

**Date: 4 September 2024**

**Item: Risk and Assurance Report Quarter 1 2024/25**

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## **This paper will be considered in public**

### **1 Summary**

- 1.1 This report provides the Panel with an overview of the status of and changes to Enterprise Risk 1 (ER01) – 'Inability to deliver safety objectives and obligations', Enterprise Risk 2 (ER02) – 'Attraction, retention, wellbeing and health of our employees' and Enterprise Risk 3 (ER03) – 'Environment including climate adaptation'.
- 1.2 This report also summarises the findings from the associated assurance activity of these risks based on second line of defence audit work by the Quality, Safety and Security Assurance (QSSA) team and third line of assurance work by the Internal Audit team within TfL's Risk and Assurance Directorate. The report covers Quarter 1 of 2024/25 (1 April to 22 June 2024) (Q1).
- 1.3 A paper is included on Part 2 of the agenda, which contains supplementary information that is exempt from publication by virtue of paragraphs 3 and 7 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business and financial affairs of TfL that is commercially sensitive and likely to prejudice TfL's commercial position; and information relating to ongoing fraud and criminal investigations and the disclosure of this information is likely to prejudice the prevention or detection of crime and the apprehension or prosecution of offenders. 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 Panel is asked to note the report and the exempt supplementary information on Part 2 of the agenda.**

### **3 TfL Enterprise Risks**

- 3.1 Risk reviews have been carried out for ER01, ER02 and ER03. ER01 is scheduled to be reviewed by the Executive Committee in September 2024 in line with the rolling 12-month schedule. ER02 is covered elsewhere on the agenda of this meeting.

### **4 Annual Audit Plans**

- 4.1 The annual QSSA and Internal Audit plans contain a series of audits at the second line and third line respectively that address ER01, ER02 and ER03 (audits against other Enterprise Risks are reported to the applicable Committee or Panel).

## **5 Work of Note this Quarter**

- 5.1 Appendix 1 provides details of the Internal Audit and QSSA 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.

### **Internal Audit**

- 5.2 In Q1 Internal Audit issued one audit against ER02 'Learning and Development External Training' (adequately controlled) and one audit against ER03 'Impact of extreme weather - Elizabeth Line' (requires improvement). Additional information is contained in Appendix 1.
- 5.3 One Internal Audit is in progress at the end of Q1: 'Bus Safety Programme' (ER01).

### **Quality, Safety and Security Assurance**

- 5.4 Twelve second line QSSA audits were delivered in Q1: 11 audits against ER01 and one audit against ER03. Seven of the 11 ER01 audits were 'Integrated Systems Audits' which assess London Underground (LU) Operations teams compliance with a range of management system requirements.
- 5.5 QSSA did not issue any audits in Q1 that were concluded as 'poorly controlled'.
- 5.6 Four audits were concluded as 'requires improvement', all have been agreed and tracked action plans in place with further details contained in Appendix 1.
- 5.7 Six QSSA audits from the 2024/25 plan were in progress at the end of Q1, five against ER01 and two against ER02:
- (a) TfL Operations Bus Station and Network Traffic Control Safety, Health and Environment (SHE) Compliance;
  - (b) Hainault Traincrew Integrated Systems Audit;
  - (c) LU Legionella Management;
  - (d) Management of Fatigue: Dial a Ride;
  - (e) Network Management and Resilience: Asset Operations Management of Legionella Risk; and
  - (f) Victoria Coach Station SHE Compliance.

### **Counter-Fraud and Corruption**

- 5.8 The Counter-Fraud and Corruption team investigate all fraud matters involving TfL employees and non-permanent labour. Summaries of significant new and ongoing staff cases are set out in the paper on Part 2 of the agenda. These cases are part of the wider fraud reporting that is submitted to the Audit and Assurance Committee.

