hurdles.</li> <li>• Places for London has reviewed the investment appraisal process and hurdle rates.</li> </ul>	Targeted	Independent Investment Programme Advisory Group (IIPAG)	2024/25 Q2	<ul style="list-style-type: none"> <li>• To the investment appraisal process, new hurdle rates and their application and governance regarding exemptions.</li> </ul>
4	Estimating accuracy	<ul style="list-style-type: none"> <li>• Evidence of cost estimates as project design develops.</li> </ul>	Targeted	PA	2024/25 Q2/Q3	<ul style="list-style-type: none"> <li>• To review the process for estimating costs/applying risk and benchmarking.</li> </ul>

Priority	Topic	Evidence of Need	Type	Who	When	Objectives
5	Asbestos management	<ul style="list-style-type: none"> <li>This is part of a programme of asbestos audits across TfL following a revision to the TfL Standard. Not previously assured in Places for London.</li> </ul>	Targeted	Quality, Safety and Security Assurance	2024/25 Q3	<ul style="list-style-type: none"> <li>To check compliance with the revised TfL Standard and compliance with regulatory requirements.</li> </ul>
6	Key investment decisions	<ul style="list-style-type: none"> <li>Second and third line assurance as required to support authority requests/ investment decisions.</li> </ul>	Continuous	PA/IIPAG	Ongoing	<ul style="list-style-type: none"> <li>To provide a recommendation on key decisions and investment requests to support decision makers.</li> </ul>

<b>Risk</b>	<b>Risk Title</b>
Places-L0-01	Failure to prevent safety incidents or meet safety commitments
Places-L0-02	Attraction, retention, health, wellbeing and capability of our employees
Places-L0-03	Financial sustainability
Places-L0-04	Stakeholders and partnerships
Places-L0-05	Environment including climate adaptation
Places-L0-06	Inability to react to external market forces
Places-L0-07	Efficient and high performing supply chains and effective procurement

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## **Audit and Assurance Committee**

**Date: 18 September 2024**

**Item: Effectiveness Review of the External Auditors**

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

#### **1 Summary**

- 1.1 This paper reports 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) 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 Audit Regulations 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 members of the Committee 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 2024.
- 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 2023/24. Average scores ranged from 2.5-2.9 (2022/23 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 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 will be fed back to the 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:**

External Auditors Effectiveness Survey.

Contact: Patrick Doig, Group Finance Director and statutory Chief Finance Officer  
Email: [PatrickDoig@TfL.gov.uk](mailto:PatrickDoig@TfL.gov.uk)

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## Audit and Assurance Committee



**Date:** 18 September 2024

**Item:** Freedom of Information Update

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### **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. Implementation of 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 2023/24 (1 April 2023 to 31 March 2024), as well as 2024/25 to date (1 April to 30 August 2024).

## **2 Recommendation**

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

## **3 Background**

- 3.1 In accordance with our transparency commitments and the requirements of the legislation, TfL aims to respond to 100 per cent of all FOI and EIR requests within the statutory deadline (usually 20 working days – the deadline can be extended for FOI requests if more time is required to assess whether the public interest favours using an exemption, to withhold information, or for complex EIR requests). TfL has achieved a compliance rate exceeding 99 per cent each year since 2019/20.

## **4 Current Performance**

- 4.1 In 2023/24 TfL replied to 4,524 requests within the statutory deadline from a total of 4,540 received. This provides a response rate of 99.64 per cent of replies being within the statutory deadline. This figure is just 0.3 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 then. Despite the notable rise in requests, we have been able to successfully respond within the statutory deadline to 12,869 (99.83 per cent) of the 12,890 FOI/EIR requests we have received between 1 April 2020 and 31 March 2024.

- 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 2024/25 for which we have complete figures so far.
- 4.4 Around 67 per cent of all FOI and EIR requests are responded to in full, with 12 per cent relying on a partial exemption and 21 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 (26 per cent of all exemptions) or because the time needed to respond to the request exceeds the applicable limit of 18 hours (29 per cent of all exemptions). A further 7.5 per cent of all exemptions apply to protect the personal data of individuals.

## **5 Freedom of Information Caseload**

- 5.1 In 2023/24 there was a continued notable increase in requests relating to the Ultra Low Emission Zone in the lead up to and after the expansion of the zone in August 2023 (385 cases in 2022/23 to 698 in 2023/24). 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 substantial (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 2023/24 showed a 34.5 per cent increase on the preceding year (4,540 compared to 3,376). 2023/24 saw an average of 349 FOI/EIR requests per period compared with an average of 259 over the previous year.
- 5.4 Current volumes in 2024/25 (an average of 299 requests have been received per period) are four per cent lower than those from the first five periods of 2023/24 which currently stands as the busiest ever year for requests. Based on current request volumes, we project that we will process around 3,800 requests across the year, which would make it the second busiest year on record. Despite these volumes we continue to respond to almost all of these requests within the statutory deadline, having responded on time to 1,412 (99.8 per cent) of the 1,414 requests we have processed this financial year, up to 30 August 2024.
- 5.5 As in previous years, replies to all requests received in 2023/24 were published on the TfL website, which supports the Transparency Strategy, and we were able to answer almost 400 of the 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. Due to the increase in 'campaign' style requests, we experienced an increase in both the volume and proportion of requests resulting in complaints – 250 (5.5 per cent of 2023/24 caseload) against 128 (3.8 per cent of 2022/23 caseload).
- 6.3 Of the 250 internal review requests into the handling of an FOI or EIR request, 19 (7.6 per cent, or 0.4 per cent of the total caseload) were escalated in 2023/24 to the ICO by the requester for further consideration. Sixteen of the 19 cases considered by the Information Commissioner formally upheld our position and found in our favour and three were resolved informally.
- 6.4 Six of the decision notices issued in our favour by the Information Commissioner in 2023/24 have been appealed by the requester, or an associate, to the First-Tier Tribunal. Five of those are linked requests asking for the make and model of traffic cameras and the other relates to information about graffiti prevention measures. The appeals have all been heard by the Tribunal and a decision was found in our favour on the graffiti prevention case. We await their decision on the traffic camera case.
- 6.5 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 recognises 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:**

