

Agenda

Meeting: Audit and Assurance Committee

Date: Monday 16 March 2020

Time: 10.00am

**Place: Boardroom 01, 10th Floor,
Endeavour Square, London E20
1JN**

Members

Anne McMeel (Chair)

Dr Lynn Sloman (Vice-Chair)

Kay Carberry CBE

Dr Mee Ling Ng OBE

Dr Nelson Ogunshakin OBE

Copies of the papers and any attachments are available on [tfl.gov.uk How We Are Governed](https://tfl.gov.uk/How-We-Are-Governed).

This meeting will be open to the public, except for where exempt information is being discussed as noted on the agenda. There is access for disabled people and induction loops are available. A guide for the press and public on attending and reporting meetings of local government bodies, including the use of film, photography, social media and other means is available on www.london.gov.uk/sites/default/files/Openness-in-Meetings.pdf.

Further Information

If you have questions, would like further information about the meeting or require special facilities please contact: Sue Riley, Secretariat Officer; telephone: 020 7983 4392;.

For media enquiries please contact the TfL Press Office; telephone: 0845 604 4141; email: PressOffice@tfl.gov.uk

Howard Carter, General Counsel
Friday 6 March 2020

**Agenda
Audit and Assurance Committee
Monday 16 March 2020**

1 Apologies for Absence and Chair's Announcements

2 Declarations of Interests

General Counsel

Members are reminded that any interests in a matter under discussion must be declared at the start of the meeting, or at the commencement of the item of business.

Members must not take part in any discussion or decision on such a matter and, depending on the nature of the interest, may be asked to leave the room during the discussion.

**3 Minutes of the Meeting of the Committee held on 3 December 2019
(Pages 1 - 6)**

General Counsel

The Committee is asked to approve the minutes of the meeting of the Committee held on 3 December 2019 and authorise the Chair to sign them.

4 Matters Arising and Actions List (Pages 7 - 10)

General Counsel

The Committee is asked to note the updated actions list.

5 Strategic Risk Update - Protective Security (SR17) (Pages 11 - 12)

Director of Compliance, Policing and On-Street Services.

The Committee is asked to note the paper and supplementary information on Part 2 of the agenda.

6 Personal Data Disclosure to the Police and Other Statutory Law Enforcement Agencies (2019) (Pages 13 - 20)

Director of Compliance, Policing and On-Street Services

The Committee is asked to note the paper.

7 Independent Investment Programme Advisory Group Quarterly Report (Pages 21 - 38)

Director of Risk and Assurance

The Committee is asked to note the report and the supplementary information on Part 2 of the agenda.

Audit, Risk and Assurance Items

8 Risk and Assurance Quarter 3 Report 2019/20 (Pages 39 - 74)

Director of Risk and Assurance Report

The Committee is asked to note the report and the supplementary information on Part 2 of the agenda.

9 Integrated Assurance Plan 2020/21 (Pages 75 - 102)

Director of Risk and Assurance

The Committee is asked to approve the Plan.

10 Lessons Learned from the First Full Year of the Enterprise Risk Framework (Pages 103 - 106)

Head of Enterprise Risk

The Committee is asked to note the paper.

Accounting and Governance

11 External Audit Services Policy (Pages 107 - 130)

Chief Finance Officer

The Committee is asked to approve the revised Policy.

12 Register of Gifts and Hospitality for Members and Senior Staff (Pages 131 - 136)

General Counsel

The Committee is asked to note the paper.

13 Member suggestions for future agenda discussions (Pages 137 - 140)

General Counsel

The Committee is asked to note the forward programme and is invited to raise any suggestions for future discussion items for the forward programme and for informal briefings.

14 Any Other Business the Chair Considers Urgent

The Chair will state the reason for urgency of any item taken.

15 Date of Next Meeting

Monday 8 June 2020 at 10.00am.

16 Exclusion of Press and Public

The Committee is recommended to agree to exclude the press and public from the meeting, in accordance with paragraphs 3, 5 & 7 of Schedule 12A to the Local Government Act 1972 (as amended), in order to consider the following items of business.

Agenda Part 2

Papers containing supplemental confidential or exempt information not included in the related item on Part 1 of the agenda.

17 Strategic Risk Update - Protective Security (SR17) (Pages 141 - 146)

Director of Compliance, Policing and On-Street Services.

Exempt supplemental information relating to the item on Part 1.

18 Independent Investment Programme Advisory Group Quarterly Report (Pages 147 - 154)

Director of Risk and Assurance

Exempt supplemental information relating to the item on Part 1.

19 Risk and Assurance Quarter 3 Report 2019/20 (Pages 155 - 166)

Director of Risk and Assurance

Exempt supplemental information relating to the item on Part 1.

[page left intentionally blank]

Agenda Item 3

Transport for London

Minutes of the Audit and Assurance Committee

Conference Rooms 1 and 2, Ground Floor, Palestra,
197 Blackfriars Road, London, SE1 8NJ
2.00pm, Tuesday 3 December 2019

Members

Anne McMeel	Chair
Kay Carberry CBE	Member
Dr Mee Ling Ng OBE	Member

Executive Committee

Howard Carter	General Counsel
Simon Kilonback	Chief Finance Officer
Andrew Pollins	Transformation and Business Services Director (Minute Reference 71/11/19)
Shashi Verma	Director of Strategy and Chief Technology Officer (Minute Reference 69/11/19 and 70/11/19)

Staff

Kevin Bates	Head of Procurement Transformation (Minute Reference 67/11/19)
Rebecca Bissell	Head of Technology and Data, London Underground (Minute Reference 69/11/19)
Ben Graham	Transformation Programme Manager (Minute Reference 71/11/19)
Djamila Guernou	Head of Technology Services Operation (Minute Reference 70/11/19)
Lorraine Humphrey	Head of Project Assurance, General Counsel
Tony King	Interim Group Finance Director and Statutory Chief Finance Officer
Nico Lategan	Head of Enterprise Risk, General Counsel
Campbell Mcilroy	Technology and Data, Customers, Communication and Technology (Minute Reference 69/11/19)
Richard Mullings	Head of Counter-Fraud and Corruption, General Counsel
Dili Origbo	Head of Internal Audit, General Counsel
Rachel Shaw	Head of External Reporting, Finance
Mike Shirbon	Head of Integrated Assurance, General Counsel
Clive Walker	Director of Risk and Assurance, General Counsel
Sue Riley	Secretariat

Also In Attendance

Karl Havers	Partner, Ernst & Young (EY)
Caroline Mulley	Partner, Ernst & Young (EY)
Alison Munro	Chair, Independent Investment Programme Advisory Group
Joanne White	Independent Investment Programme Advisory Group Member

58/12/19 Apologies for Absence and Chair's Announcements

Apologies for absence were received from Dr Nelson Ogunshakin OBE and Dr Lynn Sloman.

Safety is paramount to TfL and accordingly, at the start of all meetings attended by Board Members, they were asked to raise any safety issues relating to items on the agenda or in general.

Kay Carberry CBE praised officers for the recent TfL Bus Safety Summit, which she had attended.

59/12/19 Declarations of Interest

Members confirmed that their declarations of interests, as published on tfl.gov.uk, were up to date and there were no interests that related specifically to items on the agenda.

60/12/19 Minutes of the Meeting Held on 26 September 2019

The minutes of the meeting held on 26 September 2019 were approved as a correct record and signed by the Chair.

61/12/19 Matters Arising and Actions List

The Committee noted the Actions List.

62/12/19 Independent Investment Programme Advisory Group Quarterly Report

Alison Munro and Joanne White introduced the IIPAG quarterly report and workplan. There were no new recommendations this quarter.

The importance of including value for money in any business case was emphasised and work on improving performance tracking against baseline data was also being developed.

Lorraine Humphrey presented the management response. Action was being taken to address issues with documentation not being available at the start of assurance reviews, while work to reduce the number of outstanding recommendations was continuing.

The Committee noted the report and the supplementary information on Part 2 of the agenda.

63/12/19 External Audit Plan TfL, TTL and Subsidiaries – Year Ending 31 March 2020

Tony King introduced the EY Plan for the audit of the financial statements of TfL, TTL and its subsidiaries.

Karl Havers highlighted the Audit risks on which the Plan was based.

The Committee requested that a review of the Transformation programme in the Plan for 2019/20 be included as part of the Value for Money assessment. **[Action: Tony King]**

The Committee noted the paper.

64/12/19 EY Report on Non-Audit Fees for Six Months Ended 30 September 2019

Tony King presented the report on fees billed by EY for non-audit services, of which there were none.

The Committee noted the report.

65/12/19 Risk and Assurance Quarter 2 Report 2019/20

Clive Walker introduced the report for Quarter 2 informing the Committee of work completed by the Risk and Assurance Directorate, work in progress and planned to start.

The Chair welcomed the work by the TfL Enterprise Risk team in sharing good practice across the GLA Group.

The Committee requested further information on recent trends in the conclusions from Internal Audit reports. **[Action: Clive Walker]**

It was agreed that second and third line assurance teams at TfL and Network Rail should participate in assurance and risk workshops with Crossrail to ensure an aligned understanding of the Crossrail delivery programme and its risks.

[Action: Clive Walker/Nico Lategan]

The Committee noted the report and the supplementary information on Part 2 of the agenda.

66/12/19 Audit of Tram Operations Limited Fatigue Management

In accordance with section 100(B)(4) of the Local Government Act 1972, the Chair agreed to accept this item of urgent business on the grounds that the item was listed on the agenda but the information was not available at the time of publication.

Clive Walker and Mike Shirbon presented the paper regarding two audit reports on Tram Operations Limited: 17 780: Management of Fatigue in Tram Operations Limited (TOL), which was issued in 2017; and 13 744: Competence and Fitness of TOL Tram Operators,

issued in 2014. Both of these audit reports had recently been the subject of questions raised by the London Assembly.