## **6 Cancelled and Deferred Work**

6.1 No audits against ER01, ER02 and ER03 were cancelled or deferred in Q1.

## **7 Performance and Trends**

7.1 Performance data is provided in Appendix 2 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.

### **Internal Audit**

7.2 Twelve ER01, ER02 and ER03 internal audits were completed in the last four quarters compared with six in the preceding four quarters. The increase is due to a specific programme of six climate change risk related audits of extreme weather which have been completed in 2023/24 and Q1 of 2024/25.

### **Quality, Safety and Security Assurance**

7.3 Comparing the number of ER01, ER02 and ER03 QSSA audits for 2022/23 with 2023/24, the number of audits completed is reasonably constant: 62 audits completed compared with 55 in the four quarters prior. The distribution by Chief Officer team and Enterprise Risk is also reasonably consistent across the two years. The small difference is due to a greater number of audits completed against other risks within the last four quarters which has reduced the number of ER01, ER02 and ER03 audits undertaken.

7.4 The distribution of audit conclusions is consistent across the two years with the exception of the number of audits concluded as 'poorly controlled'. Five audits were concluded as 'poorly controlled' in 2022/23 – 2023/24 compared with two in 2023/24 – 2024/25. Given the consistency in the other variables, this would indicate a strengthening of the controls relating to ER01 and ER03, there are two fewer 'poorly controlled' audits for ER03 and one fewer for ER01.

7.5 Work continues on the management of actions, particularly overdue actions with management teams and the relevant Chief Officers to resolve these. For ER01, ER02 and ER03 at the end of Q1 there were 185 open actions 15 of which were overdue and eight that were overdue by more than 100 days. This is a significant improvement on last quarter; compared with Quarter 4 of 2023/24, the number of overdue actions and actions overdue by more than 100 days has halved. All actions that are overdue by more than 100 days are reported to the Audit and Assurance Committee and are discussed with Chief Officers.

### **List of appendices:**

Appendix 1: QSSA and Internal Audits Completed in Q1 against ER01, ER02 and ER03

Appendix 2: QSSA and Internal Audit Summary

A paper containing exempt supplementary information is included on Part 2 of the agenda.

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## Appendix 1 – Quality, Safety and Security Assurance Audits Completed in Quarter 1 of 2024/25

### ER1 Inability to deliver safety objectives and obligations

Chief Officer	Ref.	Audit Title	Objectives	Conclusion	Summary of Findings
<b>Chief Operating Officer</b>	23 753	Docklands Light Railway (DLR) Risk Management and Project Competencies	To seek assurance that the DLR and KeolisAmey Docklands are compliant with the requirements of the Joint Risk Management Procedure, the Network Safety Risk Model, and that DLR Project Competency is compliant with Pathway.	Requires Improvement	The management of risks was inconsistent with a large number of incomplete risk register fields used to describe actions, controls and risk scores. It could not be assured that actions were completed effectively within agreed timescales. Other issues were raised on documentation reviews, occurrence of governance meetings and provision of training.
<b>Chief Operating Officer</b>	23 766	Management of Risk from Hazardous Substances	To seek assurance that the hazardous substances requirements of the Management System reflect legislative requirements and are implemented.	Requires Improvement	Although the site management of chemicals was found to be satisfactory at the six sites sampled, chemical risk assessments were not current or complete at over half the sites. It was noted that the management system content was updated during the audit to define assurance management, risk assessor competency and site storage requirements.
<b>Chief Operating Officer</b>	23 789	Rail for London Infrastructure Safety of People at Work	To assess compliance with the Safety of People at Work Procedure and identify potential improvements to the procedure	Requires Improvement	There were a number of significant non-conformances, notably relating to safe work packs (SWPs) not including all required signatures and content, competence of those responsible for authorising SWPs and identification of some risk controls.
<b>Chief Operating Officer</b>	23 790	London Overground (LO) Construction Design Management (CDM) - Client Duties	To provide assurance that LO is suitably and effectively applying the Client role as defined by the CDM Regulations	Well Controlled	For the two projects audited, all Client duties of the CDM Regulations were met. The required documents for the relevant projects were completed and stored appropriately and evidence was provided to show that LO are following legislation and internal guidance

