Safety, Sustainability and Human Resources Panel

Date: **13 September 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 As of Quarter 1 of 2023/24 (1 April to 24 June 2023) (Q1) all QSSA audits have been planned and recorded against the applicable management system. It is too early for analysis of results, but the audit planning stage has identified historical gaps in assurance and resulted in more comprehensive audits that address whole management system procedures. There have been fewer audits of the Safety, Health and Environment (SHE) management system in Q1 than is typical. This will change in later quarters following the launch of the revised SHE management system in Q1.

1.3 The number of audit actions that are over 100 days overdue continues to reduce, along with the number of deadlines that have been extended which are both positive indicators.

1.4 Appendix 1 provides a list of applicable audits undertaken in Q1. 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.

1.5 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 report.**

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 audit plan for Q1 and Quarter 2 (25 June to 16 September 2023) (Q2) was finalised in March 2023 in consultation with the 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 owner, risk owner or a TfL assurance team. The audit plan is reviewed every six months to provide greater flexibility and an agile approach to meet changing business demands.

4   Work of Note this Quarter

4.1   There have been no changes of note to the causes, controls or ratings of ER1, ER3, ER4 and ER6 in Q1.

4.2   Internal Audit have one audit in progress on 'Climate Adaptation – Risk Assessments'. There were no ER1 Internal Audit reports issued in Q1.

4.3   A total of 18 second line QSSA audits were delivered in Q1, taking the total to 30 per cent of the Q1 and Q2 plan for 2023/24 (see Appendix 1 for the full detail of audits completed in Q1).

4.4   The following consultancy and management review assignments were completed by the QSSA team in Q1. In all cases the reports to the accountable teams provided recommendations for further action:

(a)   Security Governance and Culture Maturity:
The QSSA team was requested to provide consultancy services on the continuation and development of security governance and culture maturity at TfL. Overall, the report concluded that there is evidence of the maturing of TfL security governance and culture. The report provided recommended actions that will assist with TfL's work to improve security culture and governance. Many of the recommended actions address either the revision of materials or the communication of new strategies and alignment across the TfL security teams. Other actions will identify where other scope items could be expanded to reflect or seek good practice from organisations such as the Department for Transport.

(b)   TfL Health Surveillance:
The revised TfL SHE management system content was reviewed against legal requirements and was found to be accurate with a few detailed, technical requirements to be added. A sample of SHE and Operational colleagues were interviewed to obtain views on ease of use of the health surveillance content and communications. The feedback identified opportunities to refine the content and its communication, to aid understanding and implementation.

(c) Medical Fitness in Buses:
TfL Buses requested a series of audits of TfL bus operators to identify any common issues regarding legal and contractual compliance. A range of performance was noted with common issues noted on alignment of local Driver Medical Standards Policies to the TfL contract requirements, which specifies that 10 per cent of bus drivers require drug and alcohol testing rather than 10 per cent of all employees and consistent application of pre-employment medical screening and seeking employer references. Thematic issues are being addressed by TfL Buses with the operators.

4.5   Five audits were concluded as 'requires improvement', all have agreed and tracked action plans in place:

(a) Projects Asbestos Management: Project Managers were aware of the TfL asbestos procedures. However, where external Principal Contractors were appointed, the requirements of the procedure were less clear. Some aspects of the procedures required updating to clarify training requirements and specifying additional reviews.

(b) London Underground (LU) Track Welding: There were numerous non-conformances with the track welding processes although, in isolation, none were considered to be a significant failure of control. Findings included updating and maintaining databases, welding performance management, competence, equipment calibration and quality records.

(c) TfL Estates Management Health Safety and Environment Compliance: The audit focused on the follow up of actions implemented after the audit conducted in 2021 (ref 21 732). The head office compliance e-log book has been successfully deployed to improve the record keeping for Water System Risk Assessment. However, there are weaknesses in the deputising arrangements within the TfL Estates Management team and the planned inspection checklist.

(d) LU Asset Performance, Nuisance, Noise and Vibration Management: Aspects of the management system were found to be not understood or not complied with and in need of clarification as part of the wider review and update of the management system.