It was agreed that in future audit reports of third parties, TfL should ensure that the report clearly identifies the client for the audit. It was also agreed that some benchmarking would be carried out to see how comparator organisations deal with this.

[Action: Clive Walker]

It was agreed that the appropriateness of using TfL Internal Audit conclusions for audits of external parties would be considered on a case by case basis.

The Committee noted the paper.

67/12/19 Procurement and Supply Chain – Addressing the Findings of Internal Audit and Ernst & Young

Simon Kilonback and Kevin Bates introduced the update on key actions being taken by the Procurement and Supply Chain team.

The Committee noted the paper.

68/12/19 Critical Accounting Policies

Tony King and Rachel Shaw updated the Committee on the TfL Group's critical accounting policies.

The Committee noted the paper.

69/12/19 Cyber Security Update

Shashi Verma, Rebecca Bissell and Campbell Mcilroy presented the cyber security update.

A number of organisational changes had been made with a change in the approach to the issue of cyber security based on the recent introduction of the Network and Information Systems (NIS) Regulations.

The complexity of TfL as an organisation in terms of operational as well as information technology, combined with third party supply chain operators, made the provision of safe and secure cyber systems particularly challenging.

An update report with a roadmap and clear timeline would be reported to a future meeting.

[Action: Shashi Verma]

The Committee noted the paper and the supplementary information on Part 2 of the agenda.

70/12/19 Strategic Risk Update - Significant Technology Failure (SR11)

Shashi Verma and Djamila Guernou presented the update on the management of the Strategic Risk of Significant Technology Failure (SR11).

Staff would review the overall effectiveness rating.

[Action: Shashi Verma]

The Committee noted the paper and the supplementary information on Part 2 of the agenda.

71/12/19 Strategic Risk Update - Transformation (SR18)

Andrew Pollins and Ben Graham introduced the update on the management of the Strategic Risk of Transformation (SR18).

The Chair thanked Andrew Pollins for his contribution to the work of the Committee as he was due to leave TfL.

The Committee noted the paper and the supplementary information on Part 2 of the agenda.

72/12/19 Register of Gifts and Hospitality for Members and Senior Staff

Howard Carter introduced the standing item on details of the gifts and hospitality declared by the Board and senior staff.

The Committee noted the paper.

73/12/19 Legal Compliance Report (1 April – 30 September 2019)

Howard Carter presented the summary report provided by each TfL Directorate for the period 1 April-30 September 2019.

Since the publication of the report, TfL had received notification of dates for the appeal relating to the judicial review of the decision to remove the exemption for Private Hire Vehicles from the Congestion Charge and a pre-inquest hearing for the Sandilands tragedy.

The Committee noted the report.

74/12/19 Members' Suggestions for Future Discussion Items

Howard Carter presented the current forward programme.

The Committee noted the paper.

75/12/19 Any Other Business the Chair Considers Urgent

There was no urgent business.

76/12/19 Date of Next Meeting

The next scheduled meeting was due to be held on Wednesday 18 March 2020 at 10.00am.

77/12/19 Exclusion of Press and Public

The Committee agreed to exclude the press and public from the meeting, in accordance with paragraphs 3 & 7 of Schedule 12A to the Local Government Act 1972 (as amended), in order to consider the following items of business: Independent Investment Programme Advisory Group Quarterly Report; Risk and Assurance Quarter 2 Report 2019/20; Cyber Security Update; Strategic Risk Update – Significant Technology Failure (SR11); and Strategic Risk Update – Transformation (SR18).

The meeting closed at 5pm.

Chair: _____

Date: _____

Audit and Assurance Committee



Date: 16 March 2020

Item: Actions List and Matters Arising

This paper will be considered in public.

1 Summary

1.1 This paper informs the Committee of progress against actions agreed at previous meetings and an update on any Chair's Action.

2 Recommendation

2.1 **The Committee is asked to note the Actions List.**

List of appendices to this report:

Appendix 1 – Actions List

List of Background Papers:

Minutes of previous meetings of the Committee

Contact Officer: Howard Carter, General Counsel
Number: 020 3054 7832
Email: HowardCarter@tfl.gov.uk

[page left intentionally blank]

Audit and Assurance Committee Actions List (reported to 16 March 2020 meeting)

Actions from last meeting

Minute No.	Item/Description	Action By	Target Date	Status/note
63/12/19	<p>External Audit Plan TfL, TTL and Subsidiaries – Year Ending 31 March 2020 EY to consider including a review of the Transformation programme in its Plan for 2019/20 as part of the Value for Money assessment.</p>	Tony King	Following the meeting.	Incorporated into the Plan. Complete.
65/12/19	<p>Risk and Assurance Quarter 2 Report 2019/20 The Committee requested further information on recent trends in the conclusions from Internal Audit reports.</p> <p>Second and third line assurance teams at TfL and Network Rail to participate in assurance and risk workshops with Crossrail to ensure an aligned understanding of the Crossrail delivery programme and its risks.</p>	<p>Clive Walker</p> <p>Clive Walker/Nico Lategan</p>	<p>8 June 2020 meeting.</p> <p>Following the meeting.</p>	<p>Information on trends will be included in the Risk and Assurance Annual Report. Scheduled on Forward Plan.</p> <p>The Risk Management representatives of CRL, TfL and Network Rail have made progress in sharing relevant strategic and interface risk information with ongoing meetings to address gaps and mitigations. Discussions are on going and will be part of the governance review to be carried out by the recently appointed Chief Finance Officer at Crossrail.</p>
66/12/19	<p>Audit of Tram Operations Limited Fatigue Management TfL to ensure that Audit reports of third parties clearly identify the client for the audit and some benchmarking to be carried out to see how comparator organisations dealt with this.</p>	Clive Walker	Following the meeting.	In future audits of third parties we will clearly document at the planning stage the format for the report and who it will be addressed to. We have discussed audits of third parties with our counterparts at the MPA/GLA and confirmed that their

Minute No.	Item/Description	Action By	Target Date	Status/note
				approach is similar, although in practice they rarely carry out audits of third parties. Complete.
69/12/19	Cyber Security Update An update report with a roadmap and clear timeline to be reported to a future meeting.	Shashi Verma	16 September 2020 meeting.	Scheduled on Forward Plan.
70/12/19	Strategic Risk Update:- Significant Technology Failure (S11) Staff to review the overall effectiveness rating.	Shashi Verma	Following the meeting.	In progress.

Actions from previous meetings:

Minute No.	Item/Description	Action By	Target Date	Status/note
48/09/19	Risk and Assurance Quarter 1 Report 2019/20 A review of the strategic risk process to be submitted to a future meeting of the Committee.	Nico Lategan	16 March 2020 meeting.	Report on agenda. Complete.
36/06/19	Strategic Risk Update: Governance and Controls Suitability SR03 That the corrective controls include additional detail in future reports.	Nico Lategan	16 March 2020 meeting.	Incorporated into reports going forward. Complete.

Audit and Assurance Committee



Date: 16 March 2020

Item: Strategic Risk Update– Protective Security (SR17)

This paper will be considered in public

1 Summary

- 1.1 This paper gives an update on activity underway to reduce and control the risk from terrorism and other security threats (SR17).
- 1.2 A paper is included on Part 2 of the agenda, which contains exempt supplemental information pertaining to the strategic risk deep dive. The information is exempt 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 sensitive information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.
- 1.3 The failure to prevent or respond to a security risk (internal or external) could adversely impact TfL's operations, financial performance, people, customers, reputation and assets. We have embarked on a pan-TfL protective security programme to institute controls and provide mitigations against these risks.
- 1.4 The TfL protective security programme complements the specific London Underground security programme, the recent development of a pan-TfL approach to countering fraud and corruption and the work to address risk of a cyber incident (SR04).

2 Recommendation

- 2.1 **The Committee is asked to note this paper and the supplementary information on Part 2 of the agenda.**

3 Status Update

- 3.1 As recommended by the Centre for Protection of National Infrastructure (CPNI), the route to good security is through governance and leadership. We have established a Security Sub-Committee of TfL's Executive Committee to guide decision making and ensure effective oversight of protective security management. The Security Sub-Committee is chaired by Gareth Powell, Managing Director Surface Transport. The Sub-Committee meets every 12 weeks. Alongside senior leaders from TfL business areas it is attended by representatives from the Metropolitan Police Service, the British Transport Police and Security Services to provide the latest intelligence on threat and risk. The Sub-Committee provides oversight on compliance with national security regulations and directs progress towards building a security culture in TfL. It

steers various programmes underway to address vulnerabilities across our organisation. TfL's Executive Committee is updated on progress the month following each meeting.

- 3.2 Our first Security Sub-Committee meeting was held on 24 September 2019. This first meeting considered changes in threats landscape and emerging conclusions from the inquest into the terror attacks on London Bridge. The meeting also reviewed and agreed a new procedure for the management of visit enquiries from hostile states and highlighted the risk to TfL staff undertaking international travel without receiving a security briefing and adhering to corporate guidelines. The meeting endorsed the launch of the new security pass for all head office buildings, and updated guidelines on the escorting of visitors. The wearing of a security pass and the challenge of people in head offices buildings not displaying a pass is a fundamental building block in creating the cultural and attitudinal change to adopting an effective security posture.
- 3.3 The December 2019 meeting covered a range of issues including agreeing an approach to risk management, and the relative security maturity across TfL. The meeting also reviewed the learning from the Fishmonger's Hall terror attack.
- 3.4 As noted in the previous report to the Committee, TfL's Executive endorsed taking a pan-TfL approach to assessing and managing security risks. This requires every senior manager to complete a simple questionnaire to assist in mapping potential vulnerabilities under their responsibility. This is followed by a meeting with a member of the Security Team to assist in the development of a local security action plan (LSAP) so that each senior managers understand, own and manage security risks.
- 3.5 We have seen some good progress on aspects of risk control and mitigation. As noted above, the first fundamental action to build a security culture and protect our assets was the roll-out of new security passes. A comprehensive communication strategy was created to support the roll-out.
- 3.6 Alongside our internal communication campaign, a basic security training course was launched through eZone in October 2019 to help all employees understand protective security, the threats to TfL from terrorism, and simple security measures everyone can take. To date 700 employees have completed this training.

