

Date: 24 May 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 which 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 Quarter 4 of 2022/23 (11 December 2022 to 31 March 2023) (Q4). 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 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. The audit plan is reviewed every six months to provide greater flexibility and an agile approach to meet changing business demands. The audit plan for Quarter 1 (1 April to 24 June 2023) and Quarter 2 (25 June to 16 September 2023) of 2023/24 has been agreed and for the first time is directly aligned with the TfL Management System. Further planning for Q3 and Q4 will take place in Q1.

4 Work of Note this Quarter

- 4.1 There has been no change of note to the causes, controls or ratings of ER1, ER3, ER4 and ER6 in Q4.
- 4.2 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 Q4.
- 4.3 A total of 31 second line QSSA audits were delivered in Q4, taking the total to 89 per cent of the annual plan for 2022/23, exceeding the 85 per cent target for year end (see Appendix 1 for the full detail of audits completed in Q4).
- 4.4 One audit was concluded as 'poorly controlled' in Q4 and has an agreed and tracked action plan in place:
- (a) Management of Civil Engineering Deep Tube Project Asset Data for New Assets: The management arrangements for registering new assets were not working effectively. This prevented new assets being inspected within the timescales defined by engineering standards.
- 4.5 Seven audits were concluded as 'requires improvement', all have agreed and tracked action plans in place:
- (a) Management of Engineering Safety Critical Licensing: There were a few non-conformances with key requirements of the management system, notably recording hours of work, identifying safety critical workers in staff files, communicating working time limits and implementation of a drug and alcohol testing regime;
 - (b) Capital Delivery Systems Management of Construction (Design and Management) Principal Designer Duties in Asset Renewals Programme: Whilst there was satisfactory evidence of Client and Principal Designer engagement, formal documents relating to assessment and appointment of Principal Designers were not sufficiently evidenced. Improvements to the current procedures and SHE and Project Manager engagement are required. A programme of actions has been agreed between the Principal Engineering Lead (Tunnels) and the Maintenance Lead.
 - (c) DLR Annual Safety Audit – Worksite Access Method Statements and Fire Management. A number of non-conformances in relation to the fire

management and Temporary Approved Non-Compliances requirements were identified;

- (d) Handover of Tram Fleet Asset Information from Projects to Maintenance Teams. There have been some improvements since the 2020 audit with the management of risks, reporting, and maintenance of master document lists. Non-conformances were raised with the Pathway Stage Gate process which were raised in the 20 724 audit, and the provision of records for maintenance instructions, training, and equipment. All actions have been closed out.
- (e) Three Payment Card Industry Data Security Standards (PCI DSS) compliance audits were concluded as requires improvement.

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

4.7 The breakdown of the audits completed in Q4 by risk is as follows:

- (a) 15 audits were completed against ER1: eight Integrated Systems Audits of London Underground (LU) (not rated) and seven topic audits;
- (b) 11 audits were completed against ER4 (10 of which were PCIDSS compliance audits);
- (c) five audits were completed against ER6; and
- (d) no audits were undertaken against ER3 in Q4.

4.8 Audit planning for the 2023/24 programme has been completed 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 Four audits were deferred in Q4 to the 2023/24 plan in agreement with the audit sponsor. Unless specified otherwise below, the deferral moves 2022/23 work that has not been started, into the 2023/24 programme:

- (a) PCI DSS Compliance Audit: contactless payment 'TR3' card reader: deferred to align the assurance with project delivery dates;
- (b) Novacraft Management of Data Security;
- (c) Management of TfL Supplier Cyber Security Risk; and
- (d) Project Management of Redundant Assets.

6 Performance and Trends

6.1 In total QSSA completed 90 assurance assignments in 2022/23 (an increase from 86 in 2021/22 and 56 in 2020/21):

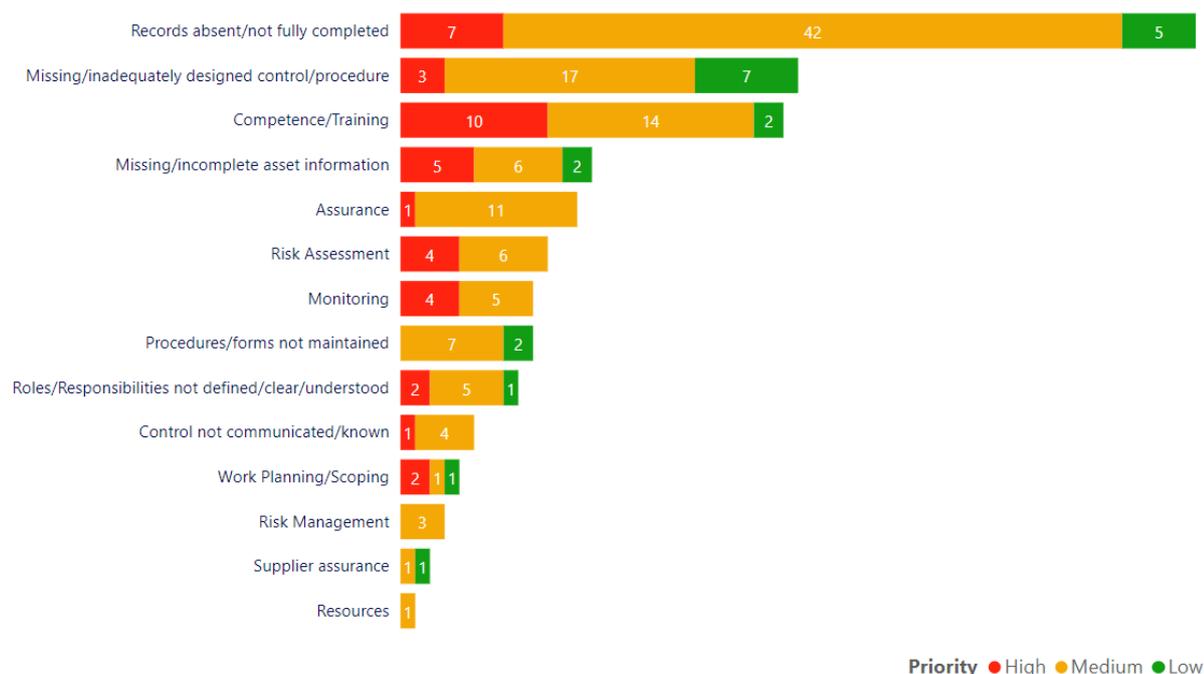
- (a) 53 audits against risk ER1 (this includes 30 Integrated Systems audits covered in (b) below);
- (b) 30 'Integrated Systems' audits (assessing LU operational and maintenance teams' compliance with a range of management system requirements including SHE, competence and finance);
- (c) Four 4 audits against risk ER3;
- (d) 11 audits of TfL asset quality and compliance with internal or industry standards against ER6; and
- (e) 22 audits against ER4 comprising of 19 PCI DSS compliance audits and three audits against TfL standards or legislation.