(e) Payment Card Industry Data Security Standard (PCI DSS) Compliance Audit: CPAY Revenue Inspection Devices (RIDs): Cardholder data is processed by the RIDs in a secure and compliant manner however, the Service Provider had not supplied all necessary details for the RIDs which constituted a non-compliance. The missing information was subsequently provided, achieving compliance and closing the issue.

4.6   Four audits were concluded as 'adequately controlled' along with six Integrated Systems audits which are not rated as they cover multiple subjects and risks.

4.7   The breakdown of the audits completed in Q1 by risk is as follows:

(a) 11 audits were completed against ER1: six of which were Integrated Systems audits of LU which are not rated;

(b)   one audit was undertaken against ER3.

(c)   two audits were completed against ER4 (one of which was a PCI DSS compliance audit); and

(d)   four audits were completed against ER6 in Q1

5   Cancelled and Deferred Work

5.1   There were no audits cancelled or deferred in Q1.

6   Performance and Trends

6.1   There were 98 QSSA audits issued in the last four quarters (Quarter 2 of 2022/23 to Q1 2023/24), an increase from 84 issued in the previous four quarters. The distribution of audits by Enterprise Risk and Chief Officer is generally consistent across the last two years. The breakdown of these audits is as follows.

(a)   57 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)   five audits against risk ER3 (in previous years ER3 audits have been included in ER1);

(d)   13 audits of TfL asset quality and compliance with internal or industry standards against ER6; and

(e)   23 audits against ER4 comprising of 20 PCI DSS compliance audits and three audits against TfL standards or legislation.

6.2   The audits in the last four quarters were concluded as eight 'well controlled', 30 'adequately controlled', 18 'requires improvement' and seven 'poorly controlled'. Each of the audit conclusions has increased by four audits with the exception of 'adequately controlled' which has reduced by four audits. Overall, this shows a slight increase in adverse audit conclusions compared with the previous four quarters. The increased number of competence management system audits has led to an increase in 'requires improvement' and 'poorly controlled' conclusions (this has been raised and actioned with the Skills and Development team). In the past 12 months there have been two environmental risk assessment audits concluded as 'poorly controlled' and three payment card industry audits concluded as 'requires improvement' which have increased the number ofadverse audit conclusions compared with previous results.

6.3   Individual audit findings with actions are codified to allow for greater trend analysis (see Graph one below). The most commonly occurring findings relate to non-compliances with TfL management systems, industry standards or legal requirements, this is consistent with the nature of our assurance work at the second line of defence. These non-compliances predominately manifest as 'missing/incomplete records' or 'ineffective procedures' which are both primary sources of evidence for an auditor. This theme was highlighted as a business issue in the 2022/23 TfL Annual Audit Opinion submitted to the Audit and Assurance Committee in June 2023. Incomplete and insufficientcompetence and training records were the third most common finding 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/adequately controlled' audits with 'requires improvement/poorly controlled' audits, with missing asset data, risk assessment and monitoring featuring more in the latter group. Audit findings of this nature represent a higher risk and are therefore more likely to result in a 'poorly controlled' or 'requires improvement' conclusion.

Graph 1: QSSA Audit Findings Q2 2021/22 - Q1 2022/23

Quality, Safety and Security Assurance Findings Categories

6.4   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 Q1 there were 26 overdue actions out of 113, with 11 more than 100 days overdue. This compares with 56 overdue out of 105, with 25 over 100 days overdue for the same time as last year. The number of actions closed on time steadily increased in the past six months from 28 to 35 per cent (25 to 46 actions), there has been a decrease in the number of actions extended from 24 to 19 per cent (21 to 10 actions).

7 SHE Directorate Assurance Update

7.1 In Q1, configuration of the pan-TfL digital assurance tool (iAuditor) was started for the last two business areas. This follows on from the tool being made available in the second tranche of business areas in Quarter 4 of 2022/23.

7.2 Following the completion of the new SHE management system, SHE has started creating digital SHE assurance checks that will cover all topics across the management system, starting with the workplace and customer risk topics.

