

Internal audit reports issued in Q2 2023/24

Appendix 1

- Seven draft reports (excluding Places for London) were issued during the quarter.

Enterprise Risk	Directorate	Ref	Audit title	Summary of Finding	Conclusion
ER06 Deterioration of operational performance	Chief Operating Officer	22 044	Elizabeth Line Transition from Capital Programme to Business As Usual (BAU)	<p>During the audit fieldwork when the programme was in transition, the BAU Organisational Strategy and Delivery Plans for managing the transition effort had not been fully developed. There was no consensus over BAU targets for the business, and longer term, how opportunities for alignment with the Our TfL Programme might be progressed and as a consequence we rated the control environment governing Elizabeth line transition from Capital Programme to BAU as requires improvement.</p> <p>However, since the conclusion of fieldwork a programme to BAU has been developed and was presented at the September Elizabeth Line Delivery Group for endorsement. Targets have been agreed for the workstreams and a definition of “true BAU” principles has been agreed with a target completion date of December 2024 for the programme.</p> <p>TfL has carried out an investigation into the causes of recent operational issues, such as Network Rail infrastructure, and measures have been put in place to monitor and improve.</p>	Requires Improvement
ER03 Environment including climate adaptation	Chief Safety, Health and Environment Officer	22 028	Climate Adaptation - risk assessments	<p>Our view following discussions with asset managers and review of processes is that any requirements to embed adaptation into local asset risk assessment processes should be developed by Asset Strategy and Engineering. This should be updated within technical standards, asset strategies and plans, and can then be applied by asset operations.</p>	Memo
ER07 Financial resilience	Chief Finance Officer	23 026	SAP Business Expense eForms	<p>We found that some controls were adequately designed and operating effectively. However, other controls such</p>	Requires Improvement

Transport for London Audit and Assurance Committee

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				<p>as supporting documentation, authorisations and reporting were not always effective.</p> <p>We identified one high priority and three medium priority issues. The high priority issue related to expense claims that were not always supported by VAT invoices scanned into SAP, resulting in VAT being incorrectly reclaimed. TfL have made HMRC aware of this issue.</p>	
ER07 Financial resilience	Chief Customer and Strategy Officer	23 010	London Transport Museum Financial Controls	<p>There are effective key controls for most of the areas we reviewed. However, in some areas, controls are either missing or not operating as intended, mainly as a result of under-resourcing in the Finance team. Management is aware of this situation and is addressing it by recruiting additional staff, with plans to introduce missing controls and operate those that are currently being neglected.</p>	Requires Improvement
ER05 Efficient and high performing supply chains and effective procurement	Chief Finance Officer	23 021	Controls over Delegated Procurement Authority (DPA)	<p>Lack of data cleansing of Source to Manage processes when SAP Ariba was introduced has led to issues with the data, which could impact its efficient use. System controls in SAP Ariba are not being utilised to automate controls around DPA. There were other issues identified concerning the workflow process not limiting the DPA approver role to those who hold DPA, and restrictions to an individual's DPA not being automated in SAP.</p>	Requires Improvement
ER10 Governance and controls suitability	General Counsel	23 023	Processing of General Data Protection Regulation (GDPR) Data by Third Parties – low value contracts	<p>There are controls for managing most of the key risks associated with storage and or processing of personal data under GDPR. The audit identified an opportunity to review and strengthen SAP Ariba controls that promote an accurate management and maintenance of records identifying which suppliers store or process GDPR data on behalf of TfL. The need to improve contract templates to include separate clauses for a range of GDPR scenarios was also identified.</p>	Adequately Controlled

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ER04 Significant security incident	Chief Customer and Strategy Officer	23 005	Legacy Technology - public switched telephone network (PSTN) services for telephony and data (live audit)	Based on work performed during the audit, it was apparent that the End-of-Life Network Services – PSTN/ISDN project was well governed and effectively managed. Consequently, there were only a few opportunities for improvement identified during the first phase of the audit.	Adequately Controlled