List of appendices to this report:

A paper on Part 2 of the agenda contains exempt supplemental information.

Contact: Siwan Lloyd Hayward OBE, Director of Compliance, Policing and On-Street Services
Email: siwan.hayward@tfl.gov.uk
Number: 0203 0542261

Audit and Assurance Committee

Date: 16 March 2020

Item: Personal Data Disclosure to Police and Other Statutory Law Enforcement Agencies (2019)

This paper will be considered in public

1 Summary

- 1.1 This paper provides an update to the Committee on the disclosure of personal data to the police and other Statutory Law Enforcement Agencies (SLEAs) for the prevention and detection of crime in London.

2 Recommendation

- 2.1 **The Committee is asked to note the paper.**

3 Background

- 3.1 TfL's policy on the disclosure of personal data to the police and other law enforcement agencies can be found at <http://content.tfl.gov.uk/aac-20150309-part-1-item13-policy-on-disclosure-of-personal-data.pdf>
- 3.2 TfL holds a range of information about its customers and employees and in disclosing personal details to the police and other statutory law enforcement bodies¹ without the subject's consent, exercises the exemption under Schedule 2 Part 1 and Schedule 2 Part 2 of the Data Protection Act 2018 for the purposes of crime prevention and detection.
- 3.3 TfL receives detailed requests from the police and other law enforcement bodies for the disclosure of personal information on customers and TfL employees. In accordance with TfL's policy, it considers all such requests on a case by case basis and releases personal data where it is lawful to do so and is consistent with its powers.
- 3.4 TfL is providing valuable support to the police and other SLEAs efforts to detect, investigate and prevent crime in London and safeguard the most vulnerable. It supports the Mayor's strategies and plans to improve the safety and security of London.
- 3.5 This paper provides the Committee with a summary picture of the data disclosed this year.

¹ Includes national security and other agencies with a statutory role in crime prevention and detection. Non-police bodies include agencies such as the Driver and Vehicle Standards Agency (DVSA), local authorities, HM Revenue and Customs, and the National Crime Agency.

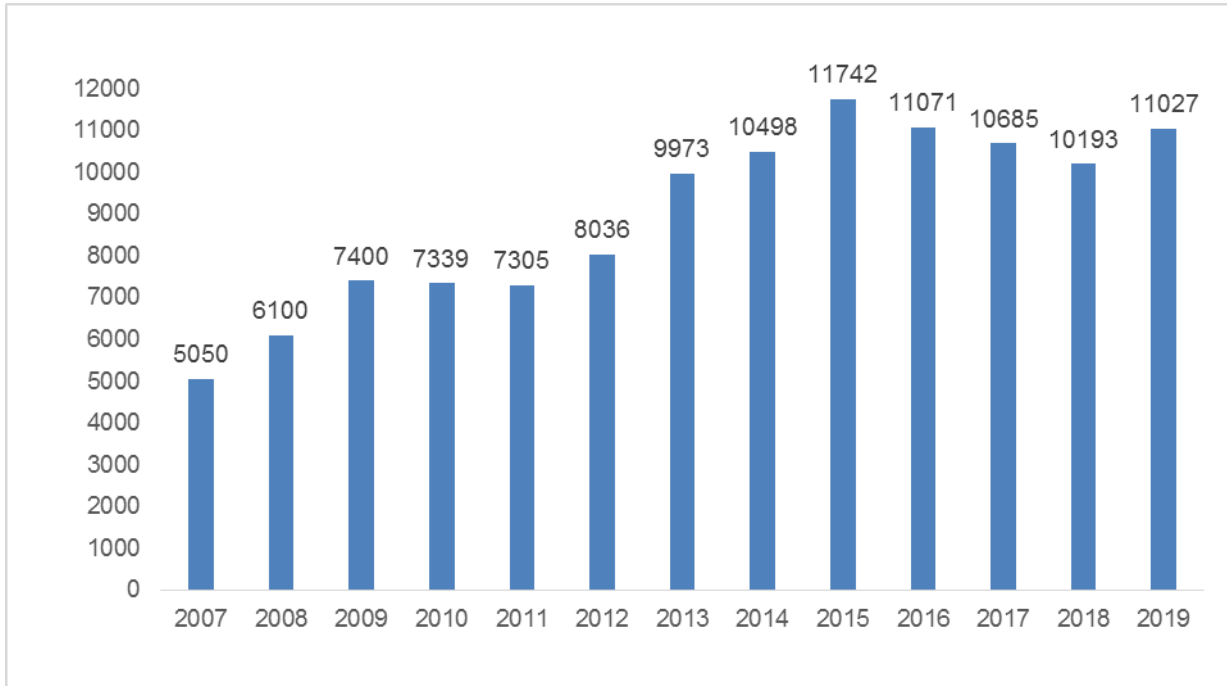
4 Operation of the Policy

- 4.1 Information Governance in TfL's General Counsel is responsible for the policy, advises on its implementation and assesses compliance with current legislation and best practice.
- 4.2 The operation of the policy in the context of the day to day processes, procedures and auditing of disclosures to the police and other SLEAs continues to be managed by TfL's Directorate of Compliance, Policing and On-Street Services (CPOS). CPOS deals with the bulk of requests for personal data made to TfL by the police and other SLEAs. There are a number of exceptions where data is disclosed by the TfL business areas that own or have direct access to the data and it is more efficient for them to do so. These business areas disclose data in accordance with the TfL policy.
- (a) Police/SLEA requests for access to CCTV and body worn video recordings held by London Underground Limited (LUL). These requests are currently processed directly by LU where the BTP acts as the data processor. A breakdown of requests is included in section 6;
 - (b) Police/SLEA requests for information on taxi and private hire licensees, held by TfL's Directorate of Licensing, Regulation and Charging (LRC) for the investigation of sexual offences and other alleged or suspected criminal activity involving a licensee of a suspect or witness. A breakdown of requests is included in section 7; and
 - (c) Police/SLEA requests for CCTV for bus stations and London River Services.
- 4.3 In April 2019, CPOS and the MPS implemented a 24/7/365 call out service to support urgent requests. The arrangements, funded by the MPS, mean that the police can obtain electronic ticketing data and related information for incidents that are deemed of national importance or there is a tangible and significant threat to life or the transport system.

5 Overview of Data Requests and Disclosures

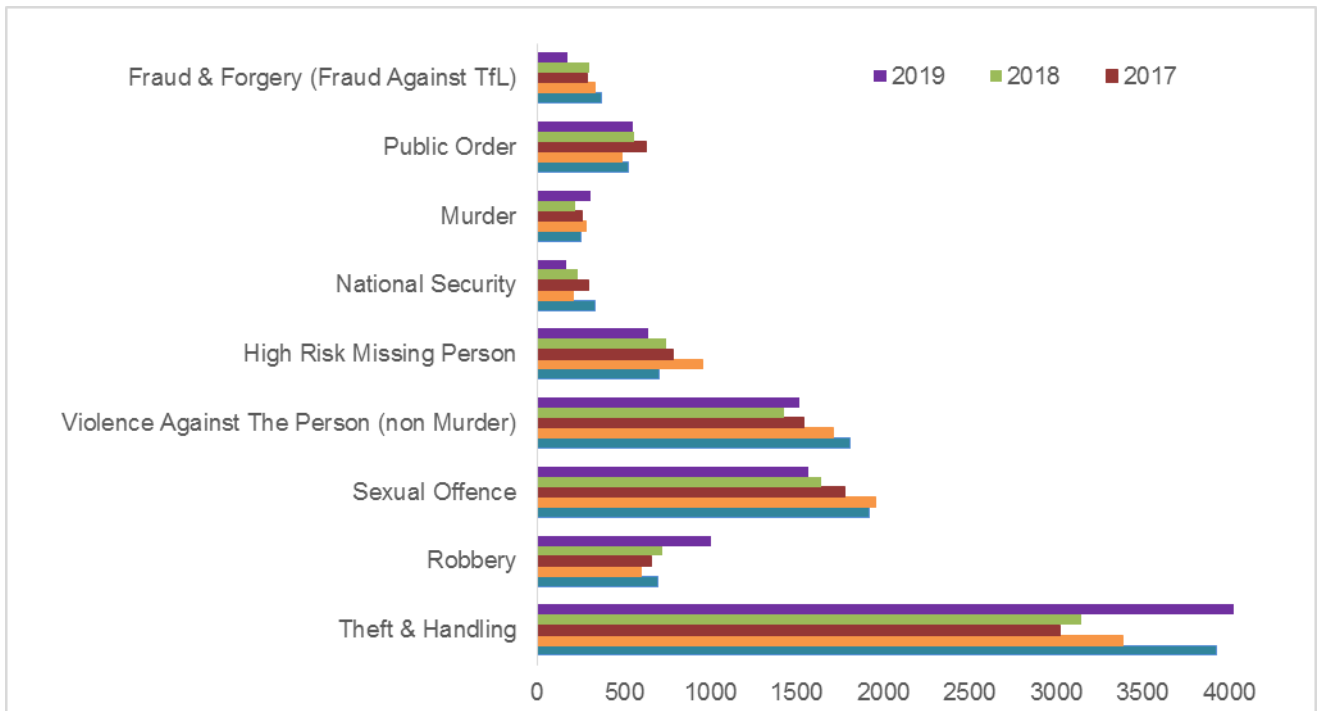
- 5.1 Chart 1 show the volume of all police and SLEA data requests made to CPOS since 2007 for full calendar years (January to December). The total number of data requests made in 2019 was 11,027, an 8.2 per cent increase on 2018 (834 additional requests).