## Integrated Systems Audits

Chief Officer	Ref.	Audit Title	Objectives	Conclusion	Summary of Findings
<b>Chief Operating Officer</b>	23 800	High Voltage Substations Integrated Systems Audit	To provide assurance that key requirements contained in the management system are being met	Not Rated	81 per cent Conformance rate: 52 Green, two amber, 10 Red, (compliant, minor non-compliance, major non-compliance)
<b>Chief Operating Officer</b>	24 713	Metropolitan and Hammersmith and Circle Track Integrated System Audit	To provide assurance that key requirements contained in the management system are being met	Not Rated	78 per cent Conformance rate 38 Green, zero Amber, 11 Red (compliant, minor non-compliance, major non-compliance)
<b>Chief Operating Officer</b>	24 701	Euston Square Area Integrated Systems Audit	To provide assurance that key requirements contained in the management system are being met	Not Rated	79 per cent Conformance, 46 Green, zero Amber, 17 Red (compliant, minor non-compliance, major non-compliance)
<b>Chief Operating Officer</b>	24 702	Archway and Kentish Town Area Integrated Systems Audit	To provide assurance that key requirements contained in the management system are being met	Not Rated	84 per cent conformance, 47 Green, zero Amber, nine Red (compliant, minor non-compliance, major non-compliance)
<b>Chief Operating Officer</b>	24 703	Hatton Cross Integrated Systems Audit	To provide assurance that key requirements contained in the management system are being met	Not Rated	80 per cent conformance, 45 Green, zero Amber, 11 Red (compliant, minor non-compliance, major non-compliance)
<b>Chief Operating Officer</b>	24 704	Cockfosters Traincrew Integrated Systems Audit	To provide assurance that key requirements contained in the management system are being met	Not Rated	22 per cent conformance, seven Green, zero Amber, 25 Red (compliant, minor non-compliance, major non-compliance)
<b>Chief Operating Officer</b>	24 705	Wembley Park Area Integrated Systems Audit	To provide assurance that key requirements contained in the management system are being met	Not Rated	69 per cent conformance, 37 Green, two Amber, 15 Red (compliant, minor non-compliance, major non-compliance)

## ER3 Environment including climate adaptation

Chief Officer	Ref.	Audit Title	Objectives	Conclusion	Summary of Findings
<b>Pan TfL</b>	23 792	Waste Management – London Underground Depots	To seek assurance that TfL has implemented the Department for Environment, Food and Rural Affairs Code of Practice	Requires Improvement	All waste carriers had valid licences from the Environment Agency, and waste segregation signage on site was clear and consistent. Five medium priority issues were raised regarding the secure and segregated storage of waste on depot premises which increased the risk of contaminating the environment and the attraction of pests. Other non-conformances raised are those regarding staff competence, stakeholder communication and documentation for classifying unknown waste types.

