

Detailed TfL 2023/24 Internal Audit Plan – April 2023 to September 2023 (Phase 1)

Enterprise Risk 1	Inability to deliver safety objectives and obligations		Overall Control Rating Requires Improvement
<p>Quality, Security and Safety Assurance will deliver a portfolio of engagements at the second line relating to safety assurance in addition to the SHE and Engineering assurance teams.</p>			
Enterprise Risk 2	Attraction, retention, well-being and health of our employees		Overall Control Rating Requires Improvement
Audit Title	Rationale and Outline Audit Scope		Chief Officer/ Directorate/client
<p><b>Attraction and Retention of Staff in Technology and Data (T&amp;D) team</b> (Business Led)</p>	Why now?	<p>Our financial settlement will require the organisation to maximise revenue and minimise cost. This is placing constraints on our ability to attract and retain talent. Limitations and restrictions in pay may be hindering our ability to attract and retain critical roles. Perceptions of unfairness in the way our employees are rewarded and recognised for their contribution may negatively impact engagement and consequently, wellbeing. As of January 2023, there are currently 496 vacancies out of 1,995 budgeted positions within T&amp;D.</p> <p>Attraction and retention of staff was also raised at the TfL Board meeting on 2 February 2022 as a significant risk to the organisation as a whole.</p>	<p>Shashi Verma Chief Technical Officer</p>
	Audit objective	<p>Assess the adequacy of the HR controls supporting attraction and retention of T&amp;D staff.</p>	
<p><b>myJourney</b> (Risk Driven )</p>	Why now?	<p>myJourney is TfL's one stop for all career conversations and has been in place for over a year. It is a key enabler for frequent conversations about wellbeing, progress and development.</p> <p>Using myJourney, employees are able to do the following: - input objectives and update progress against them throughout the year;</p>	<p>Fiona Brunskill Interim Chief People Officer</p>

		<ul style="list-style-type: none"> <li>- capture current readiness, career aspirations and development actions that support them in their role and career;</li> <li>- request feedback from colleagues across the organisation on their progress at any time;</li> <li>- provide feedback to colleagues across the organisation as and when they want;</li> <li>- capture regular conversations between them and their line manager; and</li> <li>- carry out performance and talent reviews (if you are a manager).</li> </ul> <p>This is a key control in ensuring employees are engaged, valued and supported. Which, in turn, will lead to lower attrition rates.</p>	
	Audit Objective	To provide assurance on the adequacy and effectiveness of processes governing performance management and development using myJourney.	
<b>Enterprise Risk 3</b>	<b>Environment including climate adaptation</b>		<b>Overall Control Rating Requires Improvement</b>
Audit Title	Rationale and Outline Audit Scope		Chief Officer/ Directorate/client
<b>Impact of Extreme Weather</b> (Risk Driven)	Why now?	This audit is deferred from the 2022/23 plan due to changes in the organisation structure and industrial action which has increased workload of the team. There will be a series of audits, to be agreed with the business, on this topic across the operational business as the impact of severe weather is likely to increase in frequency and severity.	Carl Eddleston Director of Network Management and Resilience
	Audit objective	To provide assurance on the adequacy and effectiveness of controls in place to deal with the impact of extreme weather.	
<b>Enterprise Risk 4</b>	<b>Significant Security Incident</b>		<b>Overall Control Rating Requires Improvement</b>
Audit Title	Rationale and Outline Audit Scope		Chief Officer/ Directorate/client
<b>Legacy Technology - PSTN services for</b>	Why now?	BT Openreach plans to stop selling Wholesale Line Rental (WLR) products such as Public Switched Telephone Network (PSTN) and Integrated Services Digital Network lines in September 2023 and fully withdraw them by 2025. The range of services using and supported by PSTN are wide and located across all TfL locations. This	Shashi Verma Chief Technology Officer