7.3 For every topic in the SHE management system, a digital assurance check will be available which allows local managers to check their compliance with the requirements for that SHE topic. Digital checks will also be available to SHE Business Partners which will enable SHE to carry out assurance checks across the business. This will enhance the second line of defence for TfL and enable SHE to better carry out its primary role to advise, support and hold the business to account.

7.4 The SHE assurance data captured will be visible to key stakeholders and used to improve oversight of the assurance activity taking place and to provide the opportunity to identify any patterns of faults or non-compliance.

7.5 SHE is currently configuring iAuditor for the following business areas:

(a) Network Management and Resilience; and

(b) Asset Performance and Delivery.

7.6 In Q2 the focus will be to embed the system in these areas and optimise how it is used. SHE will work closely with the 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 Q1 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

Appendix 1 – Quality, Safety and Security Assurance Audits Completed in Quarter 1 of 2023/24

ER1 Inability to deliver safety objectives and obligations

Directorate	Ref.	Audit Title	Objective	Conclusion	Summary of Findings
Rail & Sponsored Services	22 769	London Overground change management - fleet	To provide assurance that the revised London Overground change assurance process has been successfully implemented and is operating effectively for fleet changes.	Adequately Controlled	The change process for fleet (Rolling stock classes 378 and 710) and depot changes were reviewed, the technical content of each change is adequately managed and controlled. Five medium priority issues were raised.
Chief Capital Officer	22 761	Projects Asbestos Management	To assess compliance with the Asbestos Regulations and TfL's standard	Requires Improvement	There was good awareness amongst Project Managers of the internal asbestos procedures. However, where non-TfL/external Principal Contractors were appointed, the requirements of the procedure were unclear. In addition, some aspects of the procedures required improvement to clarify training requirements, include additional reviews and asbestos related electrical work
Asset Performance Delivery	22 783	TfL Estates Management Health Safety and Environment Compliance	To provide assurance that actions from the previous Poorly Controlled audit have been embedded and effective in addressing the issues identified	Requires Improvement	Project Managers were aware of the internal asbestos procedures. However, where external Principal Contractors were appointed, the requirements of the procedure were less clear. Some aspects of the procedures required updating to clarify training requirements and specifying additional reviews. Eight medium priority and one low priority finding were raised.
Pan TfL	22 793	TfL Health Surveillance	To review the revised management system content for legal compliance, how it has been communicated and ease of use for local management teams. Also, to review the effectiveness of monitoring and assurance systems.	Memo	The revised TfL Safety Health and Environment management system content was reviewed against legal requirements and was found to be accurate with a few detailed, technical requirements to be added. A sample of SHE and Operational colleagues were interviewed to obtain views on ease of use of the health surveillance content and communications. The feedback identified opportunities to refine the content and its communication, to aid understanding and implementation.

Directorate	Ref.	Audit Title	Objective	Conclusion	Summary of Findings
Buses	22 773	Medical Fitness Management in Buses	Assess whether the bus operating companies are adequately managing fitness for work as per contract requirements.	Memo	TfL Buses requested a series of audits of TfL bus operators regarding legal and contractual compliance. A range of performance was noted with common issues of alignment of local Driver Medical Standards Policies to the TfL contract, compliance with 10 per cent driver drug and alcohol testing and consistent use of references and medical screening.

Integrated Systems Audits

Directorate	Ref.	Audit Title	Objective	Conclusion	Summary of Findings
Customer Operations - LU	22 802	London Underground (LU) Arnos Grove Train Crew Depot Integrated Systems Audit	To provide assurance that key requirements contained in the management system are being met	Not Rated	40% Conformance, 14 Green (compliant), one Amber (minor non-compliance), 20 Red (major non-compliance)
Customer Operations - LU	22 737	LU Elephant & Castle Train Crew Integrated Systems Audit	To provide assurance that key requirements contained in the management system are being met	Not Rated	52% Conformance, 17 Green, 1 Amber, 15 Red
Customer Operations - LU	23 730	LU Shepherds Bush Integrated Systems Audit	To provide assurance that key requirements contained in the management system are being met	Not Rated	69% Conformance, 31 Green, 3 Amber, 14 Red
Customer Operations - LU	23 731	LU Swiss Cottage Area Integrated Systems Audit	To provide assurance that key requirements contained in the management system are being met	Not Rated	76% Conformance, 42 Green, 0 Amber, 13 Red
Customer Operations - LU	23 738	West Ruislip Traincrew Integrated Systems Audit	To provide assurance that key requirements contained in the management system are being met	Not Rated	75% Conformance, 24 Green, 1 Amber, 7 Red
Customer Operations - LU	23 729	LU Heathrow Area Integrated Systems Audit	To provide assurance that key requirements contained	Not Rated	71% Conformance, 41 Green, 0 Amber, 17 Red

