Safety, Sustainability and Human Resource Panel

TRANSPORT FOR LONDON
EVERY JOURNEY MATTERS

Date: **22 February 2023**

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 (ER1) – 'Inability to deliver safety objectives and obligations', Enterprise Risk 3 (ER3) – 'Environment including climate adaptation' based on second line of defence audit work by the Quality, Safety and Security Assurance (QSSA) team and third line of defence work by the Internal Audit team. Information is also provided on Enterprise Risk 6 (ER6) – 'Deterioration of operational performance' and Enterprise Risk 4 (ER4) – 'Significant security incident', as they correlate to ER1.

1.2 Reporting has been aligned with the revised Enterprise Risks that were implemented from Quarter 3 of 2022/23 (18 September to 10 December 2022) (Q3), previous audits have been retrospectively aligned to the new risks.

1.3 Appendix 1 provides a list of audits undertaken in Q3. 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.

1.4 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.

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, ER3, ER4 and ER6.

3.2 The 2022/23 annual audit plan was finalised in March 2022 in consultation with 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. The audit plan is reviewed every six months for greater flexibility and an agile approach to changing business demands. Audit planning is currently underway with risk owners and key stakeholders for 2023/24.

4 Work of Note this Quarter

4.1 ER1, along with all Level 0 Enterprise Risks, has been revised and presented to the TfL Executive Committee, TfL Board and the Audit and Assurance Committee in Quarter 1 of 2022/23 (1 April to 25 June 2022). The overall risk assessment ratings for ER1 remain the same. The environmental elements of ER1 are now captured in ER3 'Environment including climate adaptation' as part of the review of all revised Level 0 risks.

4.2 As of Q3, all audits have been mapped to the applicable Level 0 risk from the list of revised Enterprise Risks (see Appendix 3). The previous Level 0 Enterprise Risk 12 'Asset condition unable to support TfL outcomes' has become a Level 1 risk and these audits reassigned to the Level 0 Enterprise Risk 6 'Deterioration of operational performance'.

4.3 Internal Audit have one audit in progress on the reporting and procurement of a digital monitoring and assurance system. There were no ER1 Internal Audit reports issued in Q3.

4.4 A total of 20 second line QSSA audits were delivered in Q3, 56 per cent of the annual plan for 2022/23 has been delivered and is on track for the target of 85 per cent for year-end (see Appendix 1 for the full detail of audits completed in Quarter 2 of 2022/23 (26 June to 17 September 2022 (Q2)).

4.5 Three audits were concluded as 'poorly controlled' in Q3, all of which have agreed and tracked action plans in place:

   (a) London Underground (LU) Environmental Risk Assessment: It could not be assured that risk assessments had been completed to identify relevant environmental risks, the associated controls and applicable regulations. Non-compliance with the SHE Management System requirements was identified relating to the management of TfL's environmental risks.

   (b) Buses and Trams Environmental Risk Assessment: In Buses, it could not be assured that risk assessments had been completed to identify relevant environmental risks, the associated controls and applicable regulations. Trams had a suitable and sufficient 'Aspects and Impacts Register' in place.

   (c) Trams On Track Plant and Machines: A number of non-conformances in relation to the requirements set out in the Trams on track plant acceptance and testing procedures were identified. Document control issues were identified along with the interpretation and implementation of the standards.

4.6 Three audits were concluded as 'requires improvement', all of which have agreed and tracked action plans in place:

   (a) TfL management of new protective security risks from initiatives: There is a robust and proven project management methodology in the TfL Pathway Project Management System. However, several of the project management requirements products relating to security were found to be out of date and the security content of Pathway is not mandated or a 'core' product (this is currently under review). This increases the risk that security risks may not be accurately identified and therefore controlled.

(b) LU Maintenance Asbestos Management: Full compliance with the proactive requirements of the TfL Standard and LU Procedures have not been achieved in relation to competence and monitoring. There were limited issues regarding asbestos surveys and information management. There were no issues regarding the reactive support role undertaken by the Hazardous Materials team for maintenance and minor works. A programme of agreed actions is in progress and are all in date.

(c) Managing Access to Tram Infrastructure: The combination of documents and systems meant it was not always possible to assure that staff hold the required competence for the activity in advance. A risk assessment and method statement could not be located for a Works Request Form, and overdue inspections and incident investigations were highlighted. These gaps increase the risk that management system controls are not effective.

