

**TfL Audit & Assurance
Committee
Performance Metrics
Quarter 1, 2022/23**

21 September 2022



Forecasting Accuracy

Q1, 2022/23

It is important to track forecast variance as a mechanism for monitoring and managing forecast quality. It also focusses management attention on underlying performance, allowing them to make timely decisions and interventions based on a realistic understanding of performance and gap to targets.

By continuing to track these measures management can rigorously evaluate the financial impact of planning decisions, offering the opportunity to change direction if decisions have not had the desired result or if new opportunities present themselves.

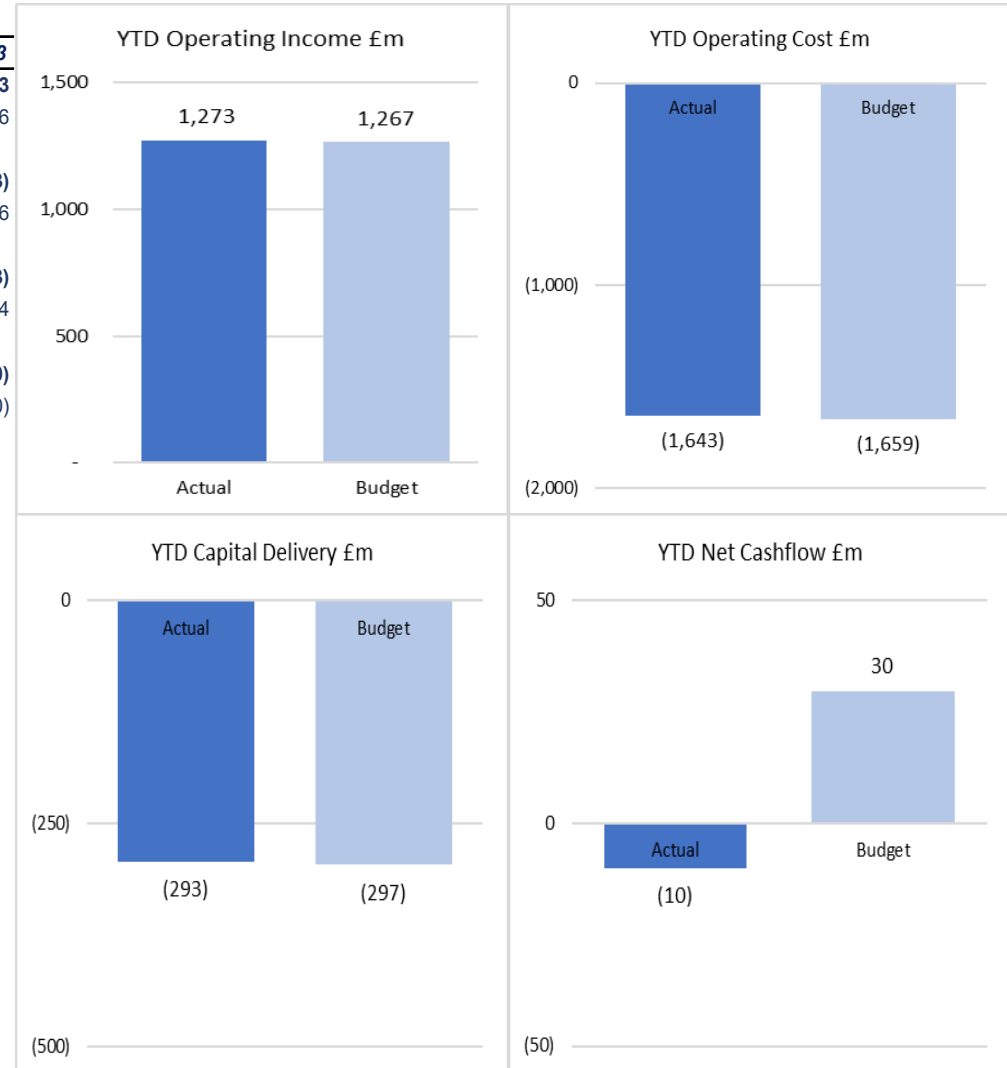
Given our variances are all circa 1% we conclude that this control is operating effectively.

