

Safety, Sustainability and Human Resource Panel

Date: 16 November 2022

**Item: Safety, Health and Environment Assurance Report Quarter 1
2022-23**

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 (ER1) – Major safety, health or environmental incident or crisis based on second line of defence audit work by the Quality, Safety and Security Assurance (QSSA) team. Information is also provided on Enterprise Risk 12 (ER12) – Asset condition unable to support TfL outcomes and Enterprise Risk 4 (ER4) – Major Security Incident as they correlate to ER1.
- 1.2 The appendices provide a list of audits undertaken in Quarter 1 of 2022/23 (1 April to 25 June 2022) (Q1). 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, with comparisons provided across the last two years.
- 1.4 This paper was prepared and published for the meeting scheduled for 14 September 2022, which was cancelled due to the period of public mourning following the death of Queen Elizabeth II.

2 Recommendation

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

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 2022/23 annual audit plan was finalised in Quarter 4 of 2021/22 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. In Quarter 2 of 2022/23 (26 June to 17 September 2022) (Q2) the 2022/23 audit plan for Quarter 3 and Quarter 4 of 2022/23 will be checked with audit sponsors to ensure it reflects current risks and assurance needs.

4 Work of Note this Quarter

- 4.1 ER1 was reviewed by the TfL Executive Committee on 1 June 2022 and has been updated to reflect a post-coronavirus pandemic environment and includes new preventative actions. Feedback from the Executive Committee has been incorporated into ER1. The overall risk assessment ratings for ER1 remain the same.
- 4.2 Internal Audit have three ER1 audits in progress in Q1 concerning climate adaptation data management and two audits on the reporting and procurement of a digital monitoring and assurance system. There were no ER1 Internal Audit reports issued in Q1.
- 4.3 A total of 10 second line QSSA audits were delivered in Q1, this is 17 per cent of the six-month programme for Q1-2 and is therefore behind the target of 50 per cent for Q1. However, early data from the first few weeks of Q2 shows progress increased to 43 per cent and therefore recovery is underway. No audits were rated as 'Poorly Controlled' or 'Requires Improvement' in Q1. The breakdown of the Q1 audits by risk is below (see Appendix 1 for the full detail of audits completed in Q1):
- (a) ER1 – seven audits: six Integrated Systems Audits of London Underground (LU) (not rated) and one 'Adequately controlled';
 - (b) ER4 – one audit 'Adequately controlled'; and
 - (c) ER12 – two audits 'Adequately controlled'.
- 4.4 In Q1, six integrated systems audits of LU Operations and Maintenance teams were delivered, providing assurance of key management system requirements addressing local SHE, security, assets, competence and financial controls.

5 Cancelled and Deferred Work

- 5.1 There were no audits cancelled or deferred in Q1.

6 Performance and Trends

- 6.1 Comparing the last four quarters (Quarter 2 of 2021/22 to Q1) with the four prior quarters, the data shows a greater number of audits were completed in 2022/23 than 2021/22 (84 compared with 66). This difference is predominantly due to the Integrated Systems audits being put on hold due to social distancing rules in place at the time, whereas other audits were able to be completed using online meeting tools. The profile of audits undertaken within each Chief Officer team is generally consistent across the eight quarters, as is the ratio of audit conclusions.
- 6.2 When comparing the audit conclusions against the associated Enterprise Risks over the two years, the distribution of conclusions by risk is broadly consistent, indicating there has been no significant change in risk identified by our audits. However, it should be noted that the audit plan is different each year so there are limitations to direct comparisons.