<b>telephony and data (Live Audit)</b> (Business Led)		<p>includes standard phones for regular calling, alarms lines, door entry systems, fax machines, monitoring tools, dial-up devices, modems, traffic light control systems and payment terminals. By 2025, the systems that have not migrated to alternative services will be deemed as 'orphaned assets' and will be disconnected from the telephone network.</p> <p>A recent assessment of WLR services (British Telecom Retail only) identified that TfL spends a total of £1.2m per annum for circa 3,800 of these WLR services in use within TfL. A number of WLR services are supporting operational or safety critical services.</p>	
	Audit objective	Live audit to assess and evaluate the adequacy of the plans to move from the legacy PSTN services to alternative services.	
<b>Review of Strategics (application)</b> (Business Led)	Why now?	The Strategics application is used to account and manage the Oyster top-up transactions at newsagents. This process is managed by CUBIC and it accounts on average for £40m per month of revenue to TfL.	Shashi Verma Chief Technology Officer
	Audit objective	To assess and evaluate the adequacy and effectiveness of a selection of key controls, in relation to the Strategics application managed by CUBIC on behalf of TfL, with respect to the accounting and reconciliation of transactions.	
<b>Quality, Security and Safety Assurance will deliver a portfolio of compliance and consultancy engagements at the second line relating to the Payment Card Industry Data Security Standard</b>			
<b>Enterprise Risk 5</b>	<b>Procurement including supply chain</b>		<b>Overall Control Rating Requires Improvement</b>
Audit Title	Rationale and Outline Audit Scope		Chief Officer/ Directorate/client
<b>SAP Ariba (Risk Driven)</b>	Why now?	SAP Ariba is a system TfL has purchased and the first part of which was rolled out in February 2023. The SAP Ariba intelligent spend management system brings together more than 30 source to pay processes and incorporates comprehensive transaction data. The intention is to deliver greater efficiency, accuracy and control from	Rachel McLean Chief Finance Officer

		sourcing to payment. With the dissolution of the Financial Commitment Oversight Group, processes are returning to following TfL's Standing Orders.	
	Audit objective	To provide assurance on the adequacy and effectiveness of controls governing SAP Ariba.	
<b>Enterprise Risk 6</b>	<b>Deterioration of Operational Performance</b>		Overall Control Rating TBC
Audit Title	Rationale and Outline Audit Scope		Chief Officer/ Directorate/client
<b>Engineering Resource Model - interaction between delivery lead and business (Risk Driven)</b>	Why now?	In 2021, Internal Audit reviewed the process within Engineering to agree the type and amount of resource needed between delivery leads and capability leads. Engineering delivery leads work directly with the business to understand and define the demand for resource. Delivery leads discuss resource demand requests with the capability leads who allocate and provide the personnel. This audit will look at the interaction with the business and the delivery leads within Engineering to agree resourcing requirements needed.	Isabel Coman Director of TfL Engineering and Asset Strategy
	Audit objective	To assess the adequacy of the processes and controls in place for planning and communication between Delivery Leads and the business.	
<b>Quality, Security and Safety will deliver a portfolio of assurance reviews at the second line of defence, in addition to work by the Engineering Maintenance Assurance team</b>			
<b>Enterprise Risk 7</b>	<b>Financial Resilience</b>		Overall Control Rating TBC
Audit Title	Rationale and Outline Audit Scope		Chief Officer/ Directorate/client
	Why now?	The extension of ULEZ will be accompanied by a new £110m vehicle scrappage scheme. Successful scrappage applicants will receive a grant to scrap or retrofit their vehicle for certain vans and minibuses. Successful car owners can opt to receive a	Shashi Verma Chief Technology Officer

<b>Ultra Low Emission Zone (ULEZ) Extension Scrappage Scheme</b> (Risk Driven)		smaller grant accompanied by up to two free annual bus and tram passes, which would give them a higher financial package.	
	Audit objective	To determine the adequacy and effectiveness of the key controls governing the ULEZ extension scrappage scheme.	
<b>TfL Scorecard Audit 2022/23</b> (Core Work)	Why now?	This audit is conducted every year and is one of our core annual audits.	Patrick Doig Director Group Finance
	Audit objective	To provide assurance that 2022/23 year-end results on the TfL Scorecard are being accurately reported.	
<b>London Transport Museum (LTM) Financial Controls</b> (Core Work)	Why now?	There are core areas of the business which are audited on a cyclical basis. These tend to be key financial, people and procurement controls. The last time this area was audited it was rated as Requires Improvement. Due to the arrival of the new financial controller and at the request from the LTM Audit and Risk Committee this audit was deferred from FY2022/23 to FY2023/24.	Sam Mullins Director of London Transport Museum
	Audit objective	To determine the adequacy and effectiveness of the LTM's key financial controls.	
<b>Arts Council England (ACE) Review 1</b> (Business Led)	Why now?	This is a placeholder for an audit to certify costs in respect of funding for the Designation Development Fund.	Sam Mullins Director of London Transport Museum
<b>Government Funding Conditions</b> (Risk Driven)	Why now?	<p>Since the coronavirus pandemic we have had to turn to the Government for financing and funding, agreeing emergency support packages in May 2020, October 2020, June 2021, February 2022 and August 2022. These have enabled us to keep London's vital transport network running.</p> <p>On 30 August 2022, a new support package was signed, where the Government confirmed it would continue to provide us with funding until 31 March 2024. A series of conditions were set out which also need to be met, these include, but are not limited to, ensuring a financially sustainable pension scheme in the long term, following the public sector par policy, continuing to work with the Department for</p>	Rachel McLean Chief Finance Officer