Quarterly Forecasting Accuracy*

£m	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Operating Income	899	1,169	1,480	1,273
Variance to reported Budget	(101)	(70)	(194)	6
Operating Cost	(1,494)	(1,481)	(2,016)	(1,643)
Variance to reported Budget	(7)	80	(321)	16
Capital Delivery**	(288)	(288)	(522)	(293)
Variance to reported Budget	(16)	71	(49)	4
Net Cashflow	74	(115)	(321)	(10)
Variance to reported Budget	59	56	(12)	(40)

YTD Forecasting Accuracy - Q1 2022/23

£m	YTD
Operating Income	
Actual	1,273
Budget	1,267
Operating Cost	
Actual	(1,643)
Budget	(1,659)
Capital Delivery	
Actual	(293)
Budget	(297)
Net Cashflow	
Actual	(10)
Budget	30



* Reported Budget - 2021/22 Revised Budget for Q2-Q4 2022 and the 2022/23 Budget for Q1 2023

** Total TfL capital expenditure excludes amounts relating to Crossrail and TTLP

Processing payments

Q1, 22/23

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 has decreased to £220k. Overall, open items in Q1 with the items less than 30 days open stands at £15.5m. The volume of open items in the last two quarters have increased due to resource constraints. This is being addressed.

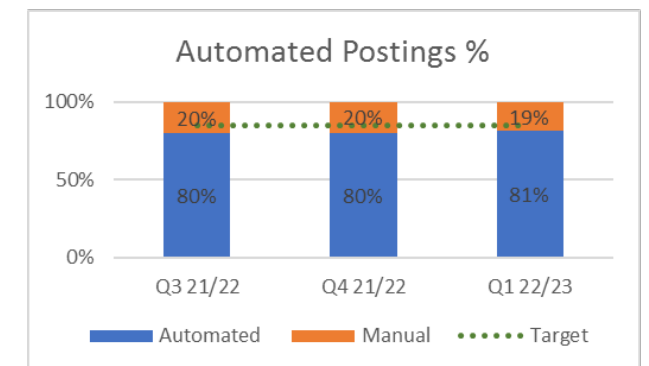
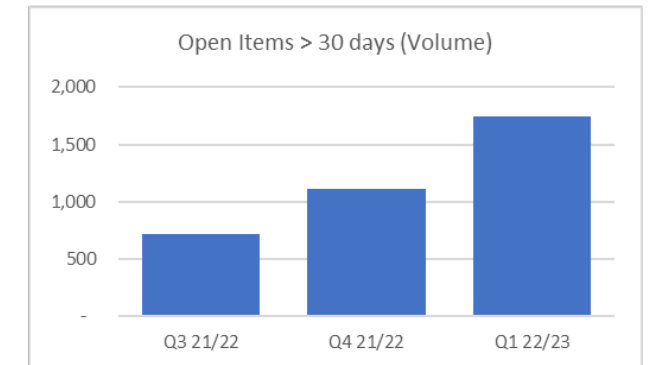
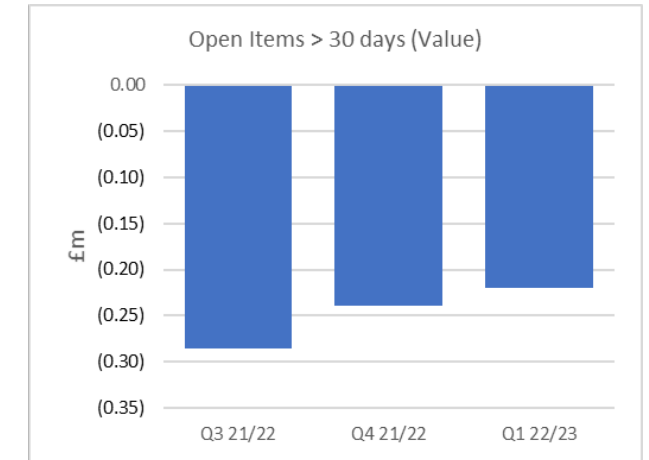
Automated Postings % measures the proportion of transactions which are automatically reconciled in SAP (accounting software). Manually checking and matching transactions and preparing / posting journals is time consuming and increases the risk of error and inconsistency.