- 6.3 The graphs in Appendix 2 show there was an increase in the number of audits completed against ER1 in the last four quarters compared with the previous year. Conversely, there was a reduction in the number of audits completed against ER12 in the last four quarters compared with the previous year. There are differences in the number of audits undertaken against individual risks when comparing years. However, when viewed over a two to three year period such annual fluctuations evens out.
- 6.4 There had been a steady increasing trend of actions been closed on time which is now starting to plateau: steadying from 68 to 40 per cent and in response we have increased and escalated our reporting on overdue actions to senior management. There has been a small increase in the number of actions granted extensions (in compliance with our procedure) from 13 to 15 per cent.
- 6.5 There are currently 56 overdue actions which has decreased from a peak of 68 during Q1. It is noted that the actions from three audits in three different areas of TfL make up 50 per cent of the total number of significantly overdue actions. Actionees receive routine reminders from the Audit team and overdue actions are escalated to the applicable management teams to try and resolve. Chief Officers also receive reports that include overdue actions within their teams which the Director of Risk and Assurance discusses with them in quarterly meetings.
- 6.6 The greatest number of overdue actions is in the Chief Operating Officer's (COO) team which is where the majority of our audits are conducted. The overdue actions table is slightly polarised with 22 significantly overdue actions (over 200 days) and the remainder of the actions following a more normal pattern of closure within 60 days of the deadline. COO has recently started an initiative to ensure these overdue actions receive additional focus and as many are closed out as soon as possible.

7 Improving SHE Assurance Tools and Processes

- 7.1 SHE has entered the planning phase of the iAuditor implementation project. 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.
- 7.2 The SHE Insights and Direction team is currently in discussion with the QSSA and Internal Audit teams to develop a holistic approach to prioritising SHE audits. The intention is to develop an approach that draws not only from SHE assurance data but also from SHE risk management and identification processes, such as ER1, SHE Priorities and current strategic thinking in SHE. This aligns with the desire to move toward a more systematic, risk-based, evidence-driven approach to planning SHE related audits.

List of appendices:

Appendix 1: QSS Assurance, Audits Completed in Q1 against ER1, ER4 and ER12

Appendix 2: QSS Assurance, Audit Data

List of Background Papers:

None

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Appendix 1 – Quality, Safety and Security Assurance Audits Completed in Quarter 1 of 2022/23 against ER1, ER4 and ER12

Enterprise Risk	Directorate	Ref.	Audit Title	Objective	Conclusion	Summary of Findings
ER01 - Major safety, health or environmental incident or crisis	LU Customer Operations	21 723	Bakerloo Service Control Integrated Systems Audit	To provide assurance that key requirements contained in the management system are being met	Not Rated	68% Conformance, 23 Green, 1 Amber, 10 Red (compliant, minor non-compliance, major non-compliance)
	LU Asset Performance and Capital Delivery	21 729	Upminster Rolling Stock Depot Integrated Systems Audit	To provide assurance that key requirements contained in the management system are being met	Not Rated	68% Conformance, 41 Green, 3 Amber, 16 Red (compliant, minor non-compliance, major non-compliance)
	LU Customer Operations	22 701	Acton Town Area Integrated Systems Audit	To provide assurance that key requirements contained in the management system are being met	Not Rated	68% Conformance, 39 Green, 1 Amber, 17 Red (compliant, minor non-compliance, major non-compliance)
	LU Customer Operations	22 702	Baker Street Area Integrated Systems Audit	To provide assurance that key requirements contained in the management system are being met	Not Rated	71% Conformance, 39 Green, 3 Amber, 13 Red (compliant, minor non-compliance, major non-compliance)
	LU Customer Operations	22 703	Victoria Service Control Integrated Systems Audit	To provide assurance that key requirements contained in the management system are being met	Not Rated	79% Conformance
	LU Customer Operations	22 704	Kentish Town Area Integrated Systems Audit	To provide assurance that key requirements contained in the management system are being met	Not Rated	76% Conformance, 42 Green, 2 Amber, 11 Red (compliant, minor non-compliance, major non-compliance)