		Transport on opportunities for modernisation, innovative technology, greater automation and delivering efficiencies.	
	Audit objective	To provide assurance that the conditions of the Government's funding agreement are being effectively managed and accurately reported.	
<b>TTL Properties Limited (TTLP) Due Diligence of Tenants</b> (Risk Driven)	Why now?	In order for revenue to be steady and secure, tenants need to be financially solvent so that they do not default on the rents. Tenants need to be thoroughly vetted to ensure that this is the case. A new vetting process was introduced more than a year ago to strengthen the controls and has yet to be tested for effectiveness.	Dan Lovatt Director of Asset Management (TTLP)
	Audit objective	To provide assurance on the adequacy of the due diligence process to bring tenants on board.	
<b>Cycle Hire Bad Debt Recovery</b> (Core Work)	Why now?	Cycle Hire is suffering from a significant amount of bad debt due to incomplete customer payment transactions (15 per cent+). As cycling is one of the transport methods that is being encouraged via the Mayor's Transport Strategy it is important that bad debt is managed efficiently.	Trish Ashton Director of Rail and Sponsored Services
	Audit objective	To determine the adequacy and effectiveness of the Cycle Hire debt management key controls.	
<b>Journals</b> (Core Work)	Why now?	The Record to Account team in Business Services is responsible for processing all journals centrally and performing reconciliations and validation checks as part of period close process. Staff need to work with the business to ensure action taken is timely and accurate.	Maureen Jackson Director of Business Services
	Audit objective	To provide assurance on the adequacy and effectiveness of controls in place for processing journals.	
<b>TTLP Revenue and Debt Collection</b> (Risk Driven)	Why now?	Debt recovery activities are an important part of managing the revenue stream from commercial properties in the TTLP Portfolio. There have been increasing levels of arrears in the past couple of years, but controls have been improved to address this.	Dan Lovatt Director of Asset Management (TTLP)

	Audit objective	To provide assurance over the effectiveness and adequacy of the debt collection process.	
<b>ULEZ Debt Management</b> (Core Work)	Why now?	Debt recovery activities are an important part of the enforcement of the Congestion Charging, Low Emission Zone, ULEZ and Traffic Enforcement Schemes. If a registered keeper fails to comply with the relevant scheme rules or any traffic enforcement regulation, it results in a Penalty Charge Notice (PCN) being issued to the registered keeper/person liable of the vehicle. Payment rate of PCNs has fallen to approximately 30 per cent from about 60 per cent (pre introduction of the expanded ULEZ).	Shashi Verma Chief Technology Officer
	Audit objective	To determine the adequacy and effectiveness of the ULEZ debt management key controls.	
<b>Enterprise Risk 8</b>	<b>Delivery of TfL key investment programmes and projects</b>		<b>Overall Control Rating Requires Improvement</b>
Audit Title	Rationale and Outline Audit Scope		Chief Officer/ Directorate/client
<b>Project Cost Estimation</b> (Risk Driven)	Why now?	Initial estimates for projects at the early stages of the project lifecycle are often far lower than the final Estimated Final Cost turns out to be at project completion. A lower budget than is realistic may encourage the project team to fit the project scope to the budget rather than pursuing the optimum scope for the greatest benefit. The estimating process used in the early stages of the project lifecycle may not provide realistic figures for business planning purposes and budgeting.	Alex Williams Chief Customer and Strategy Officer
	Audit objective	To provide assurance over the adequacy and effectiveness of the controls over the early cost estimation processes.	
<p align="center"><b>Project Assurance will deliver a portfolio of assurance reviews at the second line of defence, in addition to work undertaken by SHE and PMO teams</b></p> <p align="center"><b>IIPAG will deliver a portfolio of assurance reviews at the third line of defence</b></p>			

