Safety, Sustainability and Human Resource Panel

Date: **29 June 2022**

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

This paper will be considered in public

1   Summary

1.1   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) based on second line of defence audit work by the Quality, Safety and Security Assurance (QSSA) team.

1.2   The appendices provide a list of audits undertaken in Quarter 4 of 2021/22 (Q4). Enterprise Risk 12 – Asset condition unable to support TfL outcomes (ER12) and Enterprise Risk 4 – Major Security Incident (ER4) 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 Quality, Safety and Security Assurance Audit Plan

3.1   The annual QSSA audit plan contains a series of second line of defence audits that address ER1, ER4 and ER12.

3.2   The annual audit plan was finalised in Q4. The audit plan is developed in consultation with the Safety, Health and Environment (SHE), Operations, Maintenance, Engineering Directorates and Security teams to identify where assurance is required or where there are performance or compliance concerns. Each audit has an identified sponsor within TfL to whom assurance is provided, typically a management system or risk owner or an assurance function.

4   Work of Note this Quarter

4.1   ER1 was reviewed and updated on 29 April 2022 and was presented to the TfL Executive Committee on 1 June 2022. The risk has been updated to reflect a post-pandemic environment and includes new preventative actions. The overall risk assessment remains the same.

4.2   Internal Audit issued three audits against ER1 in Q4:

(a) Internal Audits IA 21-005 and 21-067 provided real-time assurance on the procurement of the digital SHE management system. It was concluded that the procurement was effectively managed and the real time audit will continue through to contract award; and

(b) Climate Adaptation – roles, responsibilities and knowledge (IA 21-066). This audit was concluded as 'requires improvement', co-ordination of climate adaptation had not been assigned to a specific TfL team, and directorates lacked comprehensive plans for building in capability and competence. All findings were accepted by the team and are being acted upon.

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

4.4 A total of 35 second line QSSA audits were delivered in Q4, bringing total delivery of the 2021/22 annual plan to 94 per cent (87 of 93 audits completed). All but three of the outstanding audits have since been delivered with the outstanding reports having been issued in draft. No audits were rated as 'Poorly Controlled' in Q4. The breakdown of the Q4 audits by risk is as follows (see Appendix 1 for the full detail of audits completed in Q4):

(a) ER1 (Major SHE Incident or Crisis) 17 audits:
Three 'Well Controlled', four 'Adequately Controlled', four 'Requires Improvement' and six 'Not Rated';

(b) ER4 (Major Security Incident) 15 audits:
Thirteen 'Adequately Controlled', one 'Requires Improvement' and one consultancy memo. Ten of these audits related to Payment Card Industry Data Security Standard (PCI DSS) compliance; and

(c) ER12 (Asset condition unable to support TfL outcomes) three audits:
One 'Adequately Controlled' and two 'Requires Improvement'.

4.5 Of the 19 topic audits competed, five of these specifically addressed Network and Information System (NIS) Regulation compliance – four 'adequately controlled' and one 'requires improvement'. There were seven 'Requires Improvement' audits:

(a) TfL Lone Working (21 759): This was a pan-TfL review of how lone working is defined, assessed and managed in accordance with regulator and industry guidance. The management system content did not fully reflect the current Health and Safety Executive guidance. Training had been identified as a risk control, but not fully implemented. Actions have been agreed and are in progress;

(b) Surface Transport Projects and Programmes Directorate Structures (21 761): Design and Construction Compliance. The audit considered how it

was assured that construction complied with approved designs and quality requirements. Some key Construction Design and Management (CDM) regulations and quality documentation was either not available, or not approved within defined timescales. Actions have been agreed and are in progress;

(c)   London Underground (LU) Management of Rail Grinders (21 762): The audit assessed conformance to TfL standards when operating and maintaining rail grinders. Findings were raised relating to the availability of rail grinder approval and assurance documentation, all actions have been satisfactorily closed;

(d)   Lessons Learnt: Osterley Step-Free Access Project (21 774): Design and Construction. The audit was requested as a retrospective review of Pathway compliance to learn lessons with regard to the development of design and construction that ensures safety and technical compliance. Opportunities were identified to enhance assurance of the Principal Contractor's arrangements, the recording of non-conformances and lessons learnt. Actions have been agreed and are in progress;

(e)   LU REW (Railway Engineering Workshop) and TMU (Trains Modifications Unit) Competence Management System Compliance (21 760): Critical areas of the training procedure had not been fully implemented, which affected the ability to meet Office of Rail and Road guidance on competence management systems. Actions have been agreed and are in progress;

(f)   London Overground Safety Authorisation (21 730): This audit reviewed compliance with safety, risk, competency and infrastructure protection elements of the Safety Authorisation document. Safety responsibilities of all key safety posts had not been documented. Controls related to Infrastructure Protection and Competence were working effectively. Three of four actions raised have been closed; and

(g)   London Overground Local Assessment of Network and Information System Regulation Compliance (21 796): London Overground Management and Cyber Security teams requested this audit to assist in the completion of their Cyber Assessment Framework (CAF). All actions have been closed and the CAF has since been completed and submitted.