Enterprise Risk	Directorate	Ref.	Audit Title	Objective	Conclusion	Summary of Findings
	Rail and Sponsored Services	21772	DLR Rolling Stock Door System Maintenance	To seek assurance that DLR Rolling Stock door system maintenance is managed by Keolis Amey Docklands in accordance with the requirements in MR-100 Maintenance Management Standard and MR-700 Maintenance Standard for Rolling Stock.	Adequately Controlled	There are minor weaknesses that are unlikely to impact on the management of risks or meeting objectives. Three medium priority finding were raised to enhance documentation control and follow up on known issues.
ER04 Major Security Incident	Strategy & Chief Technology Officer	21797	Management of Network and Information System Regulations Compliance	To seek assurance that TfL is meeting its obligations under the Network Information Systems (NIS) Regulations regarding the management of a framework of assessments	Adequately Controlled	The Cyber Security team have established a clear governance and control structure and newly created policies. Work is required and underway to strengthen risk management and incident response management.
ER12 Asset condition unable to support TfL outcomes	LU Asset Performance and Capital Delivery	22719	Signals Authority to Work Certificates (AWC) Process	To provide assurance that the requirements of Pr0536 is being implemented which ensures that signals works are carried out safely and to quality requirements	Adequately Controlled	Requirements for Authority to Work Certificates were implemented by the Asset Control Centre and records well maintained.
	LU Asset Performance and Capital Delivery	22732	Hammersmith Service Control Centre Maintenance and Control of Software Configuration	To provide assurance that control centre equipment is maintained in accordance with G0199E	Adequately Controlled	Apart from two issues, the signalling at Hammersmith Service Control Centre was found to be effectively maintained, cleaned, and managed in compliance with an established standard and guidance.

Appendix 2 – Quality, Safety and Security Assurance, Audit Data

Audit progress against the 2022/23 plan in Q1 -

Table shows 7 audits brought forward, 58 planned for Q1-2 of 2022/23, none cancelled or deferred and 1 new audit, with 17% per cent completed.

Table shows overdue actions by directorate:

Chief Operating Officer: 11 (0-30 days), 12 (31-60 days), 2 (61-100 days), 25 (100+ days).

Chief Customer and Strategy Officer: 2 (31-60 days).

Chief SHE Officer: 1 (31-60 days), 3 (100+ days).

Audit ratings by Directorate for the past four quarters (Q2 2021/22 to Q1 2022/23):

Table shows:

Chief Capital Officer: 1 poorly controlled, 2 requires improvement, 1 adequately controlled.

Chief Customer and Strategy Officer: 1 poorly controlled, 13 adequately controlled, 1 well controlled, 1 not rated.

Chief Operating Officer: 1 poorly controlled, 12 requires improvement, 20 adequately controlled, 3 well controlled, 27 not rated.

Pan-TfL: 2 not rated.

Table shows Audit Conclusions by Enterprise Risk:

ER1 Failure to prevent SHE incident or meet commitment: 3 poorly controlled, 10 requires improvement, 8 adequately controlled, 4 well controlled, 27 not rated.

ER4 Major Security incident: 1 requires improvement, 21 adequately controlled, 2 not rated.

ER12 Asset condition unable to support TfL outcomes: 3 requires improvement, 5 adequately controlled.

Table 1 and 2 compares the number of audits completed by Chief Officer in the last four quarters (Q2 2021/22 to Q1 2022/23) and the four quarters prior to that (Q2 2020/21 to Q1 2021/22). The overall trend is that profile of audits is consistent by Chief Officer and by conclusion, with the exception of the increase in Integrated Systems audits undertaken in the last four quarters as social distancing rules were removed.

Tables 3 and 4 compare compares the number of audits completed by Enterprise Risk in the last four quarters (Q2 2021/22 to Q1 2022/23) and the four quarters prior to that (Q2 2020/21 to Q1 2021/22). For the past four quarters there has been an increase in the number of ER1 audits and a decrease in ER12 audits. This appears to be consistent annual pattern when comparing annual plans.