Chart 1: Breakdown of request (by volume) from 2007 – 2019 received by CPOS



- 5.2 Chart 2 shows the data requests by crime / incident type. Categories with fewer than 150 in number are not shown.
- 5.3 The increase seen in 2019 is a result of more data requests from the police for the investigation of theft, robbery and violence against the person (VAP) offences. CPOS has received a 40 per cent increase in requests for theft (882 additional requests), 28 per cent for robbery (285 additional requests) and six per cent (87 additional requests) for VAP offences. The increase in requests for these offences was anticipated as levels of transport-related theft and robbery offences have increased over the last year, reflecting London wide trends.
- 5.4 Concerted action is underway to reduce these offences which is having a positive effect. Significant investigative resource has been focussed on identifying prolific and high harm offenders on the transport network.
- 5.5 A higher number of data requests relating to homicide offences were also received in 2019 (88 additional requests) compared to the previous year. TfL is providing valuable support to the police for the investigation of the most serious crime in London.

Chart 2: Data request by crime / incident type



5.6 The majority of requests dealt with by CPOS are received from the MPS. Table 1 shows a breakdown of data requests by requesting agency (by percentage) for 2019.

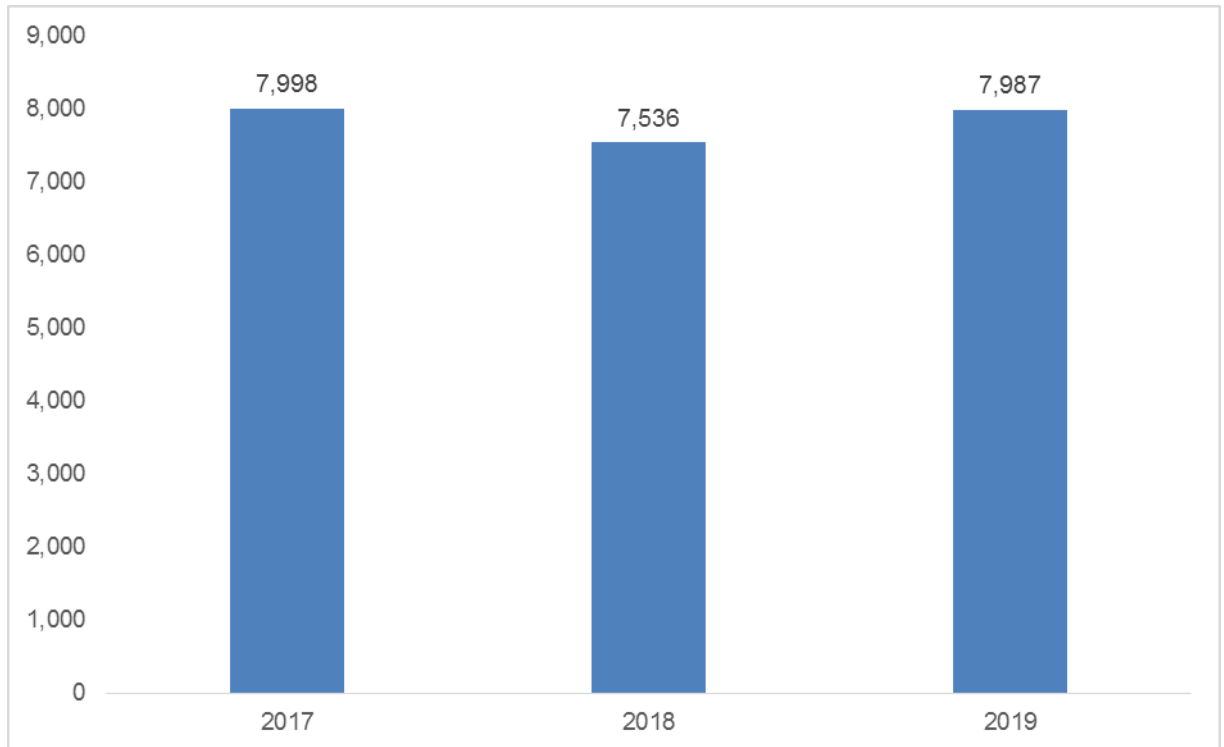
Table 1: Data requests by requesting agency

SLEA	No of requests	2019 (%)	2018 (%)
MPS	9582	87%	85%
BTP	713	7%	8%
Other police forces	291	3%	3%
National Security	164	1%	2%
Non-police bodies that have a statutory role in crime prevention and detection	158	1%	1%
Bus Company (for personal injury / insurance claims)	36	<1%	<1%
City of London Police	83	<1%	<1%

6 London Underground Requests

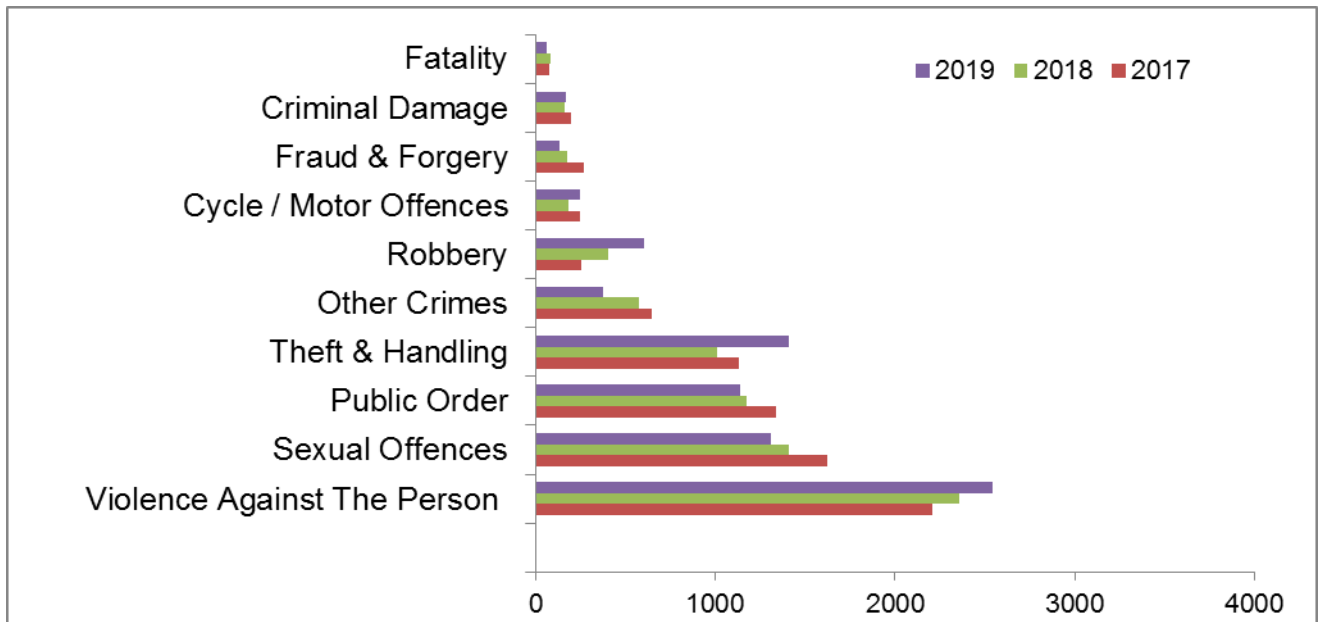
- 6.1 Chart 3 show the volume of requests received by LU. The total number of data requests made in 2019 was 7,987, a six per cent increase on 2018 (451 additional requests).

Chart 3: Breakdown of Requests (by volume)



- 6.2 Prior to 2017 data was recorded on a financial year basis and system issues in some years resulted in no data being captured. A new process was put in place in 2017 that ensured accurate and consistent data was being recorded on a calendar year basis.
- 6.3 Chart 4 shows the data requests by crime / incident type. Like CPOS, similar increases have also been seen in requests for CCTV and other personal data for the investigation of theft, robbery and VAP offences. Requests for LU data saw an almost 40 per cent increase in requests for theft (401 additional requests), 50 per cent for robbery (199 additional requests) and 8 per cent (182 additional requests) for VAP offences.

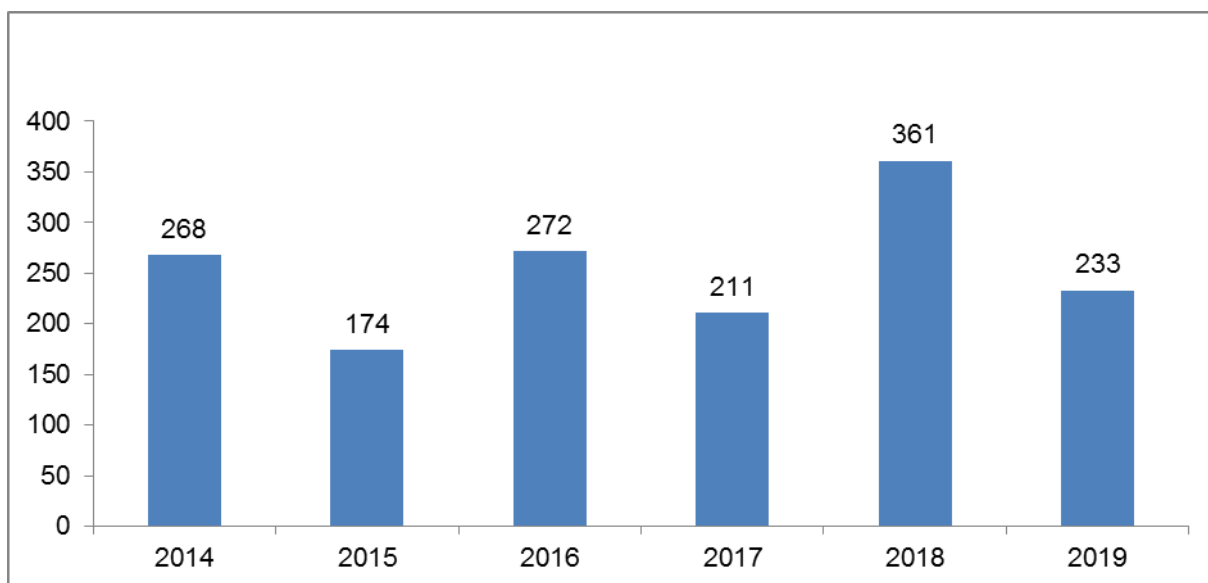
Chart 4: Breakdown of LUL CCTV Requests (by crime type) for calendar years 2017, 2018 and 2019 (January to December)



7 Taxi and Private Hire Requests

- 7.1 Chart 5 shows the volume of all police and law enforcement data requests made to TPH since 2014. There were 233 data requests made to TPH in 2019. This was 36 per cent lower than 2018.
- 7.2 The rise in 2018 was largely a result of TfL and the MPS issuing guidance to all Private Hire operators on the importance of reporting criminal conduct to the police in an appropriate and timely way to ensure that the incident is investigated. This was in recognition that operators may receive notification of a potential crime as a complaint from a passenger using their services, a driver or another member of the public. It is important that all reports of a potential crime are passed to the police immediately to ensure that the police can investigate the incidents effectively and efficiently. As part of this process a number of historic reports were also made to TfL and the police.