## Internal Audit: Draft reports issued in Quarter 1 of 2024/25

### ER2 Attraction, retention, wellbeing and health of our employees

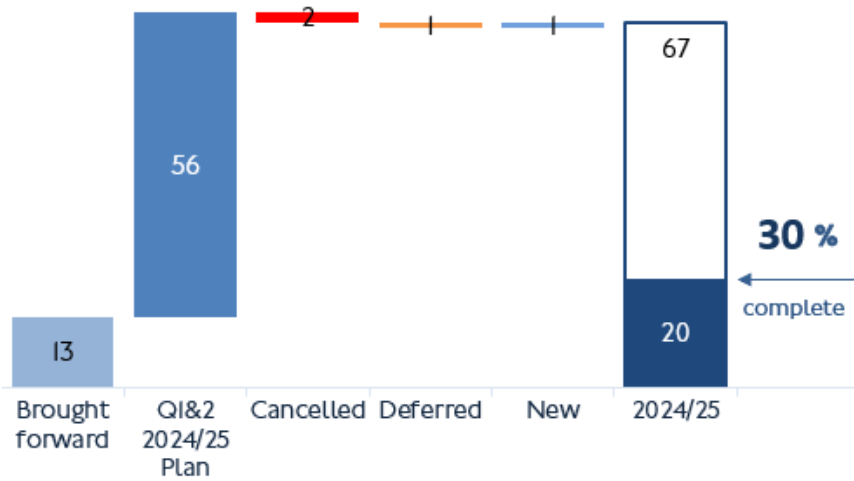
Chief Officer	Ref	Audit Title	Objectives	Conclusion	Summary of Findings
<b>Chief Finance Officer</b>	24 003	Learning and Development – External Training	To provide assurance on the adequacy and effectiveness of framework agreements with external suppliers of specialist learning.	Adequately Controlled	There are effective key controls around the booking of external courses by Learning and Development Advisers on behalf of TfL business areas. These help ensure that such courses are relevant to the needs of TfL and employees who receive training. The controls also aim to ensure compliance with commercial and financial requirements in the procurement of external training suppliers. We identified the need for introducing a process for obtaining feedback from attendees in order to evaluate suppliers as well as some instances of non-compliance with the requirement to record training on employees' SAP records.

### ER03 Environment including climate adaptation

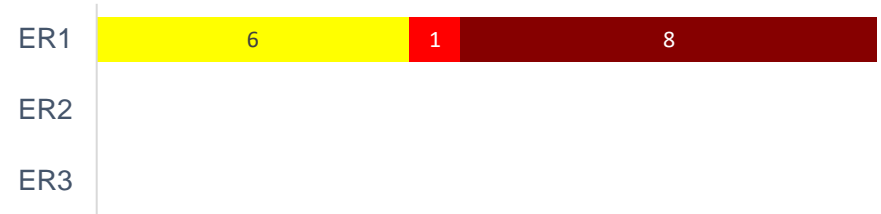
Chief Officer	Ref	Audit Title	Objectives	Conclusion	Summary of Findings
<b>Chief Operating Officer</b>	24006	Impact of extreme weather - Elizabeth Line	To provide assurance on the adequacy and effectiveness of controls in place to deal with the impact of extreme weather on the Elizabeth Line.	Requires Improvement	The plans for individual or combined weather events and associated seasonal plans have not been reviewed and updated to accommodate new information on the hazards and risks from extreme events. There were five high priority issues and one medium identified. The high priority issues relate to a lack of route wide risk assessments and scenario planning, no adequate definition of severe weather, absence of weather stations and hotspot registers and no single authority accountable for co-ordination.