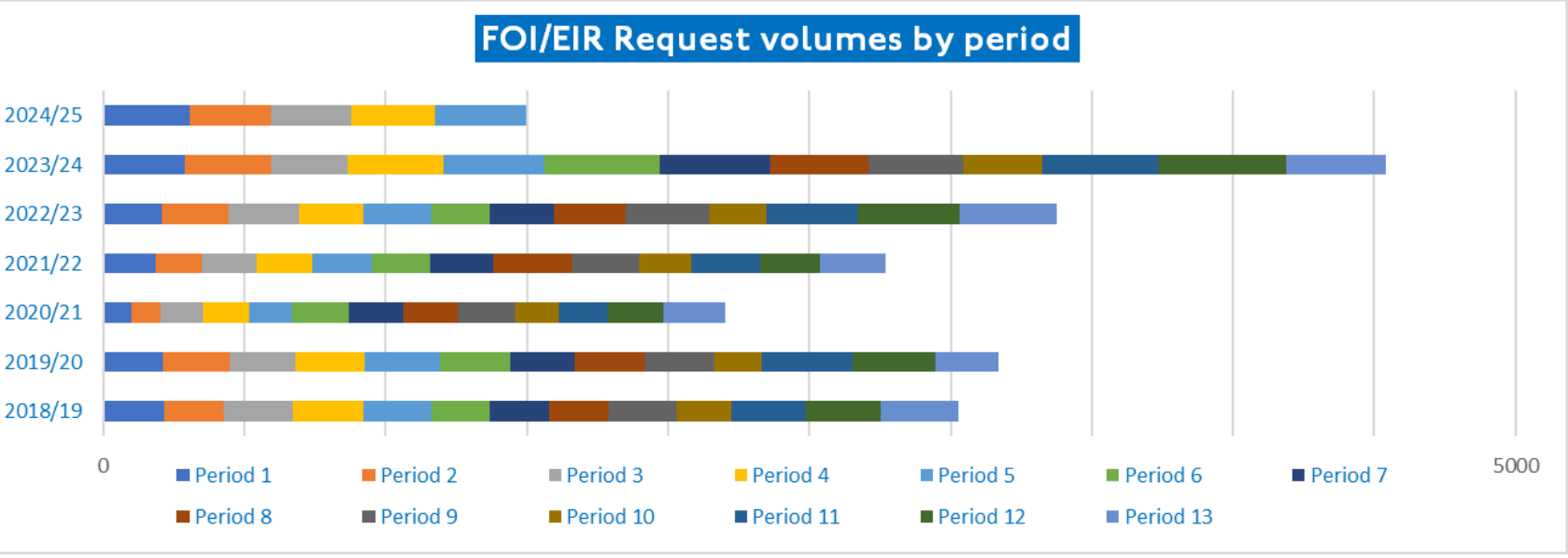
None

Contact Officer: Andrea Clarke, General Counsel  
Email: [andreaclarke@tfl.gov.uk](mailto:andreaclarke@tfl.gov.uk)

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Appendix 1 - FOI/EIR request volumes 2018/19 to 2024/25

Period	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Period 1	216	210	100	184	207	289	308
Period 2	212	240	103	165	236	304	285
Period 3	244	232	152	194	249	270	287
Period 4	250	243	162	197	231	342	294
Period 5	239	265	149	210	240	357	325
Period 6	206	253	205	206	205	408	
Period 7	212	228	192	223	229	393	
Period 8	212	247	193	282	253	347	
Period 9	239	244	201	237	295	334	
Period 10	193	167	154	183	202	280	
Period 11	264	325	176	245	325	413	
Period 12	267	291	196	210	358	450	
Period 13	273	224	220	235	346	353	
Total	3027	3169	2203	2771	3376	4540	1499



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## **Audit and Assurance Committee**

**Date:** 18 September 2024

**Item:** Financial Control Environment Trend Indicators

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**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 2024/25 Financial Control Indicators (included at Appendix 1), 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

Contact: Patrick Doig, Group Finance Director  
Email: [Patrick.Doig@tfl.gov.uk](mailto:Patrick.Doig@tfl.gov.uk)

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# Financial Control Environment Trend Indicators, Quarter 1, 2024/25

Appendix I

TfL Audit and Assurance Committee  
18 September 2024



# Forecasting accuracy

## Q1, 2024/25

Total revenue is £51m lower than Budget, with passenger income £37m lower than Budget. TfL's passenger journeys at the end of Quarter 1 totalled 827 million, an increase of 7 million from 2023/24 and a 3% year-on-year increase after seasonal adjustments have been made. This is lower than the 6% anticipated in the Budget, owing to a range of economic factors, where recent data has shown slowing growth in retail sales and employment, which are impacting both leisure and commuting demand.

Total operating costs are £1,839m in the quarter, £24m lower than Budget. This is mainly owing to the release of general contingency, which was held centrally in the operating cost budget to manage against risks, including the risks to passenger demand growth.

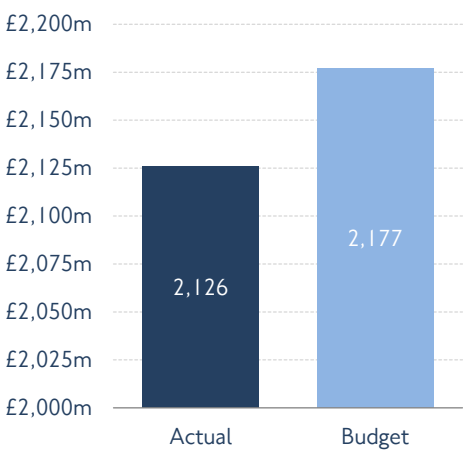
Total TfL capital expenditure is £395m in the year to date, and 1% lower than Budget. Capital renewals are £7m higher than Budget in the year to date, which has been offset by rephasing of spend on capital enhancements.

