

**Date: 2 December 2021**

**Item: Safety, Health and Environment Assurance Report**

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**This paper will be considered in public**

**1 Summary**

- 1.1 At the September meeting it was agreed that a quarterly paper would be provided to the Panel detailing key second line of defence safety, health and environment (SHE) assurance activities in the last quarter and any trends or significant findings identified. The purpose of this report is to give the Panel an overview of the effectiveness of the risk controls for Enterprise Risk 1 – Major safety, health or environmental incident or crisis (ER1).
- 1.2 The appendices provide a list of audits undertaken in the last quarter as part of the second line of defence. Audits against Enterprise Risks ER4 (Major Security Incident) and ER12 (Asset Condition) have been included as they correlate to ER1. Audit reports issued are given a conclusion of ‘well controlled, adequately controlled, requires improvement or poorly controlled’. Individual findings within audit reports are rated as high, medium or low priority.
- 1.3 Performance data is provided on progress against the audit plan, audit ratings, rating trends by Enterprise Risk and business unit and progress against actions.

**2 Recommendation**

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

**3 Annual Integrated Assurance Audit Plan**

- 3.1 The annual Integrated Assurance audit plan contains a series of second line of defence audits that address ER1 (Major SHE Incident or Crisis), ER4 (Major Security Incident) and ER12 (Asset condition unable to support TfL outcomes). Audits against all three risks have been included as there is a correlation between the three Enterprise Risks.
- 3.2 The audit plan is developed in consultation with the SHE and Engineering Directorates and Security teams to identify where assurance is required or where there are performance or compliance concerns. Each of the audits is sponsored by the relevant risk or Management System owner, to whom assurance will be provided. The SHE section of the audit plan includes audits of SHE Management System compliance within a defined team or audits that assess a specific procedure within the SHE Management System.

3.3 Audits are only cancelled or deferred at the request or agreement with the audit sponsor or risk owner and are recorded on the audit database. In Quarter 2 of 2021/22 (Q2), five audits of compliance with Network Information Systems Regulations have been cancelled due to a change of assurance strategy, at the request of the Chief Information Security Officer. In consequence two governance audits will be undertaken, rather than the seven compliance audits planned, to focus on awareness of key roles and responsibilities.

## **4 Work of Note this Quarter**

4.1 Two of the audits in Q2 were given poorly controlled conclusions:

- (a) Audit 21 732 'Commercial Development Estates Management HSE Compliance' assessed compliance with key parts of the SHE Management System at the request of the Commercial Development management team. It was identified that roles and responsibilities were not always clearly defined in management procedures or controls implemented consistently, resulting in potential legal non-compliances regarding legionella, asbestos and appliances. Commercial Development are working through the resulting actions which are in date.
- (b) Audit 21 736 'Management of LU station tenants fire risk assessments' was requested by the Fire Engineer to assess the level of compliance with the Fire Regulatory Reform Order (FRRO) risk assessment requirement amongst London Underground (LU) station tenants. Compliance with the FRRO and TfL procedures could not be fully demonstrated due to the availability and quality of station tenants' fire risk assessments and gaps in the monitoring and assurance by LU. A multi-directorate programme of improvement work is in place with Director level oversight.

### **LU Customer Operations and Asset Performance Integrated Systems Audits**

4.2 Integrated Systems Audits assess compliance against a range of key requirements of the TfL Management Systems including SHE, competence, security, finance and operational rules. In 2021 the scope was revised to include Covid-19 checks, fire risk assessments and checks of station tenancies. These audits are not given an overall conclusion as this may mislead given the range of subjects and findings. These audits were developed with subject matter experts from SHE, Security, Finance and Revenue and LU Customer Operations teams and audit Station, Train and Service Control teams. They are also undertaken on LU Asset Performance and Capital Delivery maintenance teams (e.g. track, rolling stock depots and signals teams).

- 4.3 Feedback on Integrated Systems audits is provided quarterly to LU senior management. Due to the consistent question set, it is possible to provide statistical analysis on trends and themes of compliance and non-compliance which are shared with other managers for lessons learnt. The Integrated Systems audits restarted in May 2021 following a brief pause due to Government social distancing rules and six audits were completed since May. The rolling 13 period compliance average is 72 per cent for Customer Services and 66 per cent for Line Operations.

**Audit sections ranked by average compliance score (high to low)**

- (a) Fire safety compliance, 81 per cent
- (b) Risk assessment, 76 per cent
- (c) Security, 74 per cent
- (d) Safety monitoring, 70 per cent
- (e) Competence, 68 per cent
- (f) Ticketing and revenue, 68 per cent
- (g) Emergency arrangements, 68 per cent
- (h) Payroll assurance, 65 per cent

**5 Performance and Trends**

- 5.1 The graphs in Appendix 2 show that at the end of Q2, Integrated Assurance are 25 per cent through the annual plan. The annual plan is not evenly split across all quarters; there are a greater number of shorter audits planned in Quarters 3 and 4. The annual plan also took account of available resources as a result of retirements and recruitments. We remain confident the target can be met.
- 5.2 In the last quarter the Risk and Assurance Directorate has increased management oversight of audit actions on a periodic basis through improved reporting. We are starting to see a reduction in the number of overdue actions that peaked during periods of furlough and lockdown.
- 5.3 A recent review looked at the distribution of audit conclusions over the past three years to identify any trends that could indicate a deterioration in TfL performance. The review concluded that there was a reasonably consistent distribution of audit conclusions with no discernible increase in 'poorly controlled' or 'requires improvement' ratings provided, despite the audit plan changing each year.

## **6 Improving SHE Assurance Tools and Processes**

- 6.1 One of the key improvement workstreams for SHE assurance is the digitisation of our SHE assurance process. This will enable local management teams to not only check how well they are implementing and complying with risk controls in the SHE Management System, but also systematically demonstrate compliance, or identify opportunities for improvement. SHE is currently running a trial that includes digitising a selection of assurance checks. Multiple parts of the business are trialling these checks and will provide feedback on their use. Funding approval has been received to continue to the next stage of the digital assurance project.
- 6.2 The SHE Assurance Forum is developing a matrix document that outlines roles and responsibilities for TfL functions that provide assurance related to SHE risks. This is part of an effort by forum members to establish a collaborative, co-ordinated approach to providing SHE assurance.
- 6.3 The SHE Directorate is currently completing a root and branch review of procedures related to SHE assurance and monitoring, in collaboration with key stakeholders and subject matter experts from across the organisation. This is part of the wider programme to improve the SHE Management System. A user-community has been established with representatives from TfL assurance functions and the wider business to help review proposed new content and/or changes to existing procedures, before submission for approval through the relevant change assurance processes.

### **List of appendices:**

Appendix 1 – Integrated Assurance Audits Completed in Q2 against ER1 and ER12

Appendix 2 – Integrated Assurance Audit Data

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

None

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