Enterprise Risk 10	Governance and Controls Suitability		Overall Control Rating Adequately Controlled
Audit Title	Rationale and Outline Audit Scope		Chief Officer/ Directorate/client
<b>Stage Gate Compliance</b> (Business Led)	Why now?	Stage gates are an important control to ensure that projects are ready to move on to the next stage. Stage gate reviews need to reflect this status accurately. There has been no independent assurance of this process for many years.	Michael Cooper Director of Programme Management Office
	Audit objective	To provide assurance over the adequacy and effectiveness of internal controls in place for compliance with the Pathway Stage Gate process.	
<b>Our TfL Programme</b> (Risk Driven)	Why now?	The Our TfL Programme is set up to look at all elements the new operating model needs. It is not just about structure, but the way TfL works, what processes and technology it uses, and how they govern themselves. There are four sub-programmes, all of which are supported by a central programme team. These are Customer & Strategy, Capital, Operations and Support Services. This is a major initiative within the organisation and has the potential to evolve the way we work.	Fiona Brunskill Interim Chief People Officer
	Audit objective	To provide assurance on the management and effectiveness of the Our TfL Programme.	
<b>Processing of General Data Protection Regulation (GDPR) Data by Third Parties – low value contracts</b> (Risk Driven)	Why now?	Low value contracts of third parties that store and/or process GDPR data on behalf of TfL and assess them through the GDPR principles. Compliance and Internal Audit tend to focus on high value contracts in lieu of small value contracts.	Richard Bevins Head of Information Governance
		To determine the extent of compliance of thirf parties that store and/or process personal data with GDPR requirements.	
<b>Privacy and Data Protection: Surveillance Cameras in LU and Elizabeth Line Trains</b> (Risk Driven)	Why now?	TfL's use, management and control of surveillance cameras inside London Underground (LU) and Elizabeth line train carriages is an area not audited before and has become of increased scrutiny by police forces for crime prevention and detection. Recordings are also provided to TfL staff to facilitate responses to Subject Access Requests, as well as for purposes such as safety investigations and staff disciplinary matters.	Richard Bevins Head of Information Governance



		Most of the recordings are personal data under GDPR and the Data Protection Act 2018, and are therefore subject to its requirements, as well as other relevant laws and codes. Under (GDPR, data controllers and processors are obliged to return or delete all personal data after the end of services, or on expiry of a contract or agreement, unless it's necessary to retain the data by law. GDPR breaches result on average in fines of £1-5m.	
	Audit Objective	To determine if TfL's use, management, and control of surveillance cameras inside LU and Elizabeth line train carriages are in accordance with the relevant TfL policies, laws and codes of practice.	
<b>Construction Industry Scheme (CIS)</b> (Business Led)	Why now?	The CIS was introduced to counter perceived tax evasion in the construction industry and certain other businesses. It imposes an obligation on contractors to deduct amounts on account of tax on payments made to subcontractors. They then account for these deductions to HM Revenue and Customs. Local Authorities, such as TfL, are deemed contractors under the scheme if they spend more than £3m per annum on construction work. The migration to SAP Ariba introduces new controls and it is important that these ensure compliance with the CIS.	Patrick Doig Group Finance Director
	Audit objective	To provide assurance on the adequacy and effectiveness over financial key controls for the CIS.	
<b>Controls over Delegated Procurement Authority (DPA) to Procure/Vary Contracts</b> (Business Led)	Why now?	Previous audits identified that people were circumventing DPA controls. There were instances where they were able to approve their own procurement activities, in some cases above their DPA level or DPA was being delegated inappropriately. This audit will determine if there is any circumvention of the controls outside of SAP.	Rachel McLean Chief Finance Officer
	Audit objective	To provide assurance on the effectiveness of controls over DPA.	



Phase 1 April 2023 - September 2023

Potential Phase 2 October 2023 - March 2024

Future look April 2024 - September 2024