# Appendix 2 : Quality Safety Security Assurance Audit Summary

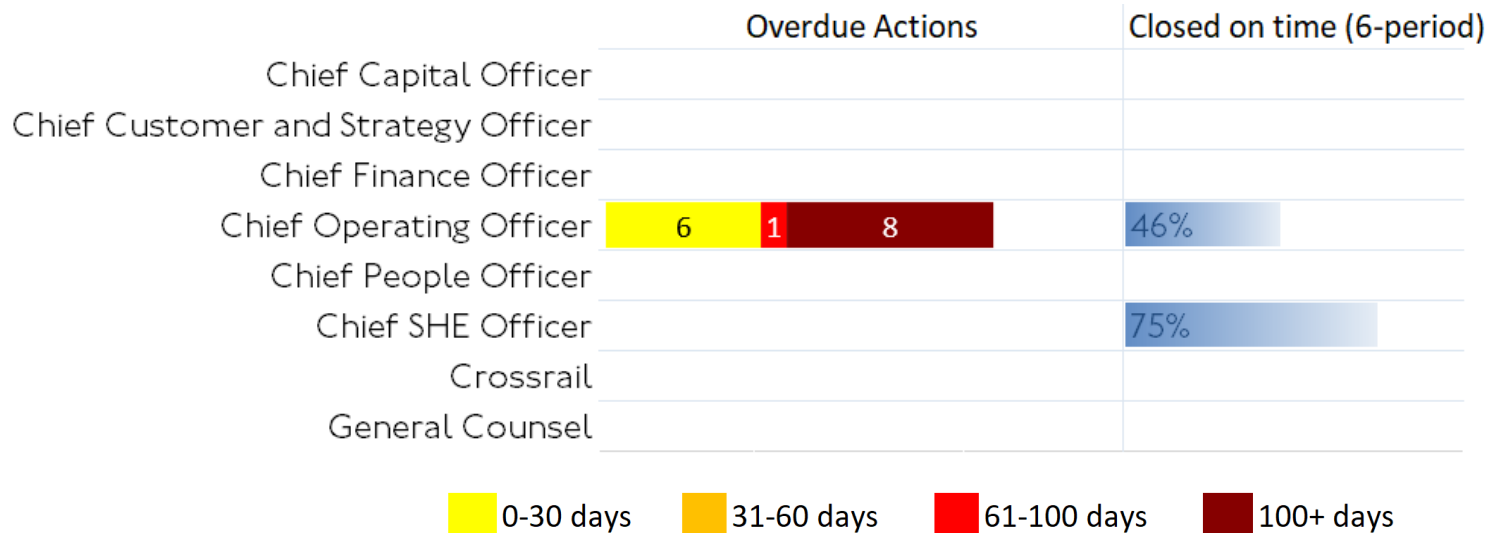
Audit Progress against Q1 & 2 2024/25 Plan



Action Management (ER1, 2 & 3)- By Enterprise Risk by Overdue Days

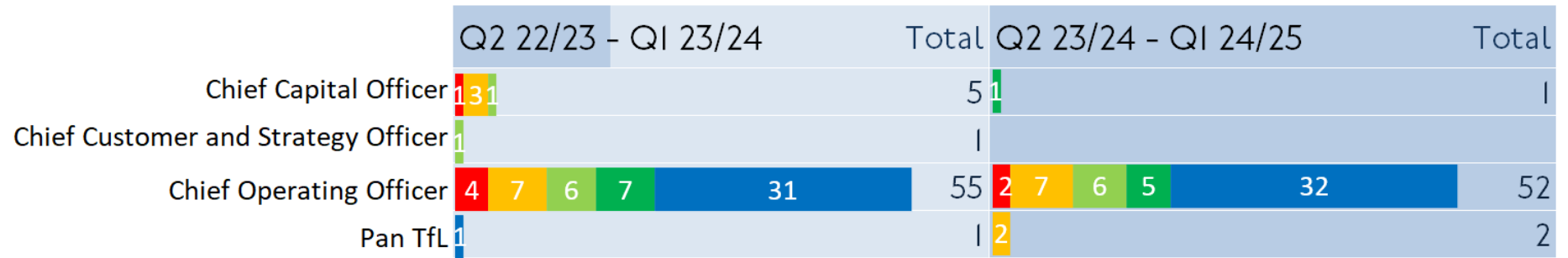


Action Management (ER1, 2 & 3)- By Directorate by Overdue Days

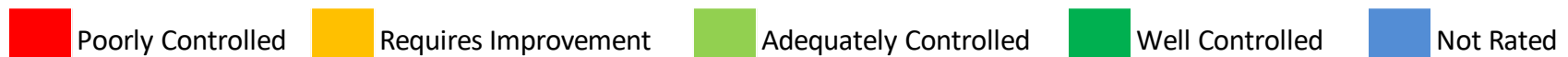
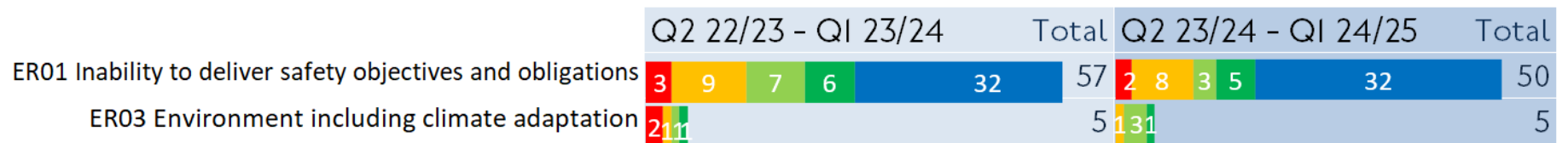