4.7 Seven audits were concluded as 'Adequately Controlled' or 'Well Controlled', with seven Integrated system audits which are not rated (as they cover multiple subjects and risks).

4.8 The breakdown of the audits completed in Q3 by risk is as follows:

(a) 12 audits were completed against ER1: seven Integrated Systems Audits of LU (not rated) and five topic audits;

(b) three audits were completed against ER3;

(c) three audits were completed against ER4; and

(d) two audits were completed against ER6.

4.9 As detailed in paragraph 4.5 above, two audits were undertaken on environmental risk assessment at the request of the SHE Directorate – one sampling Buses and Trams and the other LU Fleet and Track Maintenance teams – were concluded as 'poorly controlled'. As a result, we are liaising with SHE and the Asset Performance team to ensure the additional SHE support needed to assist operational teams with the implementation of the environmental risk assessment requirements is provided.

4.10 Audit planning for the 2023/24 programme has begun using the SHE Management System structure and strategic risks to inform the sessions. The use of the management system structure is to ensure all areas of risk controls are considered and any gaps in recent assurance identified.

5   Cancelled and Deferred Work

5.1 Five audits were cancelled or deferred in Q3:

(a) LU Migration of AMIS (Asset Management Information System) from Ellipse to Maximo: This was cancelled in favour of a track welding audit that was considered a higher priority in consultation with the Engineering Assurance team. The migration of AMIS will be assured via an internal management review.

(b)   Updating of LU Track Training Materials: Initial planning revealed the absence of a procedure or requirements to conduct an audit against, making audit an unsuitable option. The audit sponsor was content for an internal review to be conducted.

(c)   Cyber security – Patching and Vulnerability Management: This audit has been deferred to the 2023/24 programme in agreement with the Cyber Security team to align with improvement work packages which are to be tested by the audit.

(d)   TfL Ransomware Risk Management: This audit has been deferred to the 2023/24 programme in agreement with the Cyber Security team to align with improvement work packages which are to be tested by the audit.

(e)   Payment Card Industry Data Security Standard Compliance Audit – Revenue Inspection Devices: This audit has been deferred to the 2023/24 programme. The objective of the audit was to provide assurance at key stages in the project. The audit has been deferred to align with revised project timescales.

6   Performance and Trends

6.1   There were no identifiable trends when comparing the profile of audits carried out or audit conclusions across the relevant Chief Officer teams. There is a slight increase in the number of Chief Operating Officer 'adequately controlled' conclusions and a reduction in 'requires improvement' between 2021/22 and 2022/23(13 conclusions of 'requires improvement' and 17 conclusions of 'adequately controlled' in 2021/22 compared with 11 conclusions of 'requires improvement' and 24 conclusions of 'adequately controlled' in 2022/23). This is not considered to be a significant change in risk given the different annual audit plans.

6.2   Comparing audit conclusions against the associated Enterprise Risks over 2021/22 and 2022/23, the distribution of conclusions by risk is broadly consistent, indicating there has been no significant change in risk profile identified by our audits. Environmental audits were previously recorded as against ER1, these audits have since been reallocated to the new ER3.

6.3   There was a marginal increase in the number of audits completed in the last four quarters compared with the previous year (see detail in Appendix 2), which is linked to successful recruitment campaigns and the resumption of normal audit activity in 2022/23 following previous social distancing restrictions.

6.4   There had been an increase in actions closed on time in Q3 with 35-40 per cent of actions closed on time. There has been a small increase in the number of actions granted extensions in the most recent period in accordance with our procedure, although the average percentage of actions extended remains constant across Q2 and Q3 at 18 per cent. We continue to have increased focus on closing actions in collaboration with the management teams and Chief Officers which has been effective in reducing the number of overdue actions, particularly the significantly overdue actions over 100 days.

6.5 There are currently 27 QSSA overdue actions in total which has decreased from a peak of 45 during Q2. There have been a number of significantly overdue actions that have been closed in the last two quarters with support from the management teams and Chief Officers, which has reduced the number of actions 100 or more days overdue from 28 to nine. 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. Further reporting on them is also provided to the Executive Committee and the Audit and Assurance Committee.

List of appendices to this report:

Appendix 1: QSSA Audits Completed in Q3 against ER1, ER3, ER4 and ER6

Appendix 2: QSSA Audit Data

Appendix 3: Revised TfL Enterprise Risks

List of Background Papers:

None

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