Cash flow was £206m in Quarter 1 which is £122m higher than Budget. This is a result of timing of borrowing, which we have undertaken earlier than assumed in the Budget.

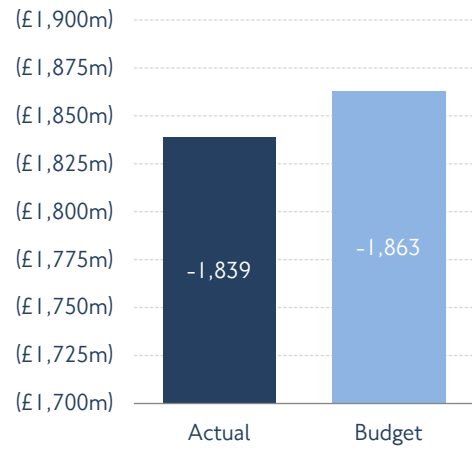
	£m
Quarterly forecasting accuracy	Q1, 2024/25
Revenue	£2,126m
Variance to Budget	(£51m)
Operating costs	(£1,839m)
Variance to Budget	£24m
Capital delivery *	(£395m)
Variance to Budget	£4m
Cash flow	£206m
Variance to Budget	£122m

	YTD forecasting accuracy	Q1, 2024/25
Revenue		
Actual		£2,126m
Budget		£2,177m
Operating costs		
Actual		(£1,839m)
Budget		(£1,863m)
Capital delivery		
Actual		(£395m)
Budget		(£399m)
Cash flow		
Actual		£206m
Budget		£84m

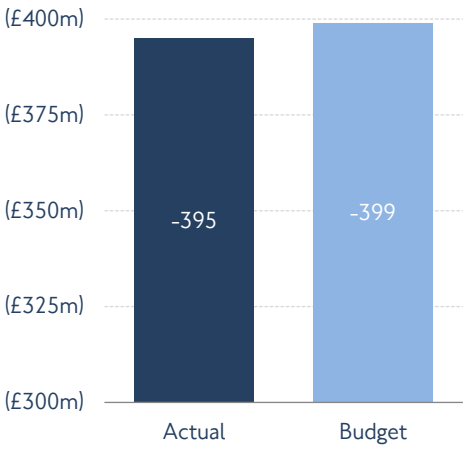
Revenue (£m)



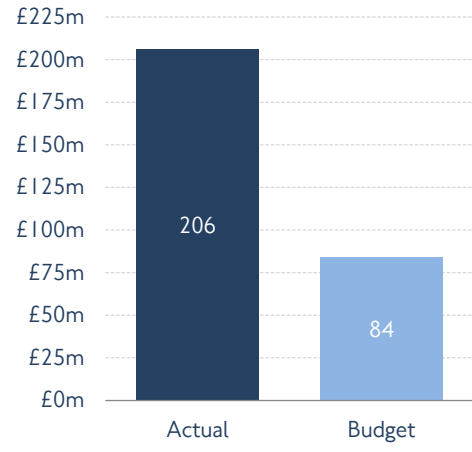
Operating costs (£m)



Capital delivery (£m) \*



Cash flow (£m)



Excludes Places for London and Crossrail construction

# Procurement & Commercial activity

## Q1 FY24/25

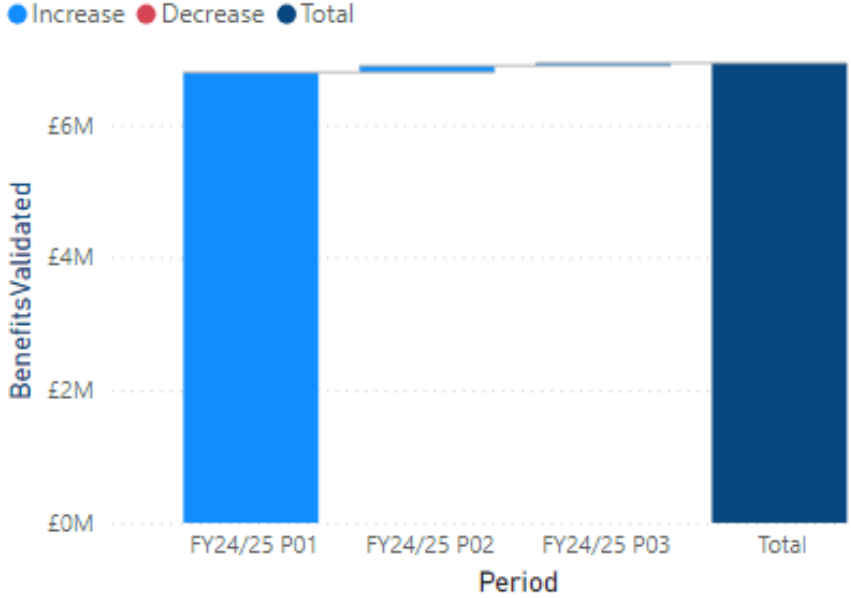
**Validated cash releasing benefits:**  
Amounted to £6.93m for Q1 FY24/25. In addition, there were £10m of cost avoidance benefits. FY24/25 targets are in the process of being set.

**Retrospective spend:**  
Amounted to £123.5M, with the largest supplier being Cubic Transportation Systems Ltd (£16.6m). There appears to be a growing trend in retrospective spend which will need to be reviewed to improve the processing times.