The volume of manual postings remains consistent at present fluctuating around 20% with Q1 actually improving slightly at 19%

The KPI target of 80% for automated postings has been increased to 85% 2022/23 as Business services seeks to find further process efficiencies

Quarterly Figures

£m	Q2 21/22	Q3 21/22	Q4 21/22	Q1 22/23
Open Items < 30 days (£m Value)	(11.0)	(2.1)	(31.0)	(15.5)
Open Items > 30 days (£m Value)	(0.09)	(0.29)	(0.24)	(0.22)
Open Items < 30 days (Volume)	1,816	1,600	1,227	2,182
Open Items > 30 days (Volume)	817	722	1,110	1,744
Automated Postings %				
Automated	9,280	9,834	12,690	10,785
Manual	1,652	1,965	2,499	2,004
Automated	82%	80%	80%	81%
Manual	18%	20%	20%	19%
Target	85%	85%	85%	85%



Procurement Activity

Q1, 22/23

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

Benefits Delivery:

- Floor of £50m in benefits and target of £85m has been set for P&C for FY22/23. £28.5m of benefits have been validated in the first 4 periods.

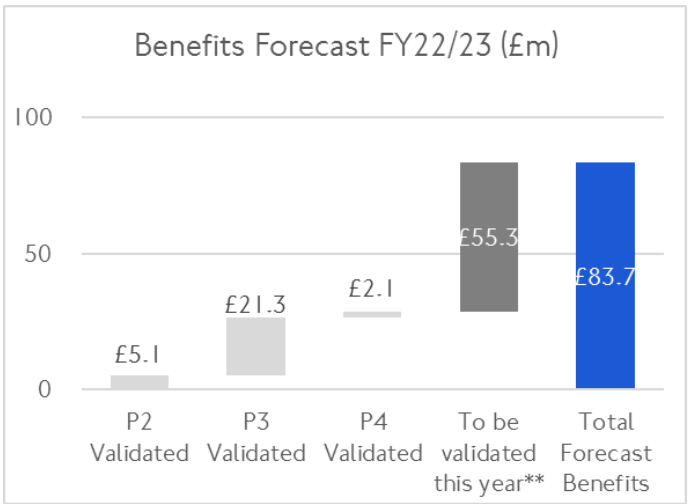
Direct Awards by Value and Volume:

- The highest value item in the first 4 periods was £10m relating to Canary Wharf response costs for escalator maintenance

Retrospective spend:

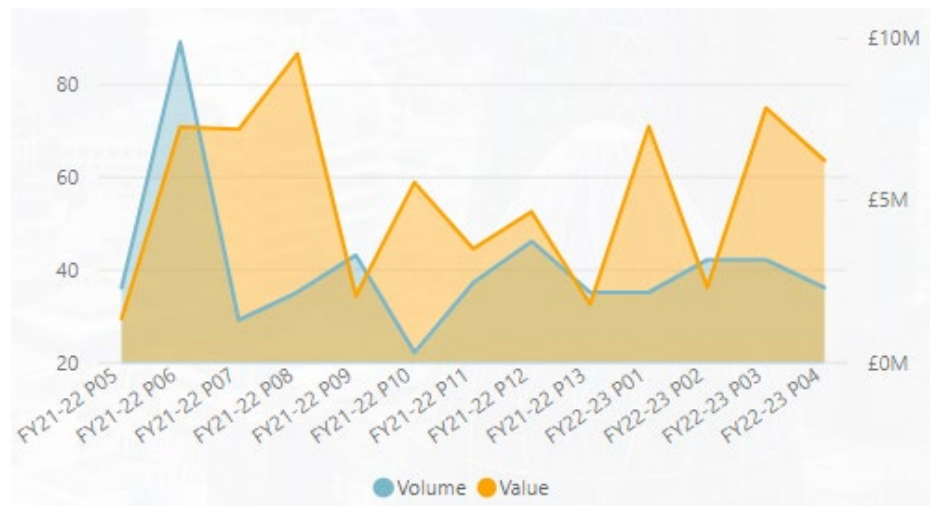
- Highest value amount in Q1 was £4.2m against a PO uplift for the Thales ATC contract
- The Procurement and Commercial improvement programme will introduce enhanced controls through the introduction of SAP Ariba which will drive down this type of spend.

Benefit Delivery



**adjusted to 75% confidence level

Retrospective spend



Direct Awards