Chart 5: TPH - Breakdown of Requests (by volume)



7.3 Most requests received were from the MPS. Table 2 shows a breakdown of data requests by requesting agency. Data was disclosed for 89 per cent of the requests and data was not held for 11 per cent of requests.

Table 2: Data requests by requesting agency

SLEA	No of Requests	2019 %	2018 (%)
MPS	179	76%	81%
Other police forces	42	19%	14%
City of London Police	7	3%	2%
National Crime Agency	5	2%	2%
Non-police bodies that have a statutory role in crime prevention and detection	0	0%	1%

7.4 The breakdown of requests by type of licensee is shown in the table 3.

Table 3: Breakdown of requests by Private Hire and Taxi

Type of Driver	No of Requests	2019 (%)	2018 (%)
Private Hire	151	65%	71%
Taxi	45	19%	17%
Dual Licence	2	1%	N/A
Operator	2	1%	N/A
Other	33	14%	12%

7.5 The above statistics refer to both electronic DPA and telephone data requests. The police can request details over the work phone when they are carrying out on-street compliance or policing activity.

8 Conclusion

- 8.1 TfL data released to the police and other SLEAs for the investigation, prevention and detection of crime on the TfL network and across London continues to prove to be a vital crime prevention tool. TfL continues to make a significant contribution to safety and security in London with TfL's data and support leading to the identification, apprehension and prosecution of offenders.

List of appendices to this report:

None

List of Background Papers:

None

Contact Officer: Siwan Lloyd Hayward OBE, Director of Compliance, Policing and On-Street Services, Surface Transport
Number: 020 3054 2261
Email: siwan.hayward@tfl.gov.uk

Audit and Assurance Committee



Date: 16 March 2020

Item: **Independent Investment Programme Advisory Group
Quarterly Report**

This paper will be considered in public

1 Summary

- 1.1. This paper presents the Independent Investment Programme Advisory Group (IIPAG) Quarterly Report for February 2020. It describes the work undertaken since the last report presented to this Committee on 3 December 2019.
- 1.2. A paper is included on Part 2 of the agenda which contains exempt supplementary information. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL. 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 Committee is asked to note the Independent Investment Programme Advisory Group's Quarterly Report and Review of the Effectiveness of First and Second Lines of Defence, the Management Response set out below and the exempt supplementary information on Part 2 of the agenda.**

3 IIPAG Quarterly Report

- 3.1 Under its Terms of Reference IIPAG is required to produce quarterly reports of its advice on strategic and systemic issues, logs of progress on actions and recommendations and the effectiveness of the first and second lines of project and programme assurance. IIPAG's Quarterly Report for February 2020 is included as Appendix 1 to this paper.
- 3.2 Figure 1 on the following page sets out the status of the IIPAG recommendations at the end of each of the last three quarters.

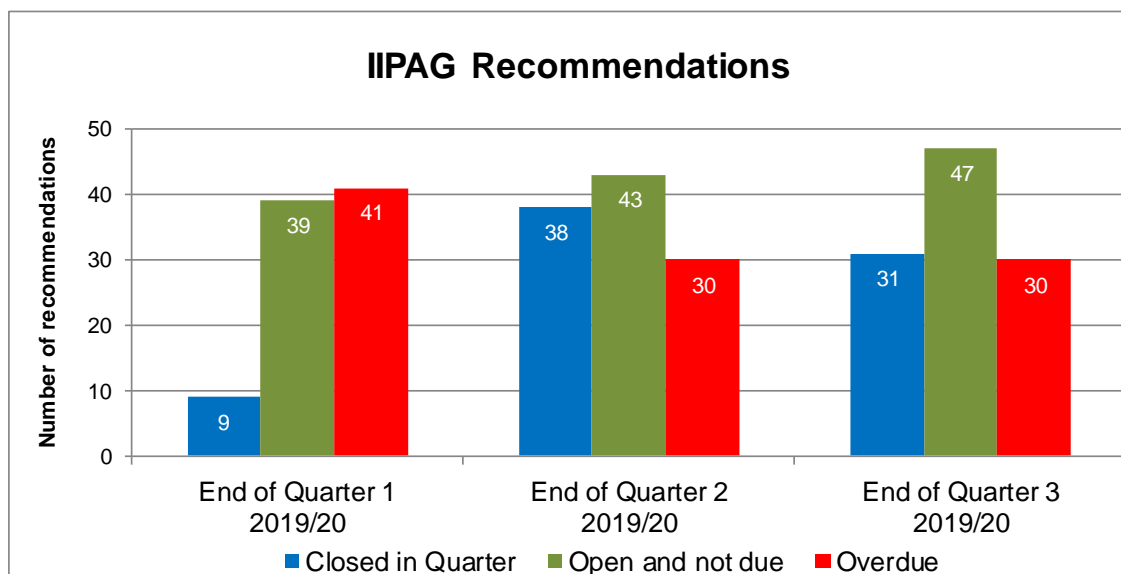


Figure 1: Status of IIPAG Recommendations

- 3.3 A number of overdue recommendations were closed during quarter 3, but with further recommendations becoming overdue in the quarter the number of overdue recommendations at the end of the quarter remained at 30, none of these were critical issues. There were no new unagreed IIPAG recommendations during the quarter.

4 IIPAG Review of the Effectiveness of First and Second Lines of Defence

- 4.1 Under its terms of Reference, IIPAG is required to advise on the performance of the first and second lines of assurance for projects and programmes, and to provide guidance and sharing best practice to ensure the continued improvement of TfL's internal assurance processes. IIPAG's report for 2019 is included as Appendix 2 to this paper.

5 Management Response

- 5.1 The IIPAG review of the effectiveness of first and second lines of defence is welcomed by TfL. It recognises that good work is being undertaken and the observations are constructive and will help the business to continue to improve.
- 5.2 Our management response to IIPAG's key observations is set out below:

First Line of Defence

- 5.3 Capability – where necessary, capability of first line is being improved by training and on job learning as appropriate, e.g. in the Investment Delivery Planning team (IDP) with business case training and London Underground Renewals and Enhancements team's upskilling of project managers.
- 5.4 We note IIPAG's desire for a 'TfL way' to be developed in key processes. The TfL Programme Management Office (PMO) will continue to implement good practice, and ongoing improvement to compliance with TfL's Pathway process will aid this. IIPAG have advised they will continue to monitor this over the next year and

consider if further investigation of this area is required. The business will continue to work with them as appropriate.

- 5.5 Project Governance – A pan-TfL review of project governance is being undertaken across the investment programmes. This will ensure governance is simplified as far as is practicable and better understood throughout the business. The outcome of this review will be shared with IIPAG.
- 5.6 Approval Process – The use of Integrated Assurance and Gate Strategy (IAGS) documents to manage the relevant first and second line assurance will be discussed with IDP, PMO and TfL's Project Assurance team.

Second Line of Defence

- 5.7 Rigour in planning of execution of assurance – IIPAG's comments on the use of IAGS documents are covered above in paragraph 5.6.
- 5.8 In relation to TfL Project Assurance defining minimum documentation requirements for project assurance reviews, as we advised at the last committee meeting this is something that TfL Project Assurance has already taken action on. A number of reviews have already been deferred as a result.
- 5.9 For sub-programme reviews, TfL Project Assurance has implemented a new process using continuous assurance data to inform the reviews, and to assist in planning and input by IIPAG. Further to this, TfL Project Assurance and IIPAG have a session planned for 9 March 2020 to assess the success of this new approach and to consider any further improvements.
- 5.10 Developing capability in the Second Line of Defence – the Head of Project Assurance acknowledges the points IIPAG has made about the mixed capability within her team. Using secondments, she has already brought two sponsors into the team to widen its experience and broaden the capability within the team. This also provides a development opportunity for the individuals to develop and see a wider perspective of TfL and gain insights as a result. There will be some vacancies in the team in the next few months and filling these is an opportunity to continue to further strengthen the team, balanced with not losing valuable experience of existing team members.
- 5.11 The new framework agreement for external experts will go live in the Spring. There will be ten companies on the framework who will support project reviews going forward which doubles what we have now. This will ensure we can draw on more experience and focus on key areas of concern.
- 5.12 Going forward. TfL Project Assurance will also consider whether peer reviews or independent specialist advice is more appropriate especially for complex projects like Four Lines Modernisation.