4.6   In Q4, six integrated systems audits were delivered of LU Operations and Maintenance teams providing assurance of key management system requirements addressing local SHE, security, assets, competence and finance controls.

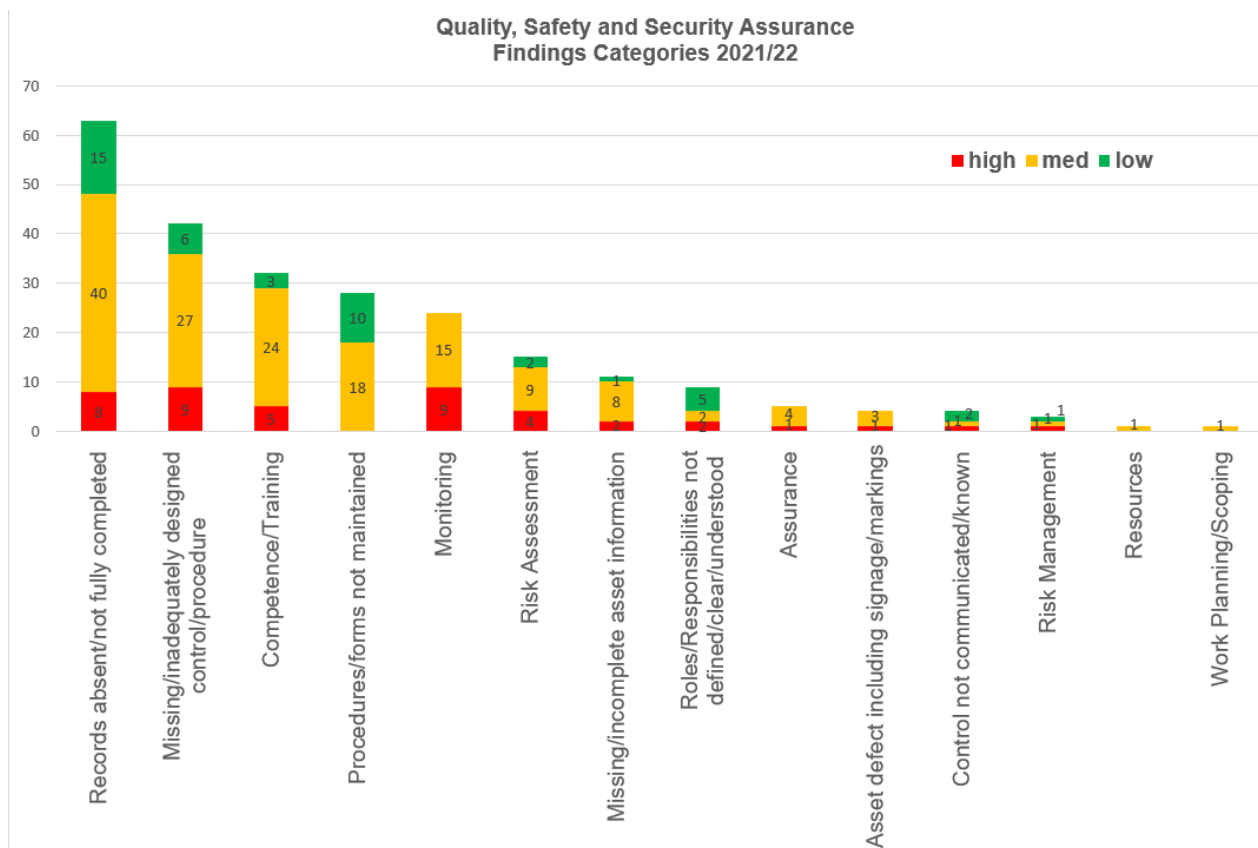## 5   Cancelled and Deferred Work

5.1   Audits are only cancelled or deferred at the request of, or in agreement with the audit sponsor / risk owner with the decision rationale recorded in the audit database. In Q4, one audit was cancelled and one deferred. For transparency these are summarised below:

Title	Reference	Comment
Payment Card Industry – New Revenue Inspection Device	21 778(D)	Deferred: Project timescales are such that assurance will not be required until after June 2022.
Consultancy: Project Oval PCI Assurance	21 780(C)	Cancelled: Project timescales mean the project was not in a position for consultation advice. This advice will be ongoing in 2022 and not a one-off activity.