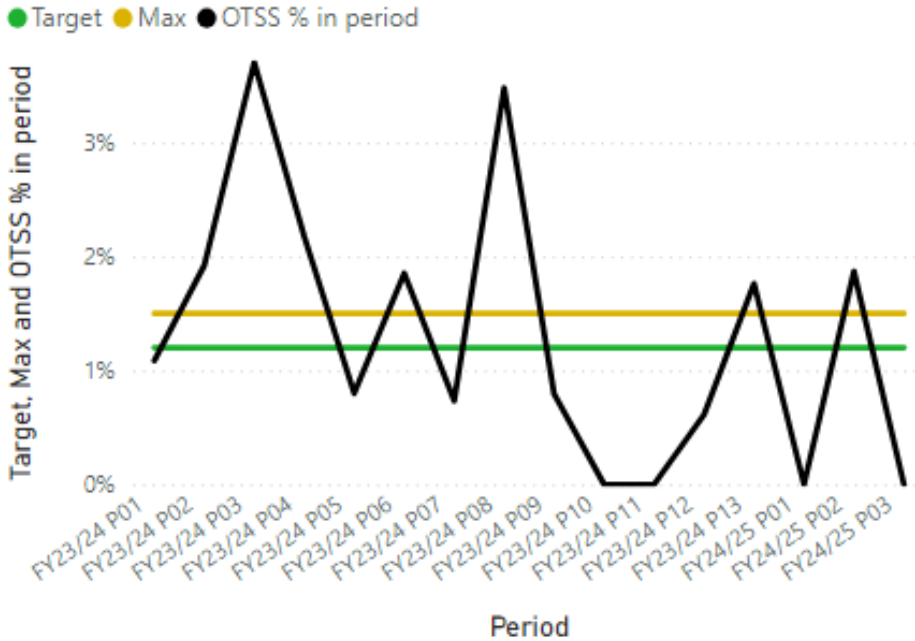
**Over threshold single sources by volume:**  
The % of over threshold single sources for Q1 was 0.6% which means the measure was **GREEN** for the year (target = 1.2%; floor = 1.5%).

**Commercial Assurance Meeting (CAM) submission compliance**  
CAM compliance (where CAM submissions are on time and meet the governance requirements) was 79.5% for Q1 FY24/25. This measure was **AMBER** for the Q1 FY24/25. Stretch targets have been set for FY24/25 (target = 82%; floor = 77%). Target and floor for CAM compliance in 23/24 was lower at 80% and 75%

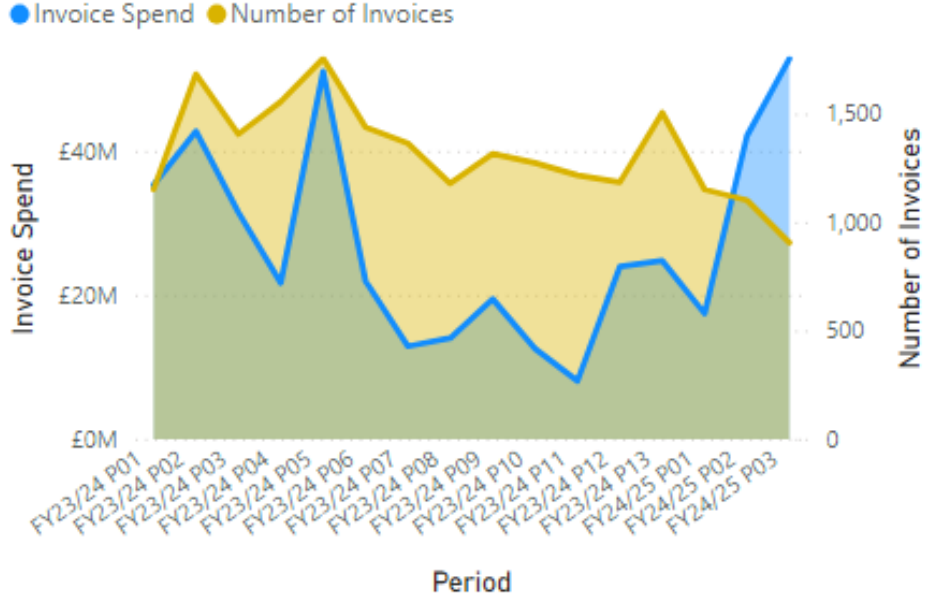
Cash Releasing Benefits Validated Per Period (£M)



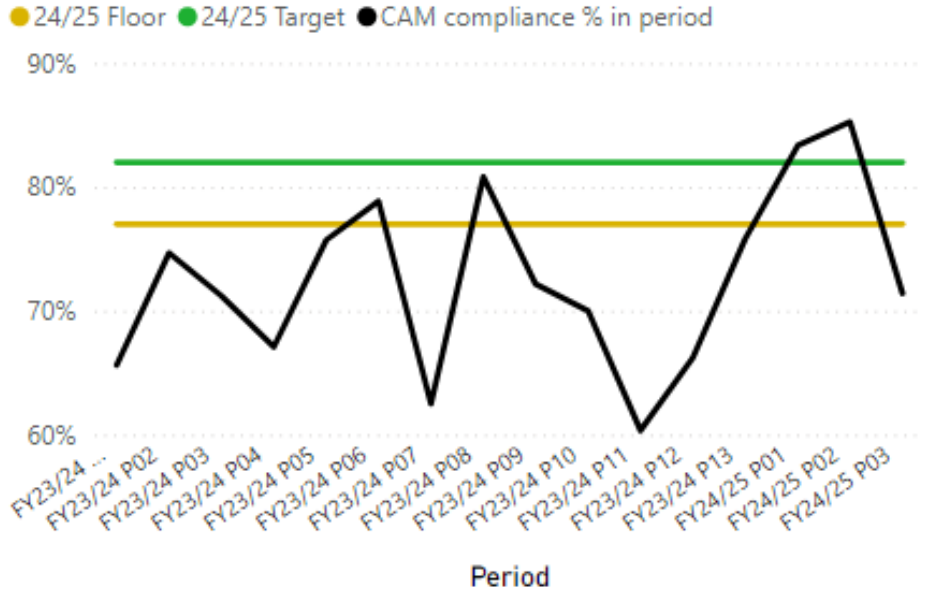
Over threshold single source % (number)



Retrospective Spend



Commercial Approvals Meeting Compliance by Period



# Processing payments

## Q1, 24/25

Open items indicate the extent to which the balance on your accounts are accurate thus allowing for the actual reconciling items on the account to be revealed. Reconciling the accounts is a particularly important activity because it is an opportunity to check for fraudulent activity and to prevent financial statement errors.

