

Date: 23 March 2023

Item: **TTL Properties Limited Assurance Update**

This paper will be considered in public

1 Summary

- 1.1 This paper reports on progress with assurance activity across TTL Properties Limited (TTLP) during Quarter 4 of 2022/23 (11 December 2022 to 31 March 2023) (Q4).
- 1.2 A paper is included on the Part 2 agenda which contains supplementary information that is exempt from publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendation

- 2.1 **The Committee is asked to note the paper and the exempt supplementary information in Part 2 of the agenda.**

3 Background

- 3.1 The TTLP Integrated Assurance Framework is based on a Three Lines of Defence model comprising:
 - (a) Line 1 – Management functions of TTLP and key interfaces;
 - (b) Line 2 (LoD2) – Project Assurance (PA) and Quality, Safety and Security Assurance (QSSA); and
 - (c) Line 3 (LoD3) – TfL Internal Audit and a sub-group of the Independent Investment Programme Advisory Group (IIPAG-TTLP).
- 3.2 This paper reports specifically on Line 2 (PA), Line 3 (Internal Audit) and Line 3 (IIPAG-TTLP) assurance progress. Work in progress for LoD2 and LoD3 are set out in Appendix 1 and work starting next quarter is in Appendix 2.
- 3.3 The LoD2 and LoD3 teams meet periodically to ensure that assurance is carried out by the right team at the right time and to avoid duplication.

4 Line 2 (PA) Assurance

- 4.1 LoD2 continues to provide assurance on an ongoing basis as well as carrying out Targeted Assurance Reviews (TARs) on key areas.

- 4.2 Five TARs are in progress with a review of governance planned to start in Quarter 1 of 2023/24 (1 April to 24 June 2023) (Q1). More detail is contained in Appendix 1 and 2 and further targeted reviews will be undertaken as required to support any significant investment decisions.
- 4.3 Resourcing and procurement and commercial reviews are nearing completion and reports will be provided to the next meeting.

5 Line 2 (QSSA) Assurance

- 5.1 The final report from the QSSA audit of tenant safety compliance has been issued with a conclusion of 'adequately controlled' and all actions have been agreed by TTLP. Significant improvements were noted since the last audit. A programme of inspections is in place to enforce critical health and safety requirements and ensure that tenants understand what is required of them.

6 Line 3 (Internal Audit) Assurance

- 6.1 There are two audits in progress, Property Transfer Accounting and Accounting and Cash Management. Fieldwork is complete and draft reports have been issued. Two further audits are planned for Q1 and more detail is contained in Appendix 1 and 2.

Audit Delivery

- 6.2 No audits were completed in this reporting period, neither were any cancelled or deferred.

Management Actions

- 6.3 The team will monitor the implementation of all Internal Audit management actions and confirm whether they have been adequately addressed. There are currently no overdue actions from previous audits.

7 Line 3 (IIPAG-TTLP) Assurance

- 7.1 IIPAG-TTLP work for Q4 and Q1 is set out in Appendix 1 and 2. Activity is currently focussed on retail income forecasts up to 2031, delivery confidence in the short and longer term housing objectives and Joint Venture (JV) structuring and management.
- 7.2 The retail review is nearing its conclusion and the report will be presented to the next meeting of the Committee.
- 7.3 The residential review will examine the deliverability and risks of the 20,000 homes target, as well as considering shorter term targets, while the JV review will examine the rationale for establishing JVs and the structuring and management of new and existing JVs.
- 7.4 As IIPAG-TTLP obtain an even more detailed understanding of the business they will add additional workstreams to the Integrated Assurance and Audit Schedule.

8 Enterprise Risk Management

- 8.1 The first Level 0 (L0) risk (TTLP-L0-06) was reviewed at workshop facilitated by the Enterprise Risk Management team in January 2023. Work on reassessing Level 1 risks is now being planned.
- 8.2 Details of the seven TTLP L0 Risks are set out in Appendix 3.

List of Appendices:

Appendix 1: Integrated Assurance and Audit Schedule – work in progress
Appendix 2: Integrated Assurance and Audit Schedule – forward plan
Appendix 3: TTLP Enterprise Risks

Exempt supplementary information is contained in a paper on Part 2 of the agenda.

List of Background Papers:

None

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