List of appendices to this report:

Appendix 1: Independent Investment Programme Advisory Group - Quarterly Report
February 2020

Appendix 2: Review of the Effectiveness of First and Second lines of Defence - 2019

List of Background Papers:

None

Contact Officer: Howard Carter, General Counsel
Number: 020 3054 7832
Email: HowardCarter@TfL.gov.uk

Independent Investment Programme Advisory Group – Quarterly Report

1. Introduction

- 1.1. This is a report of the activities of IIPAG since our last report, covering the period from November 2019 to early February 2020. It provides an update on issues arising from project and sub-programme reviews, findings to date from our cross-cutting work, and early thoughts on our work programme for 2020/21.

2. New recommendations and strategic advice

- 2.1. Our new insights at the strategic level this quarter come from our annual review of the effectiveness of the first and second lines of defence. We believe that more disciplined use of the laid down process for planning of project assurance activities will make them both more efficient and more effective at keeping projects on track. We have also highlighted the inconsistent use of often excellent standard tools and methods in areas such as cost estimating, risk and contingency provision and processes for inspection, testing and commissioning,

3. IIPAG reviews of projects and sub-programmes

- 3.1. We have participated with TfL Project Assurance (PA) in the following reviews.

Programmes

- Civils, Bridge & Structures
- Air Quality & Environment
- Technology & Data
- Surface Assets
- LU Fleet Renewals and Enhancements
- Four Lines Modernisation

Projects

- Ultra Low Emission Zone Expansion
- Westway
- Barking Riverside Extension

- 3.2. Our reviews continue to find a lot of good work in TfL, but also some areas for improvement. We have also continued to engage with the business through participation in Investment Group, London Underground Executive (LUX) and Surface Transport Leadership Group.

4. Recurring Themes

- 4.1. In previous reports we have noted six common themes to the recommendations from reviews we had undertaken so far: capability and resources; programme and portfolio management; cost and risk; schedule pressure; governance; and value for

money. We are finding that these continue to be consistent themes, though there has been progress on engineering resource, as discussed below. One recurring issue which affects a number of the themes is the role and effectiveness of the Programme Management Office (PMO), on which we plan to undertake a cross-cutting review in the early part of 2020/21.

5. Management Progress on IIPAG Recommendations

- 5.1. The accompanying paper by PA reports on progress with management's responses to our recommendations.

6. Cross-cutting Work

- 6.1. Our 2019/20 annual work programme identified a number of areas which we would consider on a cross-cutting basis. We continue to make progress on these, as set out below.
- 6.2. Project Reporting. Our last quarterly report described the findings of our review of project reporting. Our proposals were discussed at the November 2019 Investment Group meeting, and as a result a new standard 'single version of the truth' template for reporting, reflecting our recommendations, was presented to and agreed at the January Investment Group. We continue to feel that simple, concise, consistent project reporting will help the executive and the Board understand the health of the project portfolio, and that improvement is needed in tracking progress against original budgets and schedules.
- 6.3. Review of the effectiveness of the first and second lines of defence. Our terms of reference require us to undertake this review annually, but this is the first time that the current IIPAG membership has done so.
- 6.4. We found that the first line of defence, provided by a generally motivated and capable workforce, is working well in many cases. Project governance is often effective, with projects guided through appropriate approval and assurance steps. However, we considered that tightening the planning of assurance and more consistent use of standard tools and methods, would improve the scrutiny and control of project deliverables.
- 6.5. We found that the PA team, which provides the second line of defence, has good knowledge of the project portfolio and manages an appropriately risk-based programme of assurance interventions. There are opportunities to strengthen the team and its advisors by deploying stronger and more experienced resources and we made some suggestions for how that can be done.
- 6.6. We anticipate reassessing the effectiveness of the first and second lines of defence in a year's time. By then, we look forward to seeing a simpler, more comprehensive approach to planning of assurance, more evidence of compliance with standard tools and methods in the first line of defence, and progress towards weightier and more impactful input from the second line of defence.
- 6.7. Engineering Resource. Following concerns we raised in early 2019, the organisation reviewed the demand for and supply of engineering resources in early

summer 2019, and took action to address the shortfall, including through a significant recruitment exercise. We have had a number of discussions with TfL leadership during this process. Post transformation, the new approach to managing engineering resource is now more bedded in. We believe that there will need to be ongoing monitoring of the situation to ensure that the number and mix of resources continues to meet TfL's needs.

- 6.8. Project Initiation. From reviews we had undertaken we had raised questions about the process, governance and affordability of projects at the early initiation stage. TfL itself was also aware of these issues and was developing new approaches. Our work in this area therefore focussed on reviewing the steps being taken by TfL. The PMO has introduced a formal Stage Gate 0 to its Pathway process, and TfL Finance is strengthening the governance for Project Initiation. These steps are very welcome and should address the issues we had raised, but it will be necessary to review how they work in practice. We intend to review the success of these initiatives in 2020/21.
- 6.9. On-going reviews. Our annual Benchmarking review is nearly complete. Work is underway for the reviews on value for money and TfL standards. We had decided to delay our review of assurance of Commercial Development until transformation changes in that area had settled down; a review is now being scoped and will be undertaken in the coming months.

7. Work Plan for 2020/21

- 7.1. IIPAG's budget for 2020/21 is the same as in 2019/20, at £395K. We have found this budget to be adequate for the current year, and expect a small underspend. This is due to the fact that as a new team we did less cross-cutting work at the beginning of 2019/20.
- 7.2. Our work in 2020/21 will be to provide third line assurance and strategic advice in the following areas:
- Sub-programme reviews
 - Project Assurance Reviews for individual projects over £50m, either at key gate stages or as an annual check
 - On-going scrutiny of the most significant major projects such as Four Lines Modernisation
 - Cross-cutting reviews of strategic and systemic issues.
- 7.3. As last year, we will take a risk-based approach to targeting our effort on sub-programme and project reviews. We are currently reviewing the risk assessment of the sub-programmes and projects with Project Assurance.
- 7.4. We are also reviewing the areas for cross-cutting work in 2020/2021. We expect that in many cases these will be a continuation, review or expansion of cross-cutting work we have undertaken this year. We will be having discussions with TfL leadership and Internal Audit to help shape this programme. We welcome suggestions from the Programmes and Investment Committee and Audit Committee.
- 7.5. Our 2020/21 work programme will be presented with our next quarterly report.

List of appendices to this report:

None

List of Background Papers:

None

Contact Officer: Alison Munro, Chair of IIPAG
AlisonMunro1@tfl.gov.uk

Review of the Effectiveness of First and Second line of Defence - 2019

1. EXECUTIVE SUMMARY

- 1.1. The scale and diversity of projects in Transport for London present a serious delivery challenge. The well-established first and second lines of defence model of assurance is helping the organisation to meet that challenge and our review has found many positives. But there is no room for complacency. Preventable project setbacks do still occur. Projects sometimes proceed on weak business cases, project controls are not always sufficiently strong, and cost and schedule overruns do sometimes result.
- 1.2. We have found that the first line of defence, provided by a generally motivated and capable workforce, is working well in many cases. Project governance is often effective, with projects guided through appropriate approval and assurance steps. However, the financial, commercial and delivery approval and assurance structures are complicated, and the mandated approach to planning assurance is more honoured in the breach than in the observance. We think that tightening the planning of assurance and more consistent use of standard tools and methods, will improve the scrutiny and control of project deliverables which can make a meaningful difference to the likelihood of project success.
- 1.3. The Project Assurance team, which provides the second line of defence, has good knowledge of the project portfolio and manages an appropriately risk-based programme of assurance interventions. We think that there are opportunities to strengthen the team and its advisors by deploying stronger and more experienced resources and we have made some suggestions for how that can be done.
- 1.4. We anticipate reassessing the effectiveness of the first and second lines of defence in a year's time. By then, we look forward to seeing a simpler, more comprehensive approach to planning of assurance, more evidence of compliance with standard tools and methods in the first line of defence, and progress towards more impactful input from the second line of defence.

2. INTRODUCTION

- 2.1. As in many large organisations, Transport for London deploys a 'Three Lines of Defence' Assurance Model. The **first line of defence** is undertaken by those who own and manage the risk. For investment projects this means the sponsors, project managers and functional specialists who run the projects, and the senior managers to whom they report. The first line is supported by the Programme Management Office (PMO).
- 2.2. Sometimes the PMO itself is referred to as being the *first line of defence*. We think this terminology is unhelpful because it risks letting the project deliverers off the hook for self- assurance. The PMO provides process and resource, and PMO staff chair the gate reviews, but the PMO is not accountable for project performance. In

our view, the PMO is a good source of insight and early warning, but it is not the first line of defence.¹

- 2.3. The purpose of the **second line of defence** is to provide objective assurance from outside of the line. For investment projects the main provider of the second line is the Project Assurance (PA) team, although other functions, such as HSE, Engineering, Finance and Commercial also contribute. The **third line of defence** for investment projects is mainly provided by the Independent Investment Programme Advisory Group (IIPAG).
- 2.4. Our Terms of Reference require that we *‘advise the Mayor of London, the TfL Board, TfL Board Committees – primarily the Audit and Assurance Committee and the Programmes and Investment Committee – and the TfL Executive **with regard to the performance of the first and second lines of assurance for projects and programmes, providing guidance and sharing best practice to ensure the continued improvement of TfL’s internal assurance processes.**’* This report fulfils this requirement for 2019.

3. CHARACTERISTICS OF EXCELLENT FIRST AND SECOND LINES OF DEFENCE

- 3.1. In combination, first and second line assurance can, at its best, increase compliance, surface difficult issues and drive up delivery confidence. Conversely, at its worst, it can nit-pick, cry-wolf or sugar-coat while adding bureaucracy and delay. Here we set out our view on what makes for good assurance.