Value of open items > 30 days on the bank reconciliation sits at £1.71m for Q1. The volume of open items in Q1 > 30 days sits at 2755.

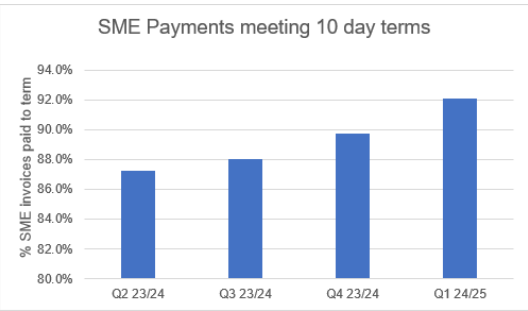
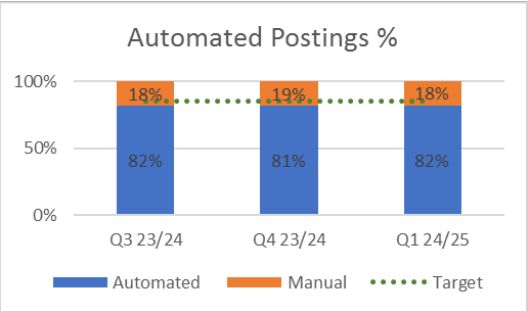
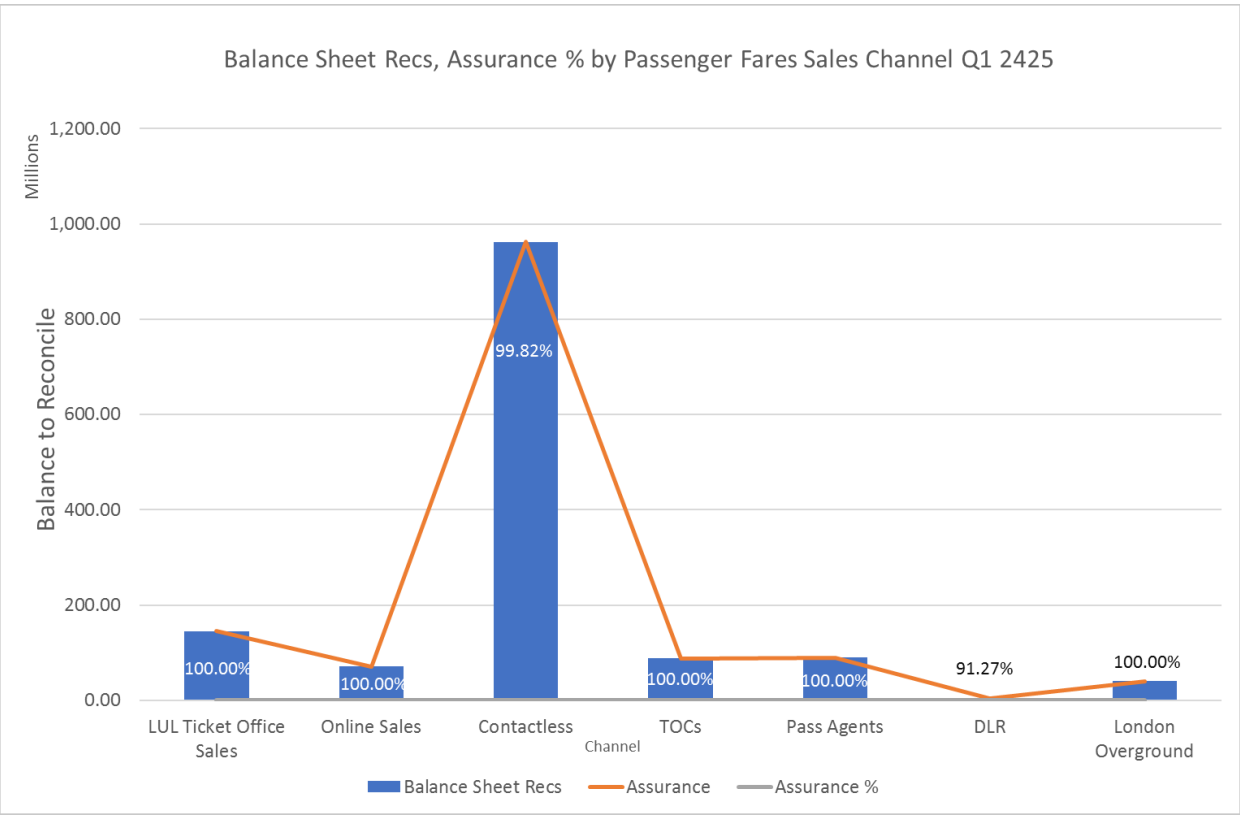
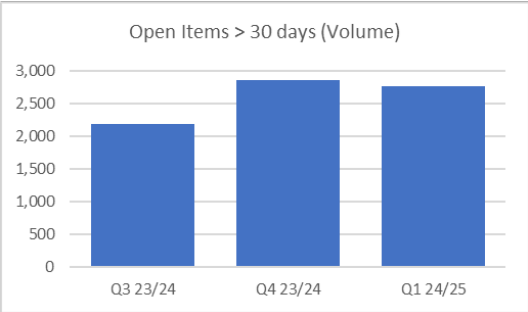
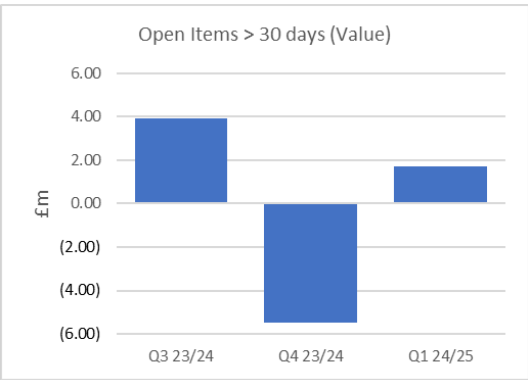
Automated Posting % measures the proportion of transactions which are automatically reconciled in SAP. The volume of automatic postings for Q1 is now at 82% slightly up from 81% in Q4.