Directorate	Ref.	Audit Title	Objective	Conclusion	Summary of Findings
			in the management system are being met		

ER3 Environment including climate adaptation

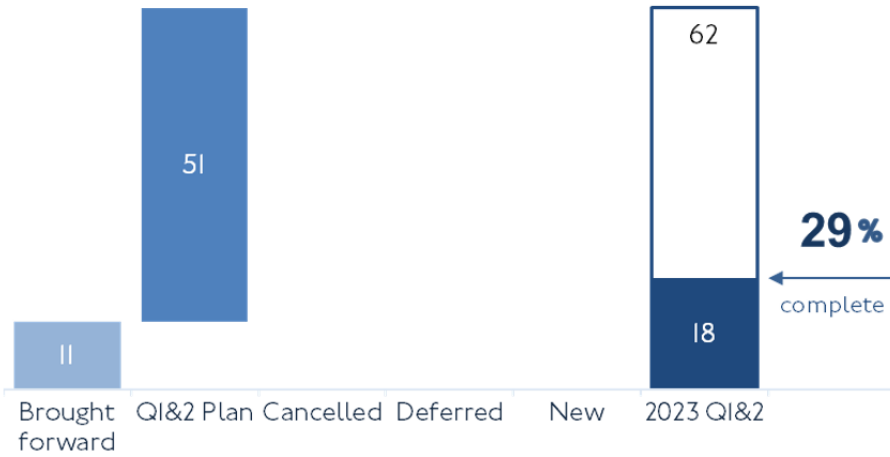| Directorate	Ref.	Audit Title	Objective	Conclusion	Summary of Findings
Asset Performance Delivery (APD)	22 795	LU APD Nuisance noise and vibration management	To provide assurance that management systems requirements for identifying and managing TfL's impact regards noise and vibration are complied with and ensure legal compliance	Requires Improvement	Aspects of the management system were found to be not understood/complied with and in need of clarification as part of the wider review and update of the management system

ER4 Significant security incident

Directorate	Ref.	Audit Title	Objective	Conclusion	Summary of Findings
Pan TfL	22 790	Consultancy: Security Governance and culture maturity	To provide consultancy services to assess the security maturity progress from 'developing' to 'competent' spanning culture, policies, procedures, leadership and governance	Memo	The Quality, Safety and Security Assurance team were asked to provide consultancy services on how to continue the development of security culture maturity at TfL. The report provided recommended actions that should assist with the development of TfL's work to improve security culture. Many of the recommended actions address either; the revision of materials or strategies for communication of the new strategies and alignment across the TfL security teams. Other actions identify where other scope items could be expanded to reflect or seek good practice from organisation like the Department for Transport

| Pan TfL | 23 747 | Payment Card Industry Data Security Standards (PCI DSS) Compliance Audit: Revenue Inspection Devices (RIDs) | To seek assurance that the RIDs are operating in compliance with the PCI DSS v.3.2.1 and additionally TfL's contractual obligations to its Acquiring Banks | Requires Improvement | Cardholder data is processed by the RIDs in a secure and compliant manner however, the Service Provider had not supplied the necessary security configuration documentation details for the RIDs which is a non-compliance. The missing information was subsequently provided, achieving compliance. |