### Audit Conclusion Comparison by Chief Officer Team (over 4 quarters)

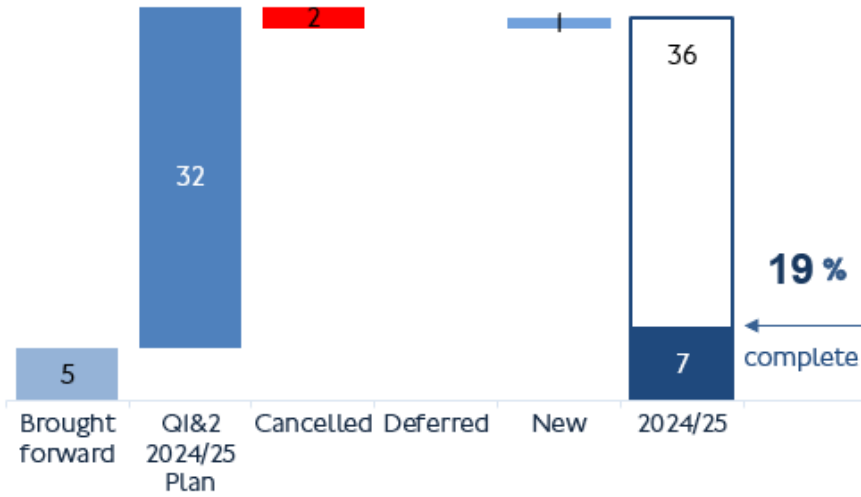


### Audit Conclusion Comparison by Enterprise Risk (over 4 quarters)



# Internal Audit Summary

All Audit Progress against Q1 & 2 2024/25 Plan



Action Management (ER1, 2 & 3)- By Enterprise Risk by Overdue Days

Action Management (ER1, 2 & 3)- By Directorate by Overdue Days

Directorate	Overdue Actions	Closed on time (6-period)
Chief Capital Officer	0	100%
Chief Customer and Strategy Officer	0	0%
Chief Finance Officer	0	100%
Chief Operating Officer	0	0%
Chief People Officer	0	0%
Chief SHE Officer	0	100%
Crossrail	0	0%
General Counsel	0	0%



**Audit Conclusion Comparison by Chief Officer Team (over 4 quarters)**

	Q2 22/23 - Q1 23/24	Total	Q2 23/24 - Q1 24/25	Total
Chief Customer and Strategy Officer	1 (Poorly Controlled) 1 (Not Rated)	2	1 (Poorly Controlled) 1 (Not Rated)	2
Chief Finance Officer			1 (Adequately Controlled)	1
Chief Operating Officer			5 (Requires Improvement) 1 (Not Rated)	6
Chief People Officer			1 (Requires Improvement) 1 (Adequately Controlled)	2
Chief SHE Officer	1 (Requires Improvement) 3 (Not Rated)	4	1 (Not Rated)	1

**Audit Conclusion Comparison by Enterprise Risk (over 4 quarters)**

	Q2 22/23 - Q1 23/24	Total	Q2 23/24 - Q1 24/25	Total
ER01 Inability to deliver safety objectives and obligations	2 (Not Rated)	2	1 (Poorly Controlled)	1
ER02 Attraction, retention, wellbeing and health of our employees	1 (Requires Improvement) 1 (Not Rated)	2	1 (Requires Improvement) 2 (Adequately Controlled) 1 (Not Rated)	4
ER03 Environment including climate adaptation	1 (Requires Improvement) 1 (Not Rated)	2	5 (Requires Improvement) 2 (Not Rated)	7