For DLR sales, there are two devices installed at London City Airport for which a report needs to be developed. Once developed a retrospective adjustment will be made to sales to reflect the additional cash we have received.

The percentage of SME payments meeting the 10 day terms has increased this quarter by 2.4% to 92.1%, moving performance above the 90% target. The results continue the upwards trajectory this quarter, with incremental improvements each period - P01 (91.3%) and P02 (92.0%) and P02 (92.9%). While the number of SME payments to term compared closely to Q1 23/24 the number of invoices processed increased by 18%

### Quarterly Figures

£m	Q2 23/24	Q3 23/24	Q4 23/24	Q1 24/25
Open Items < 30 days (£m Value)	14.78	7.95	11.50	35.68
Open Items > 30 days (£m Value)	(1.56)	3.91	(5.48)	1.71
Open Items < 30 days (Volume)	224	327	339	373
Open Items > 30 days (Volume)	1,884	2,184	2,852	2,755
Automated Postings %				
Automated	11,986	12,462	15,425	11,610
Manual	2,454	2,284	2,868	2,090
Automated	80%	82%	81%	82%
Manual	20%	18%	19%	18%
Target	85%	85%	85%	85%



## Audit and Assurance Committee



**Date:** 18 September 2024

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

---

**This paper will be considered in public**

### **1 Summary**

- 1.1 This paper provides a summary of gifts and hospitality declared by Board Members and senior staff at TfL (Chief Officers, Directors and senior leaders reporting directly to a Chief Officer). In line with the Greater London Authority Group Framework Agreement, we provide a quarterly report to the Committee on gifts and hospitality accepted by Members and senior staff, attached as Appendix 1 to this paper. Details of accepted offers by Members and Chief Officers are also published on the TfL website on a quarterly basis.
- 1.2 This report covers a three-month reporting period, from 1 May to 31 July 2024. During that period, there were no declarations by Members. A total of 129 declarations of offers were made by senior staff in this period and 67 of these were declined, with 62 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 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. A guidance section is included with the policy and 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 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. Senior staff are required to make a declaration every month, including a nil return for those months where no gift or

hospitality has been offered. 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.

## 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 2024. A total of 129 declarations of offers were made by senior staff in this period and 67 of these were declined, with 62 accepted.
- 4.2 Table 1 provides a summary of the number of offers accepted and declined by senior staff who received more than 10 offers during the period.

**Table 1: Senior staff receiving more than 10 offers during the reporting period**

Name and Role	Offers	Accepted	Declined
Andy Lord, Commissioner	32	5	27

- 4.3 Table 2A shows the current period and the previous two periods. Table 2B shows the same reporting periods for the previous year.
- 4.4 For the current reporting period, the number of offers received was higher than in the same period in 2023.
- 4.5 The offers received and accepted are set out in Appendix 1 and have been reviewed for compliance with the policy and guidance. Where there are concerns that the policy or guidance is not being followed, these are raised with the member of staff and their line manager and appropriate action taken. There are no issues to raise with the Committee.

**Table 2A: Figures reported to this meeting**

Three-month period	01/11/23-31/01/24	01/02/24-30/04/24	01/05/24-31/07/24
Total offers	106	73	129
Total declined	47	45	67
Total accepted	59	28	62
<b>Monthly average</b>			
Total offers	35.3	24.3	43
Total declined	15.6	15	22.3
Total accepted	19.6	9.3	20.6



**Table 2B: Figures reported to previous meetings and monthly averages**

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

**List of appendices to this report:**

Appendix 1: Gifts and Hospitality Register (covering 1 May to 31 July 2024)

**List of Background Papers:**

Previous Gifts and Hospitality reports to the Audit and Assurance Committee

Contact Officer: Andrea Clarke, General Counsel  
Email: [andreaclarke@tfl.gov.uk](mailto:andreaclarke@tfl.gov.uk)

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## TfL Gifts and Hospitality Register

