

## Transport for London Audit and Assurance Committee

### Internal audit reports issued in Q3 2022/23

### Appendix 3

- There were seven reports, excluding the Elizabeth line and TTL Properties Limited, issued during the quarter

Enterprise Risk	Directorate	Ref	Audit Title	Summary of Finding	Conclusion
<b>ER03 Environment including climate adaptation</b>	Chief Safety, Health and Environment Officer	22 002	Climate Adaptation - Data Management	<p>In the short term the existing asset data management practices, contracts and standards for inspection and maintenance, and the constraints of legacy systems places limitations on embedding adaptation, weather and climate-related data. Assessing the extent to which existing data can inform and support adaptation has been limited by the lack of easy access to asset data and the perception that adaptation data is too complex and resource intensive to develop. As a major component of data on asset condition, performance and risk, adaptation is not embedded into asset data recording and information processes of TfL operations.</p> <p>More frequent and extreme weather events have already affected TfL's operations and assets and such events are predicted to increase and worsen. Due to the potential severity of the impact on the safety of staff and customers, on service reliability and high cost of asset failures, the process requires improvement.</p>	Requires Improvement
<b>ER02 Attraction, retention, wellbeing and health of our employees</b>	Chief Customer and Strategy Officer	22 006	Staff and Contractor Vetting in T&D	<p>While there are appropriate processes for the basic screening of all potential employees, there is no enhanced vetting of Technology and Data (T&amp;D) staff with elevated privileges. The absence of this key control may result in the recruitment of unsuitable individuals, who may inflict harm on TfL by acts such as theft or sabotage. We also identified a need for improvements in the contracts governing the provision of staff by some suppliers providing contracted services to T&amp;D. Based on the audit findings, our conclusion is that the staff and contractor vetting in T&amp;D requires improvement.</p>	Requires Improvement

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<b>ER07 Financial resilience</b>	Chief Finance Officer	22 021	Use of Consultants and Professional Services	The audit identified there is no documented evidence that Procurement and Commercial (P&C) have challenged the need for engaging external resources as per P&C guidance. There is no uniform system in place for managing and maintaining key documents and no process in place for capturing lessons learnt from the contractor's performance.	Requires Improvement
<b>ER10 Governance and controls suitability</b>	General Counsel	22 017	Taxi and Private Hiring (TPH) Controls for the Licensing Process (Private Hire Driver Assessment)	This review has identified processes and controls that can be strengthened and possibly streamlined as part of the rollout of the new system. These relate to the management and clearing of backlogs, reducing the time taken to perform specific tasks, further supporting staff in their roles, addressing assessment centre control weaknesses, improving management checks, and working off one system.	Requires Improvement
<b>ER04 Significant security incident</b>	Chief Customer and Strategy Officer	21 019	IT Disaster Recovery and Operational Resilience	We found that the Major Incident Management procedure provides a framework for major incidents to be managed but there were deficiencies in the IT Disaster Recovery plan that prioritises the recovery of different services.	Poorly Controlled
<b>ER07 Financial resilience</b>	Chief Finance Officer	22 025	Development of the New Assets Under Construction (AUC) Process	<p>The audit reviewed the development of the revised Assets Under Construction (AUC) process and whether its management was adequate. The AUC process is complex, well embedded and spans TfL businesses. It has many stakeholders, but the project does not have a communication or an engagement plan to ensure there is both a consensus around the process issues and the desired solutions. The buy-in from stakeholders is key in improving the probability of swift and successful implementation of the process changes.</p> <p>Neither the existing nor the project to re-structure the AUC process have a system to manage significant risks. The current process has an inherent risk of mis-statement of fixed assets by virtue of the off-line manual manipulation of data to derive the value of work-in-progress. While the business does have a process in place for logging AUC issues</p>	Poorly Controlled

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				and tracking them until they are resolved, it is a reactive approach which relies on risks materialising before taking action.	
<b>ERo3 Environment including climate adaptation</b>	Chief Safety, Health and Environment Officer	22 003	Climate Adaptation - Reporting	The improvements to adaptation reporting that remain unaddressed are mainly those that depend upon the recording and availability of comprehensive and consistent adaptation data across operations. This data (for example, logging weather-related incident data and costs associated with weather-related faults and delays) needs to be embedded within existing asset inspection and maintenance processes and made accessible to those responsible for reporting externally. While alternative methods are being used to produce meaningful internal and external reports, they are not adequate or sustainable solutions for adaptation reporting in the long-term. Audit 22 002 on adaptation data recommends that the need for a funded programme to improve and integrate TfL asset data is investigated. Internal Audit will follow-up progress on the issues raised in this memo during 2023/24.	Memo