6.2 Of these audits, eight were concluded as 'well controlled', 31 'adequately controlled', 13 'requires improvement' and seven 'poorly controlled'. Given the audit plans for 2021/22 and 2022/23 are bespoke for each year, the results are generally consistent across the years. The most notable difference is the increase in poorly controlled audits from five to seven and the increase in well controlled audits from six to eight. Four of the 'poorly controlled' audits are of competence management systems or environmental risk assessments, effectively raising the same findings in separate reports for separate teams.

6.3 The largest difference is the reduction in the number of 'requires improvement' audits from 17 to 13. There were three PCI DSS 'requires improvement' audits in 2022/23 compared to none from the previous year which accounts for the majority of the increase seen this year. Trends from the 30 Integrated Systems (not concluded) are routinely provided quarterly to the Operations leadership team.

6.4 For the past two years we have codified individual audit findings with actions which allows for greater trend analysis (see graph below). Due to the nature of our assurance work being at the second line of defence, the most commonly occurring findings relate to non-compliances with TfL management systems, industry standards or legal requirements. These non-compliances predominately manifest as missing / incomplete records or ineffective procedures which are both primary sources of evidence for an auditor. Competence and training records were the third most common findings in 2022/23 which reflects the increased assurance in the area this year following initial findings last year. There are minor changes to the ranking of categories when comparing 'well' and 'adequately controlled' audits with 'requires improvement' and 'poorly controlled' audits, with missing asset data, risk assessment and monitoring featuring more in the latter group.

Quality, Safety and Security Assurance Findings Categories



6.5 Work continues to improve the management of actions, particularly overdue actions with management teams and the Chief Officers. There has been a significant improvement in the management of actions in 2022/23. At the end of Q4 there were 35 overdue actions out of 92, with only six more than 100 days overdue. This compares with 68 overdue out of 107, with 45 over 100 days overdue for the same time as last year. The number of actions closed on time has stayed relatively constant in the past six months ranging between 29-32 per cent (23-32 actions). There has been a slight increase in actions extended from 17-20 per cent (14-22 actions).

7 SHE Directorate Assurance Update

- 7.1 In Q4, as part of the Digital Assurance initiative, the pan-TfL digital assurance tool (iAuditor) was made available in a second tranche of TfL business areas. This follows on from the tool being made available in the first tranche of business areas in Q3.
- 7.2 This initiative is focused on ensuring TfL has the capability to capture outcomes of SHE assurance activities, including Planned General Inspections, local management SHE checks etc. in a consistent and structured way. The tool will include templates that enable local managers and SHE to seek/ provide assurance against any topic in the SHE Management System.
- 7.3 The data captured will be visible to key stakeholders and used to inform SHE risk management across the organisation.
- 7.4 Business areas the system was made available to, in Q4:

- (a) Capital Projects (selected areas/ projects);
 - (i) Construction;

- (ii) DLR RSRP;
 - (iii) Piccadilly Line Upgrade;
 - (iv) Silvertown Tunnel project;
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- (b) SHE Directorate;
 - (c) TTL Properties Limited;
 - (d) London Taxi and Private Hire;
 - (e) Compliance Policing Operations and Security (CPOS);
 - (f) Rail for London Infrastructure (Elizabeth line);
 - (g) LU Skills Development; and
 - (h) LU Asset Performance Delivery – Estate Management

7.5 In Q1 the focus will be on making the tool available to any additional business areas that need access. For the remainder of 2023/24 we will be carrying out an embedding and optimising exercise, working closely with individual business areas to ensure SHE assurance data is being gathered, and used effectively within the SHE risk management process.

List of appendices:

Appendix 1: QSSA Audits Completed in Q4 against ER1, ER3, ER4 and ER6

Appendix 2: QSSA Audit Data

List of Background Papers:

None

Contact: Mike Shirbon, Head of Quality, Safety and Security Assurance
Email: Mike.shirbon@tube.tfl.gov.uk