Name of Officer	Offer Status	Donor/Provider of Gift/Hospitality	Detail of Gift/Hospitality	Reason for Accepting Gift / Hospitality
Alex Williams	Accepted	Cllr Clyde Loakes, London Borough of Waltham Forest	Reception at the William Morris Gallery to celebrate the Waltham Forest Programme	Stakeholder event
Andy Lord	Accepted	John Dickie, CEO Business LDN	Business LDN May Leading London Dinner	Keynote speaker
Andy Lord	Accepted	Siemens	Dinner	Dinner as part of site visit to Siemens factory in Dusseldorf
Andy Lord	Accepted	APTA	small silver pewter jewellery box with APTA logo	Presented to Commissioner during APTA's 3 day Study Mission hosted by TfL
Andy Lord	Accepted	APTA	APTA VIP Dinner	Attended and spoke at two sessions of the APTA Study Mission
Andy Lord	Accepted	Sambit Banerjee, CEO Siemens Mobility	Siemens Summer Reception	Stakeholder networking
Carl Eddleston	Accepted	CIHT	CIHT and the seven English Sub National Transport Bodies (STBs)	Networking
Carl Eddleston	Accepted	Deloittes	Breakfast round table	Bring together industry leaders private and public sector
Claire Mann	Accepted	Angel Trains - David Jordan	Cinch Championships	Networking - accepted before joining TfL and agreed to attend
Claire Mann	Accepted	Siemens	Dinner	Dinner as part of site visit to Siemens factory in Dusseldorf
Daniel Lovatt	Accepted	APAM	Dinner with APAM - UK Reif event	Part of UK Reif event and networking
Daniel Lovatt	Accepted	Networking dinner - BusinessLDN	Networking dinner as part of UK REIF	Networking at UK REIF
Daniel Lovatt	Accepted	Deloitte	Deloitte London Office Crane Survey - Summer 2024 Private Launch Event	Laura Fernie was guest speaker - blanket cost applied in case applicable
Digby Nicklin	Accepted	APAM	Drinks reception at UKREIFF conference in Leeds	Conference Networking
Elizabeth Mckay	Accepted	ALVA	ALVA Council Dinner and Conference	Networking in the cultural / heritage sector
Elizabeth Mckay	Accepted	Royal Academy of Engineering	A Leadership lunch - Royal Academy INWED Lunch	Networking in the cultural / heritage sector
Elizabeth Mckay	Accepted	KPMG	Presentation: In conversation with Christine Armstrong - Uncertainty, predictions, and the Future of Work	Educational
Fiona Brunskill	Accepted	North Highland	Networking event at Fortnum & Mason	C-Level women's networking group connecting with fellow female leaders
Graeme Craig	Accepted	London Communications Agency	Dinner in Riva Blue (Leeds) as part of UKREiIF conference	Networking - Dinner attended by GLA officials, borough officials and development partners
Graeme Craig	Accepted	Savills	Dinner at The Whitehall (Leeds) as part of the UKREiIF conference	Networking - Dinner attended by GLA officials, borough officials and development partners
Graeme Craig	Accepted	London Legacy Development Corporation	Two hospitality tickets for London Stadium to watch the Foo Fighters Everything Or Nothing At All tour. The full cost of the tickets has subsequently been paid	Networking - Offered by GLA housing lead and event attended by GLA family and borough officials
Howard Smith	Accepted	Siemens	Summer Reception	Business relationship
Howard Smith	Accepted	Network Rail	Accelerated Leadership Programme Dinner	Networking & supporting team on the programme
Isabel Coman	Accepted	Arup	Ticket for the awards and dinner. Two Engineers from TfL shortlisted	To attend to support female engineers being recognised by the industry
Isabel Coman	Accepted	Royal Academy of Engineering	Royal Academy of Engineering Awards ceremony. Invited by the Chief operating office of the Royal Academy	Building ties with the RAE and TfL, particularly to support the STEM agenda
Isabel Coman	Accepted	Royal Academy of Engineering	International Women in Engineering lecture and lunch	TfL engineering invited to take part in the event to mark international women in engineering day
Jonathan Wharfe	Accepted	Tata Consultancy Services	Networking event	Networking and to maintain good working relationship with supplier
Jonathan Wharfe	Accepted	Argon & Co	Networking	Networking opportunity and connecting with other organisations in similar sectors
Jonathan Wharfe	Accepted	Deecon Consulting	Dinner with guest speaker current to the industry	Part of maintaining an on going business relationship; networking

TfL Gifts and Hospitality Register

Name of Officer	Offer Status	Donor/Provider of Gift/Hospitality	Detail of Gift/Hospitality	Reason for Accepting Gift / Hospitality
Lester Hampson	Accepted	Barratt London	Dinner with Barratt London	Joint venture partner dinner
Lucinda Turner	Accepted	BusinessLDN	Business Dinner	At a conference discussing transport / housing with other Professionals
Lucinda Turner	Accepted	LCA	Conference Dinner	At a conference discussing transport / housing with other Professionals
Lucinda Turner	Accepted	Related Argent	Conference Dinner	At a conference discussing transport / housing with other Professionals
Lucinda Turner	Accepted	Jamestown	Conference Dinner	At a conference discussing transport / housing with other Professionals
Lucinda Turner	Accepted	Opportunity London and Mount Anvil	Dinner and discussion with external parties	Discussions with other transport professionals on investing in London
Michael Cooper	Accepted	Association of Project Managers	Attended 1 day of the APM Conference	The conference was an opportunity to find out about training available to TfL and for networking
Nick Owen	Accepted	INIT	Food & drink and gift	Launch event for TfL project
Nick Owen	Accepted	Metroline	Attendance at opening of Brentford Bus Garage including commemorative gift	In line with formal duties
Peter McNaught	Accepted	Siemens Mobility Rolling Stock & Customer Service Summer Reception	Social event	Social Network
Richard Jones	Accepted	Buckingham Palace	Nominated to attend the Royal Garden Party	Nominated to attend by TfL
Shashi Verma	Accepted	Init Limited.	Launch event for iBus2. Dinner not attended	New relationship with contractor following procurement
Shashi Verma	Accepted	LBSNAA Civil Services Academy	Flights to India paid for by the Government of India	Deliver lecture to senior civil servants
Stephen Field	Accepted	Chris Gawke, Senior Consultant, XPS Pensions Group	Lunch followed by meeting	Lunch followed by TfL Savings for Retirement Q2 Trustee Meeting with XPS Pensions Group
Stephen Field	Accepted	Clive Graham, Managing Director, Retirement , WTW	Lunch	Lunch and Review Meeting of Services
Stephen Field	Accepted	Hester Potiuk, Events Manager, PMI	PMI Annual Conference 2024	CPD and networking
Stuart Harvey	Accepted	Siemens	Dinner	Dinner as part of site visit to Siemens factory in Dusseldorf
Sue Taylor	Accepted	Chris Gawke, Senior Consultant, XPS Pensions Group	Lunch	Lunch followed by TfL Savings for Retirement Trustee Meeting
Thomas Ableman	Accepted	Terrapin - World Passenger Festival	Travel, accommodation and expenses paid for by conference organisers, Terrapin	World Passenger Festival is attended by a large number of highly relevant innovators to TfL
Thomas Ableman	Accepted	Sopra Steria	Travel, accommodation and expenses paid for at “Power of Sharing” conference in Oslo	Sopra Steria are TfL’s formal Innovation Collaboration Framework partners and this is part of mobilising the framework
Thomas Ableman	Accepted	Financial Times	FT Car Speakers dinner at Gaucho	Panel Invite 'Scaling smart cities to enhance greater connectivity and mobility systems' at Future of the Car event
Thomas Ableman	Accepted	INIT	Invitation to Welcome Reception for the next generation iBus project	Networking Opportunities
Thomas Ableman	Accepted	RIA	Dinner invite prior to Unlocking Innovation: Southern event where Thomas is a key note speaker	Key Note Speaker at the conference and to build relationships
Thomas Ableman	Accepted	Hywel Williams MP, the Delegation of the Government of Catalonia	Reception evening event at the House of commons	To establish relations with policymakers pioneering new initiatives within the automotive sector and engage with Members of Parliament
Thomas Ableman	Accepted	Plug & Play	Executive lunch invite prior to UK Mobility Expo 2024	Invitation to contribute and attend the roundtable discussion at the conference
Thomas Ableman	Accepted	Addleshaw Goddard	KMPG Post conference Dinner & Discussion	This is part of our engagement activity in the run up to the next Comprehensive Spending Review
Thomas Ableman	Accepted	UCL/TfL International conference - Transit Data 2024 (1-4 July)	Delegate and Reception Pass for me, two other Keynote speakers and ~90 TfL staff working on or at the event	Keynote speaker and networking