First Line of Defence

- 3.2. In terms of impact on successful delivery, the first line of defence is the most important. If the first line is working well, then inadequacies in the second line may not matter. However, no amount of second line assurance will compensate for poor ownership and control by the deliverers, sponsors and their managers. In our view the first line of defence is working well when
- projects are led by experienced and capable leaders who make good use of subject matter experts and advisors,
 - high quality tools and methods are deployed with care (we have in mind, for example, approaches to cost and schedule estimation, risk and contingency),
 - project governance is effective and approval processes are rigorous, understood and well planned and, crucially, when
 - the culture in the organisation values and respects scrutiny and challenge.

¹ There is a range of views across TfL about the role and effectiveness of the PMO. IIPAG plans to undertake a review in this area in the course of 2020.

Second Line of Defence

- 3.3. The second line should provide an objective assessment of project status to inform decision-makers at key points in the capital life-cycle, and make recommendations for improvement. In our view the second line of defence is working well when it
- has the right quantity and quality of assurance expertise,
 - understands the projects in the portfolio and takes a risk-based approach,
 - makes good judgements about which issues and risks to escalate,
 - has the courage to speak truth to power and, crucially, when it
 - is supported by senior management, even when its findings are inconvenient or uncomfortable.

4. OUR FINDINGS

First Line of Defence

- 4.1. TfL delivers a large number of projects, many of them very effectively. As a rule, staff seem to us to understand their responsibilities and to behave professionally. At the same time, control of some projects is less than perfect. From time to time, projects are approved against weak business cases. We see instances of unexpected cost and schedule overruns, and contracts that have been let against unstable scopes of work.
- 4.2. In general, we find that larger, stable, long-term projects are better controlled than smaller projects, and that those perceived to have a high political imperative often present a particular challenge. Below we comment specifically on institutional capability, governance and approval processes.
- 4.3. **Capability.** We are regularly struck by the number of outstanding people we meet leading and contributing to the organisation's first line of defence. Of course the capability is not universally strong, but we do think that overall the staff are up to the challenge. However, excellent people are not always delivering excellent results. We come across many sound project processes, methodologies and tools but they are not universally and consistently deployed. We are thinking about, for example, cost estimating, risk and contingency provision and processes for inspection, testing and commissioning. Non-compliance is sometimes driven by short-term expediency, but also by ignorance about where good practice exists and lack of clarity about what is mandated and what is optional. The integration of historically separate organisations and the extent of recent change add to the challenge. These factors contribute to a compliance culture which is not as strong as it could be.
- 4.4. We think the organisation should continue to drive towards consistently high-quality processes, methodologies and tools that become simply 'the TfL way'.

- 4.5. **Project Governance.** TfL understands and respects the need for project governance, and almost all projects are subject to some periodic review at a project or programme board. From time to time, however, we have reported on examples of less effective governance. In some cases, project, programme and sub-programme governance has been over-complex leading to duplication and confusion. In others, the way projects are grouped into sub-programmes has been fluid which has led to some muddle. Even in the largest projects we sometimes see decisions taken on the hoof in organisational silos rather than through proper governance forums. These instances can undermine the effectiveness of the first line's assurance.
- 4.6. Our advice is generally to try to make governance structures as simple and stable as possible, and then to work through them except in exceptional circumstances.
- 4.7. **Approval Processes.** TfL has no shortage of first line of defence process in this area. A typical project will find itself navigating approval processes for:
- i) **Business case, financial authority, project/programme authority and subsequent financial drawdowns.** These processes are driven by the Sponsorship organisation and are aimed at ensuring a good justification, value for money and affordability. Approvals are defined in delegated authorities.
 - ii) **Commercial sign-off.** Approvals are required before going to the market, before signing contracts and before amendments and extensions. A sound first line of defence is necessary both to assure good value for money and to mitigate the risk of legal challenge. Approvals are defined in a 'Commercial Toolkit' and given in the Commercial Approval Meeting (CAM).
 - iii) **Pathway gates.** These are required at both project and programme levels. They involve a formal meeting, chaired by a representative of the PMO or the project sponsor where stakeholders scrutinise, against checklists, that project deliverables have been appropriately assured and approved, and that the project is ready to proceed to the next phase. This assurance covers the full capital life cycle all the way from the initial definition of requirements through cost estimates and detailed designs to final snagging and defect registers. Unlike financial and commercial approvals, Pathway gates often need to be tailored to each particular project.
 - iv) **Technical Approvals.** Design, inspection and testing approvals are managed outside of the Pathway process.
- 4.8. Our impression is that compliance with approval processes is often good. We seldom hear of unauthorised project expenditure, or of contractors working without commercial cover. In the case of Pathway gates, we note that in recent months only around half of gates have been passed, which seems good evidence that the process has some teeth. In parts of the organisation with a legacy of strong technical assurance, such as railway programmes in LU, there seem to be robust technical approval processes in place. We have, for example, seen a very thorough gate structure for a major LU programme with 25 "ITCHBU" (Inspection, Testing, Commissioning, Handover and Bringing into Use) gates. In other parts of the organisation, the rigour is not so evident. However, projects which fail

technically due to poor design or testing are not common, which implies that technical decisions are being reviewed and assured.

- 4.9. However, the interaction between financial, commercial and project approvals is inherently quite complicated. At different points Sponsors, Finance or the PMO may be in the lead. The fact that approvals may be required at project, programme and sub-programme level adds to the complexity. We think that, at times, the approval status of projects is unclear, and that approvals in one sphere do not always recognise the status in another. We have seen, for example, financial drawdowns approved without reference to whether a relevant Pathway gate has been passed.
- 4.10. A vehicle for navigating some of this complexity was introduced in 2013. Now, all but the smallest projects are mandated to have an *Integrated Assurance and Gate Strategy Plan*. This document should define which Pathway gates are relevant and record the first line assurance measures that are required. Tools such as the Pathway Product Management Plan and Pathway Products Matrix are intended to help to tailor the *Integrated Assurance and Gate Strategy Plan*. The Plan should be approved by PA and endorsed by the relevant programme board.
- 4.11. We think that the approach of using an *Integrated Assurance and Gate Strategy Plan* to define the first (and second) line of assurance is completely sound, but have two observations.
- 4.12. The first is that compliance is patchy to say the least. Given that these plans should define the assurance regime for a project, it is telling that many in PA and all in IIPAG were unaware of their existence. In some cases we have found the plans to be completely absent, in others they are superficial or out of date. Some projects use adapted versions of other legacy documents instead.
- 4.13. We stress that this situation doesn't mean that first line of defence assurance is never taken seriously. However, knowledge of, and compliance with the formal process is very low. In our view, what is required is clarity and then compliance.
- 4.14. Our second observation is that the *Integrated Assurance and Gate Strategy Plan* only covers Pathway gates. It therefore misses the opportunity to provide a comprehensive and coherent picture of the whole approval and assurance landscape, including financial, commercial and technical approvals. If these were included, the plan would provide a single route through the approval and assurance labyrinth that could be used by everyone. Without a comprehensive Integrated Assurance and Gate Strategy Plan, or something similar, we think some level of confusion is inevitable, and we do not see how the organisation can ever be systematically sure that first line assurance is being effectively implemented.

Second line of Defence

- 4.15. The current Project Assurance (PA) organisation has existed for nearly a decade and is now led by an experienced TfL Project Manager who has been in position for around ten months. She is supported by a permanent team of twelve including eight Assurance Review Managers who manage the assurance programme and relationships with the projects and programmes. Assurance is provided through

ongoing engagement (called Continuous Assurance) and Project Assurance Reviews (PARs).

- 4.16. **Project knowledge and assurance planning.** In our view Continuous Assurance gives PA a good grasp of the important projects. Assurance Review Managers often sit on programme boards and attend Pathway gate meetings. The new Head of PA has introduced an internal monthly assessment of the status of all the major projects. This is an effective way of highlighting the areas of greatest concern and allows the team to take a risk-based approach. Only occasionally do projects slip through the net.
- 4.17. The *Integrated Assurance and Gate Strategy Plan* (referred to above under the first line of defence) should be approved by PA, but never is. Instead, Project Assurance own what is essentially a duplicatory document, known as an *Integrated Assurance Plan* (IAP) which records the plan for assurance for each project. IAPs appear to be current and helpful, but they are focussed on the second and third lines of defence and are very light on the first line of defence. This means that PA miss the opportunity to insist on an appropriate level of first line assurance.
- 4.18. When project schedules are tight or shifting, there can be a tendency for second line assurance to get squeezed. We have, for example, seen projects being reviewed without a current business case, or before submissions for project authority were written. In one case a PAR occurred before the relevant Pathway gate had taken place. When this happens the second line of defence is compromised, and we think it should only occur in exceptional circumstances and with agreement of the Head of PA.
- 4.19. **Assurance expertise.** Second line assurance is only ever as good as the people who provide it. In TfL, PARs are usually led by an Assurance Review Manager and supported by other PA staff and external experts who are drawn from a pool of long-term consultancies with expertise in the transport sector. PARs conclude with an engagement between PA, the external expert and the project team, in which the findings and recommendations of the review are discussed.
- 4.20. The ideal assurance team member is assertive and demanding, but always has a supportive mindset. In our view the capability in the PA team is somewhat mixed. Some add real value by surfacing and evidencing the most important issues while others provide less insight. As a rule, the team is more comfortable with less contentious matters of data and process compliance (such as whether the Estimated Final Cost breaches the Financial Authority) than with challenging judgements about deliverability and risk.
- 4.21. We are not convinced that the external expert pool is always adding value. Sometimes we see bland reports offering little insight and challenge, particularly in the areas of deliverability: cost, schedule and commercial. Our view is that specialised transport input is not always required. Project generalists with commercial and delivery experience can often add more value.
- 4.22. We think that the Head of PA should consider ways to enhance the capability available to her over time. We have the following suggestions.