ER6 Deterioration of operational performance

Directorate	Ref.	Audit Title	Objective	Conclusion	Summary of Findings
Asset Performance Directorate	22 782	LU Track Welding	To provide assurance that the welding team are compliant with the engineering standards and in conformance with the technical requirements of aluminothermic and conductor rail arc-welding.	Requires Improvement	There were numerous non-conformances with the track welding processes although, in isolation, none were considered to be a significant failure of control. Findings included: updating and maintaining databases, welding performance management, competence, equipment calibration and quality records
Rail & Sponsored Services	23 701	Docklands Light Railway (DLR) Electrical & Mechanical Asset Management	To assess Keolis Amey Docklands' management of Electrical and Mechanical Assets in accordance with its franchise obligations	Adequately Controlled	Keolis Amey Dockland's management of the Electrical and Mechanical asset maintenance activities is mostly being undertaken and recorded in Metro Maximo in accordance with the franchise obligations. Two medium priority issues were raised regarding the absence of a competence management system and no recorded quality systems audits
Rail & Sponsored Services	23 702	DLR High Voltage & Traction Current Power Asset Management	To assess Keolis Amey Docklands' management of Power Assets in accordance with its franchise obligations	Adequately Controlled	Keolis Amey Dockland's management of the Power Assets maintenance activities is mostly being undertaken and recorded in Metro Maximo in accordance with the franchise obligations. Three medium priority issues were raised regarding documentation and the absence of a competence management system (although competence was evidenced)
Engineering and Asset Strategy	23 709	LU Signals Design Office Procedural Compliance	To test compliance with procedures covering signalling design, document control and modifications	Adequately Controlled	The process for signalling design was generally under control, although there were some issues identified

Audit Progress against Q1 & 2 2023/24 Plan

Brought forward: 11
Q1&2 Plan: 51
2023 Q1&2: 62 (18 complete)
29% complete

Brought forward | Q1&2 Plan | Cancelled | Deferred | New | 2023 Q1&2

Open Audit Actions - Overall TfL Performance (6-Period trend)

Measure	No.	%	6-period rolling trend
No. Actions Closed on time	46	35%	
No. Actions Extended	10	19%	

26 Overdue
Out Of
113 Open
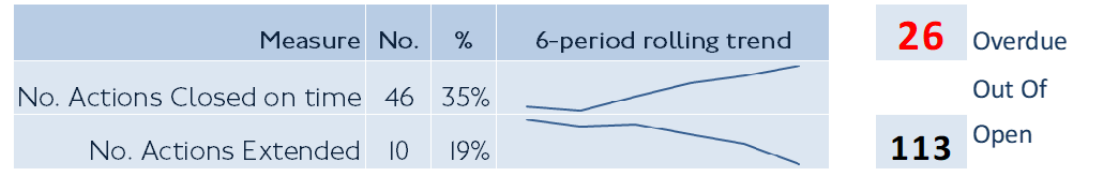
Action Management - Overdue Action by Directorate by Overdue Days

Directorate	Overdue Actions To Date	Closed on time (6-period)
Chief Capital Officer	11	53%
Chief Customer and Strategy Officer		86%
Chief Finance Officer		
Chief Operating Officer	3 / 4 / 4 / 11	39%
Chief People Officer		
Chief SHE Officer	2	29%
Crossrail		
General Counsel		