6   Performance and Trends

6.1   The annual audit plan was behind schedule for Quarters 1 to 3 of 2021/22; this was due to secondments, retirements and recruitments within the team and social distancing rules which lead to the plan being disproportionately back loaded to Q4. At the end of Q4 the annual plan was 94 per cent complete which exceeded the projection that the 85 per cent target would be achieved. The plan is more equally distributed for 2022/23, which will enable a more consistent delivery.

6.2   Across the last six Periods, there has been a steady increasing trend of actions closed on time (68 per cent). Equally, there has been a reducing number of actions granted extensions in compliance with our procedure (currently 11 per cent). As of Q4, there are currently 58 overdue actions, which is an increase. It is noted that the actions from five audits in four different areas make up a significant proportion of the total number of overdue actions (35 of 58). Actionees receive routine reminders from the Audit team, overdue actions are escalated to the applicable management teams to try and resolve, and the Director of Risk and Assurance has discussed them in her quarterly meetings with Chief Officers. Details of overdue actions are included in Appendix 2

6.3   Proportionally, the distribution of 2021/22 audit conclusions is consistent with 2020/21. The greatest difference is an 8.9 per cent increase in the number of 'requires improvement' audits and a 7.9 per cent reduction in the percentage of memos/not rated. However, it should be noted that the audit plan is not consistent across the years and therefore direct comparison is limited. 26 audits were not given a conclusion, 23 of these were 'Integrated Systems audits' which are not concluded as they cover a wide range of subjects and risks making a single conclusion misrepresentative. However, more detailed analysis of trends and lessons learnt from the 'Integrated Systems audits' are provided quarterly to the Operations leadership team.

6.4   Due to the nature of the QSSA audit work being at the second line of defence, the most commonly occurring findings relate to non-compliance with TfL management systems, industry standards or legal requirements. Following the introduction of new audit software in 2021, for the past year we have codified individual audit findings with actions which allows for greater trend analysis (see graph below). The most commonly occurring findings are missing or incomplete records, procedures and training records or monitoring arrangements. This is

not unexpected as audits routinely seek assurance that good process exists, teams are competent in its implementation and compliance is locally monitored and recorded. It is logical that the greatest number of findings are in these categories. There is a small peak in the number of 'high' findings under 'monitoring', this reflects the criticality of having local (first line of defence) assurance arrangements to inform managers of performance. Detail is set out in the graphic below.

Quality, Safety and Security Assurance Findings Categories 2021/22

7   Improving SHE Assurance Tools and Processes

7.1   SHE completed the procurement of a new digital assurance tool (iAuditor). This solution enables local management teams to confirm compliance with the SHE management system easily and systematically, highlighting areas for improvement. This self-assurance capability (first line assurance) will give senior officers in TfL greater visibility of how well the SHE management system is being implemented in their areas of accountability. It will also provide a valuable leading indicator (an indicator of potential SHE risk before it manifests as harm) that can inform decision making. An implementation project has started, and is moving into the planning stage, with a view to rolling out the first digital checks in Quarter 2 of 2022/23 (Q2).

7.2   Based on feedback from the Panel on ER1 last year, SHE has outlined improvements to enable more focused and effective management of SHE risks. This is outlined in the paper: Enterprise Risk Update – Failure to prevent Safety, Health or Environment (SHE) incident / meet commitments (ER1). Going forward, this work will provide a clear outline of priority SHE concerns, that will inform, and be informed by, SHE assurance activities.

7.3   The SHE Assurance team has started the process of reviewing assurance requirements outlined in existing SHE management system documents as part of a 'start, stop, continue (with/without amendments)' exercise. The process will likely take longer than expected, but should be completed before end of Q2. This is part of the SHEMS improvement project.

List of appendices:

Appendix 1 – QSS Assurance, Audits Completed in Q4 against ER1, ER4 and ER12

Appendix 2 – QSS Assurance, Audit Data

List of Background Papers:

None

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