TfL Gifts and Hospitality Register

Name of Officer	Offer Status	Donor/Provider of Gift/Hospitality	Detail of Gift/Hospitality	Reason for Accepting Gift / Hospitality
Trevor Hardy	Accepted	Thales GTS	Meal with Thales GTS team	Attendance at after work dinner with supplier to improve collaboration on and provide opportunity for team networking
Tricia Wright	Accepted	Osborne Clark	Drinks/canapes during networking event with Pension Advisers who are part of the team supporting the Pension Review project	Networking event with Pension Review Project Advisers
Trish Ashton	Accepted	Ashurst	Women in Rail Awards dinner	Invitation to awards
Trish Ashton	Accepted	Loud Mobility	Riding into the future: celebrating 3 years of e-scooter innovation	Celebration of R&SS modal partner
Will Norman	Accepted	Cycling UK	Evening reception focused on driving positive change through cycling	To build relationships with stakeholders and support cycling in London
Will Norman	Accepted	LB Waltham Forest	10 Years of Enjoy Waltham Forest	To support Waltham Forest's walking/cycling and Healthy Streets initiatives

TfL Gifts and Hospitality Register

Date of Event/Hospitality
14/05/24
08/05/24
28/05/24
17/06/24
18/06/24
10/07/24
28/05/24
10/07/24
21/06/24
28/05/24
21/05/24
20/05/24
18/06/24
22/05/24
16/05/24
20/06/24
27/06/24
09/05/24
21/05/24
22/05/24
20/06/24
10/07/24
02/07/24
16/05/24
09/07/24
20/06/24
12/06/24
13/06/24
20/06/24

TfL Gifts and Hospitality Register

Date of Event/Hospitality
06/06/24
20/05/24
21/05/24
25/06/24
26/06/24
10/07/24
05/06/24
07/05/24
12/07/24
10/07/24
21/06/24
07/05/24
20/06/2024 (and 08/04/2024)
24/06/24
28/06/24
04/07/24
28/05/24
24/06/24
25/06/24
05/06/24
07/05/24
07/05/24
11/06/24
19/06/24
21/05/24
23/05/24
01/07/24

TfL Gifts and Hospitality Register

Date of Event/Hospitality
30/05/24
04/07/24
16/05/24
23/07/24
12/06/24
14/05/24



## Audit and Assurance Committee



**Date:** 18 September 2024

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

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### This paper will be considered in public

#### **1 Summary**

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

#### **2 Recommendation**

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

#### **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 Places for London Limited assurance and Independent Investment Programme Advisory Group 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 the Chief Finance Officer. These discussions are scheduled after the following Committee dates:

27 November 2024  
12 March 2025  
June 2025

Director of Risk and Assurance  
Chief Finance Officer  
External Auditors

## **4 Current Plan**

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

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

Appendix 1: Audit and Assurance Committee Forward Plan

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

None

Contact Officer: Andrea Clarke, General Counsel  
Email: [AndreaClarke@tfl.gov.uk](mailto:AndreaClarke@tfl.gov.uk)

**Audit and Assurance Committee Forward Plan 2024/25****Appendix 1**

**Membership:** Mark Phillips (Chair), Keith Richards OBE (Vice Chair), Cllr Ross Garrod, Anurag Gupta, Deborah Harris-Ugbomah, Tanya Joseph and Marie Pye

<b>Standing Items</b>		
Finance Control Environment Trend Indicators	Statutory Chief Finance Officer	Quarterly
Risk and Assurance Quarterly Report	Director of Risk and Assurance	Quarterly
Places for London 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

<b>27 November 2024</b>		
Annual Tax Compliance Update	Statutory Chief Finance Officer	Annual
Auditor's Annual Report – Year Ended 31 March 2024	EY	Annual
EY Independence Letter – Non-Audit Services for Period 1 April – 31 October 2024	EY	Bi-annual
Legal Compliance Report	General Counsel	Bi-annual

<b>12 March 2025</b>		
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

## Audit and Assurance Committee Forward Planner 2024/25

June 2025		
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 Statement	Director of Risk and Assurance	Annual
TfL Annual Report and Statement of Accounts	Chief Finance Officer	Annual
Review of Governance and the Annual Governance Statement	General Counsel	Annual
Legal Compliance Report	General Counsel	Bi-annual

September 2025		
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 Audit Results Report	EY	Annual
Freedom of Information Update	General Counsel	Annual

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