Legend: ■ 0-30 days ■ 31-60 days ■ 61-100 days ■ 100+ days
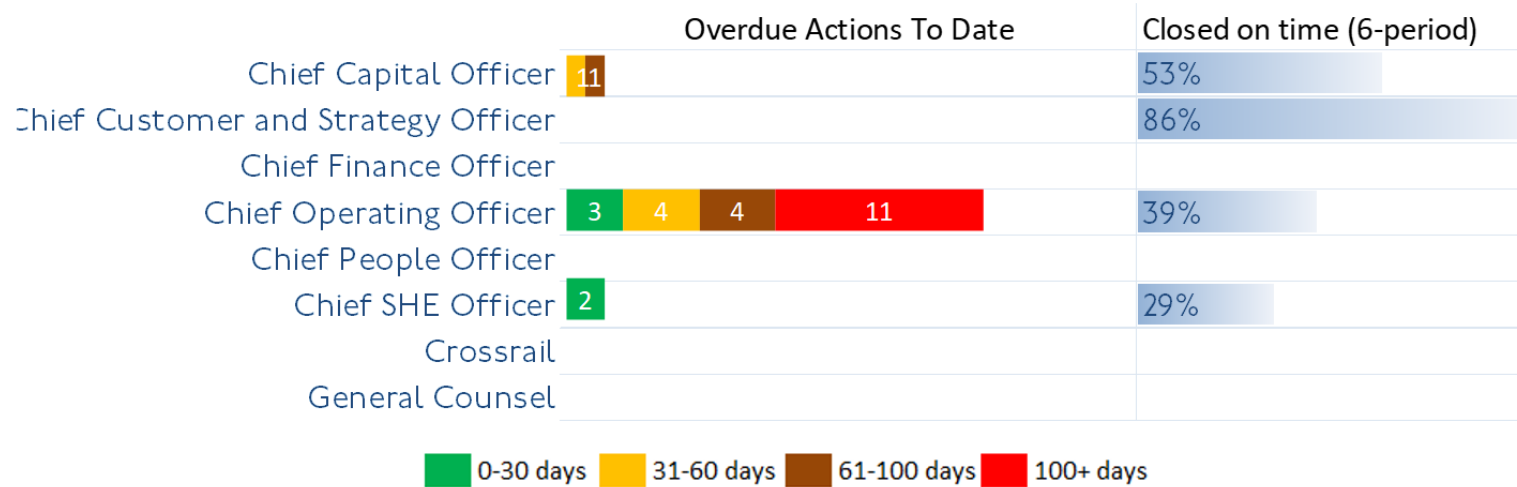
Audit Conclusion Comparison by Chief Officer Team (over 4 quarters)

	Q2 21/22 – Q1 22/23	Total	Q2 22/23 – Q1 23/24	Total
Chief Capital Officer	1 2 1	4	1 3 2	6
Chief Customer and Strategy Officer	1 13 1 1	16	2 8	10
Chief Finance Officer			1	1
Chief Operating Officer	1 12 20 3 27	63	6 11 19 8 32	76
Pan TfL	1	1	2 3	5
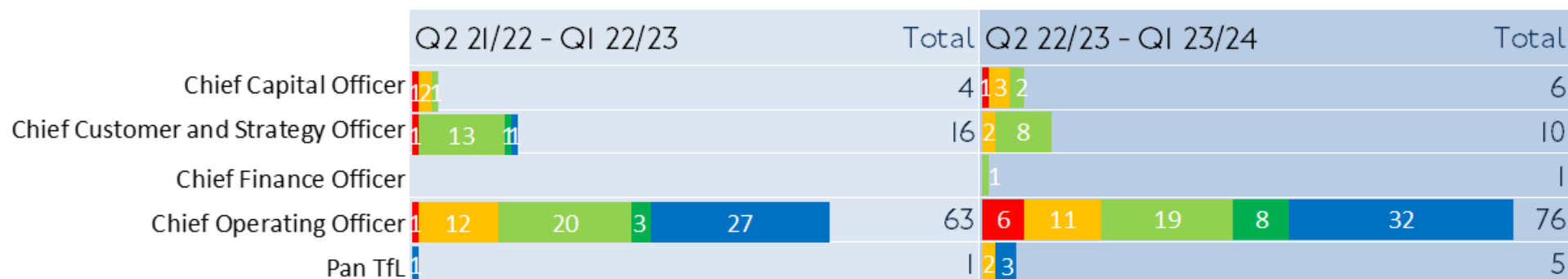
Audit Conclusion Comparison by Enterprise Risk (over 4 quarters)

	Q2 21/22 – Q1 22/23	Total	Q2 22/23 – Q1 23/24	Total
ER01 Inability to deliver safety objectives and obligations	3 10 8 4 27	52	3 9 7 6 32	57
ER03 Environment including climate adaptation			2 1 1	5
ER04 Significant security incident	1 21 2	24	5 16 2	23
ER06 Deterioration of operational performance	3 5	8	2 3 6 1 1	13

■ Poorly Controlled ■ Requires Improvement ■ Adequately Controlled ■ Well Controlled ■ Not Rated