

## People and Remuneration Committee

**Date:** 20 November 2024

**Item:** Risk and Assurance Report Quarter 2 2024/25

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

#### **1 Summary**

- 1.1 This report provides the Committee with an overview of the status of and changes to Enterprise Risk 02 (ER02) – ‘Attraction, retention, wellbeing and health of our employees’.
- 1.2 This report also summarises the findings from the assurance activity undertaken by teams within TfL’s Risk and Assurance Directorate associated with this risk. The paper covers the work during Quarter 2 of 2024/25 (23 June to 14 September 2024) (Q2).
- 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 the 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 on Part 2 of the agenda.**

#### **3 TfL Enterprise Risks**

- 3.1 ER02 has been reviewed and updated and was presented at the final meeting of the Safety, Sustainability and Human Resources Panel on 4 September 2024. ER02 will continue to be reviewed on a quarterly basis and any updates will be presented at future meetings of this Committee along with a full paper as part of its annual review.

#### **4 Annual Audit Plans**

- 4.1 The rolling Internal Audit plan contains a series of third line audits that address all TfL Enterprise Risks. The annual Quality, Safety, Security Assurance (QSSA) audit plan contains a series of second line reviews that include ER02. Audits against other Enterprise Risks are also reported to the applicable Committee or Panel as well as the Audit and Assurance Committee. The Internal Audit plan for the second half of 2024/25 was approved by the Audit and Assurance

Committee on 18 September 2024 and will be updated as appropriate to facilitate any additional audits that might be required as a result of the cyber incident.

## **5 Work of Note for Quarter 2**

- 5.1 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. A memo, rather than an audit report, is usually issued for real-time reviews and provides more flexibility in how information is reported.

### **Internal Audit**

- 5.2 In Q2 no draft reports against ER02 were issued and at the end of the quarter there was one Internal Audit in progress against ER02, which related to Action on Inclusion Strategy the findings of which will be presented at the next meeting of this Committee.

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

- 5.3 QSSA issued one audit in Q2 against ER02 'Network Management and Resilience: Asset Operations Management of Legionella Risk' which was concluded as 'requires improvement'. Additional information is provided in Appendix 1.

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

- 5.4 The Counter-fraud and Corruption team investigates all allegations of fraud and corruption involving TfL employees and non-permanent labour. Themes identified during colleague related investigations and control environment improvements (implemented or recommended), are set out in the paper on Part 2 of the agenda. Individual colleague related cases are part of the wider fraud reporting that is submitted to the Audit and Assurance Committee.

## **6 Cancelled and Deferred Work**

- 6.1 All cancellations and deferrals are undertaken in consultation with the relevant business teams. No ER02 audits were cancelled or deferred by Internal Audit or QSSA in Q2.

## **7 Performance and Trends**

- 7.1 In the past 12 months Internal Audit has conducted four audits against ER02, the QSSA team has conducted one audit. In total there were two audits concluded as 'requires improvement', two concluded as 'adequately controlled', and one memo. In the 12 months prior to that, there was one audit conducted by Internal Audit concluded as 'requires improvement'. As such, at this time there is insufficient data to provide a meaningful performance trend, however we will continue to keep this under review as more audits are completed.

- 7.2 Work continues on the close out of management of actions, particularly overdue actions with management teams and the relevant Chief Officers. At the end of Q2 for ER02 there were 14 open audit actions of which two were overdue, but by less than 30 days (one of which has been closed since the end of Q2). 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: Audits Completed in Quarter 2 of 2024/25 against ER02

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

**List of Background Papers:**

None

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## Appendix 1 – Audits Completed in Quarter 2 of 2024/25

ER02 Attraction, retention, wellbeing and health of our employees

Quality, Safety and Security Assurance Audits Completed in Quarter 2 of 2024/25

Chief Officer	Ref.	Audit Title	Objectives	Conclusion	Summary of Findings
Chief Operating Officer	24749	Network Management and Resilience: Asset Operations Management of Legionella Risk	To seek assurance that the risk from Legionnaires disease is controlled in accordance with legislative requirements and the TfL management system.	Requires Improvement	The requirements of the regulations, standards and the management system could not be fully demonstrated. Gaps were identified in record keeping, document management, monitoring and assurance arrangements. Network Management and Resilience Asset Operations had identified and were working on improvements to their systems at the time of the audit and significant progress has been made to ensure compliance. There were seven medium priority issues identified and one good practice.

## Internal Audit: Draft report issued in Quarter 2 of 2024/25

ER02 Attraction, retention, wellbeing and health of our employees

Chief Officer	Ref	Audit Title	Objectives	Conclusion	Summary of Findings
None					