- 4.23. For internal resourcing, we encourage senior TfL leaders to see a time-limited (say 18 to 24 month) assignment in PA as being an excellent development opportunity for up-and-coming talent in the organisation. Exposure to a diverse range of projects and delivery challenges is a great way to learn. We also consider it to be good practice to utilise project staff from elsewhere in the organisation on specific PARs. We acknowledge that this is difficult in a delivery environment which is already under pressure, but we do see it working very well in other public sector organisations that are equally stretched. For external support, we encourage PA to consider ways to access broader commercial and delivery expertise. We have heard that the limited volume of work may put off more capable firms. In Central Government, PAR work is often undertaken by individuals rather than consultancy firms, and we suspect this would offer better value for money.
- 4.24. **Assurance at Sub-Programme level.** ‘*Sub-Programme*’ is the TfL term for a collection of related projects and programmes.² At present there are twenty-two Sub-Programmes. They are very diverse – some being collections of loosely related projects and others being essentially one large project. Sub-Programmes are assured annually by PA who present a report to the Programmes and Investment Committee (PIC), often to inform a particular sanction decision.
- 4.25. In our view second line assurance of Sub-Programmes is weaker than that of Projects and Programmes. Reviews are undertaken by interviewing key members of staff, typically over a one to two-day period. This approach is not suitable for all Sub-Programmes. PA have recognised this issue and are addressing it by taking a more thoughtful approach to tailoring each Sub-Programme review in light of the particular challenges it faces.
- 4.26. **Escalation of risks and issues.** Our view is that the Assurance Review Managers’ ability and confidence to identify and escalate the most important project issues is somewhat mixed. This is a combination of variable levels of experience, and an understandable concern that their opinion may not carry weight with more senior TfL staff. Sometimes team members helpfully use the Head of PA or IIPAG members as a conduit for the most challenging recommendations. After each review, PA use a concise one-page report to raise issues and make recommendations. So called ‘critical issues’ require formal escalation and must be resolved before a project may proceed. They are therefore viewed seriously by deliverers and sponsors. To be effective, the ‘critical issue’ lever needs to be pulled judiciously. PA have to find the balance between escalating too many issues and failing to call out the most important ones. In our view PA are getting this judgement about right most of the time.
- 4.27. Beyond the one-page reports, the Head of PA reports on her main concerns each month to the ST Leadership Board (STLB), LU Executive: Investment meeting (LUX) and to Investment Group. She is also open with IIPAG about her concerns. In our judgement, despite being in role for less than a year, she is doing an excellent job. She maintains a good network and listens to feedback from the organisation, while defending her ground where appropriate.

² This terminology is unhelpfully counter-intuitive because a ‘Sub-Programme’ often includes one or more ‘Programmes’. Many businesses would use the term ‘Portfolio’ for this level in the hierarchy.

4.28. **Courage and Support.** The real test of assurance in an organisation comes when it is necessary to escalate very bad news. On those occasions it is critically important that senior management supports the second line, even when its findings may be inconvenient or uncomfortable. Thankfully, we have not had to support the head of PA on such an issue this year, but we are confident that she has the courage to raise difficult subjects and makes good judgements about which are the most important issues to escalate. We encourage senior executives to maintain periodic contact with the head of PA to ensure that when the day comes, there is already a relationship of trust in place.

5. IMPROVEMENT OPPORTUNITIES

5.1. Many of the improvement opportunities we have described in this report are systemic and will not be grasped overnight. In accordance with our Terms of Reference, we will, in a year's time, revisit the effectiveness of the first and second line of defence. Below we state the main areas we would like to see improve over that period.

Rigour in planning and execution of Assurance

5.2. We believe that tightening up the planning and execution of the first line of defence can improve the scrutiny and control of project deliverables and make a meaningful difference to the likelihood of project success. In our view, it is reasonable to expect that, over the next year, the organisation should achieve **more consistent application of standard approaches** to, for example, cost estimating, risk and contingency provision and processes for inspection, testing and commissioning. In particular we are looking for a much higher degree of **compliance with its existing mandatory requirement that all large projects should have an *Integrated Assurance and Gate Strategy Plan*** in which the first and second line assurance requirements are defined. To drive improvement, these plans should be current, comprehensive, approved by PA and endorsed by project governance. They should be coherent between project, programme and sub-programme levels.

5.3. Getting to a single integrated plan which includes commercial, financial and technical approvals as well as project gates may not be completely straightforward, but the advantages of a single coherent view are so great that we would like to see this attempted too, at least by way of a trial.

5.4. We also hope to see better planning resulting in fewer instances of the second line of defence being compromised by lack of time. **PA should define the minimum documentation requirements for PARs, and should ensure that reviews only take place when these are met, except in exceptional circumstances agreed with the Head of PA.**

Developing capability in the Second Line of Defence

5.5. We think that there is room for the second line of defence to have a greater impact on successful delivery. **We are looking for the Head of PA to continue to develop her team, and its external advisors, so as to add more weight and**

credibility to identify and escalate the main issues and risks in projects, and experience to propose really impactful recommendations for improvement.

5.6. In the body of the report we have made some suggestions which may help. These include using PA as a development opportunity for rising stars in the organisation, utilising experienced delivery professionals on project reviews, and accessing the market of external project reviewers.

6. SUMMARY OF RECOMMENDATIONS

6.1. Over the next year:

- the organisation should achieve a more consistent application of standard approaches to, for example, cost estimating, risk and contingency provision and processes for inspection, testing and commissioning.
- In particular the organisation should improve compliance with the mandatory requirement that all large projects should have an *Integrated Assurance and Gate Strategy Plan* in which the first and second line assurance requirements are defined.
- Project Assurance should define the minimum documentation requirements for Project Assurance Reviews, and should ensure that reviews only take place when these are met, except in exceptional circumstances agreed with the Head of Project Assurance.
- The Head of Project Assurance should continue to develop her team, and its external advisors, so as to add more weight and credibility.

List of appendices to this report:

None

List of Background Papers:

None

Contact Officer: Alison Munro, Chair of IIPAG
AlisonMunro1@tfl.gov.uk

[page left intentionally blank]

Audit and Assurance Committee



Date: 16 March 2020

Item: Risk and Assurance Quarter 3 Report 2019/20

This paper will be considered in public

1 Summary

- 1.1 The purpose of this report is to inform the Committee of the work completed by the Risk and Assurance Directorate during Quarter 3 of 2019/20, the work in progress and planned to start, and other information about the Directorate's activities.
- 1.2 A paper is included on Part 2 of the agenda, which contains exempt supplemental information and documentation. Subject to the decision of the Committee, this paper is exempt and is therefore not for publication to the public or press by virtue of paragraphs 3, 5 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.

2 Recommendation

- 2.1 **The Committee is asked to note the report and the supplemental information on Part 2 of the agenda.**

3 Background

- 3.1 This is the quarterly report to the Audit and Assurance Committee highlighting the activities of the five teams making up the Risk and Assurance Directorate, namely: Enterprise Risk; Internal Audit; Integrated Assurance; Project Assurance; and Fraud.

4 Enterprise Risk Management

- 4.1 Work is ongoing to review all Level 0 and Level 1 risks quarterly. A list of the Level 0 and Level 1 risks is included in Appendix 1.
- 4.2 The following Level 0 risks have been updated following this quarter's review:
 - (a) Talent attraction and retention (SR2) – update to causes, pre- and post-risk event controls and actions;

- (b) Governance and controls suitability (SR3) – discussion in progress to reflect matters relating to the Digital Accessibility Regulations;
 - (c) TfL’s environmental impact (SR14) – updates to pre- and post-risk event controls and actions. Current probability reduced from High to Medium and target from Medium to Low, following the impact of ULEZ resulting in air quality benefits;
 - (d) Resilience to climate change and extreme weather (SR15) – updates to causes, consequences, pre- and post-risk event controls and actions. Current financial impact increased from Medium to High; and
 - (e) TfL protective security (SR17) – quantified financial impact included for identified consequences.
- 4.3 We facilitated a half-day workshop with representatives for most of the strategic risks to model the financial impact of TfL’s top strategic risks. Attendees found it useful to understand the full risk landscape, the interconnectedness of risks and to avoid double counting of cost impacts. The group felt further quarterly meetings would be useful to encourage further collaboration on this topic. The next steps are for the attendees to gather more information on quantified impacts through dialogue and looking at historic data to complete the model.
- 4.4 Meetings have taken place between Crossrail Limited (CRL), TfL and Network Rail with the objective of sharing strategic risks (this may broaden out to include L1 and L2 risks at the request of CRL); a joint paper will be produced and a multi-party risk workshop is proposed for April 2020.
- 4.5 By the end of 2019 each of the Level 0 risks had been presented to the relevant Committee or Panel for discussion. A lessons learned exercise has been conducted to improve the process for the next cycle, and the results of this review are included in a separate paper on this agenda.

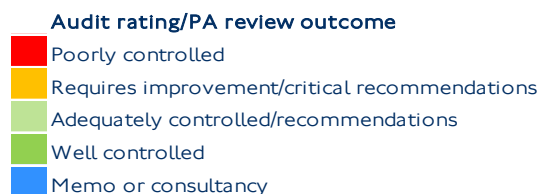
5 Audit and Assurance

- 5.1 In TfL, assurance is delivered in accordance with the ‘three lines of defence’ model:
- (a) First line of defence – control and monitoring arrangements carried out by the functions responsible for managing the risks/ controls;
 - (b) Second line of defence – typically audit and inspection regimes carried out by teams separate from those responsible for managing the risks/ controls, but reporting through the TfL management hierarchy; and
 - (c) Third line of defence – fully independent audit and review activities, typically with a strategic focus, and reporting to Executive Committee, Audit and Assurance Committee and other Board Committees and Panels.

5.2 Within the Risk and Assurance Directorate, the Internal Audit function provides third line assurance, whilst the Integrated Assurance and Project Assurance teams provide second line assurance. Further information of the work of these teams during Q3 is set out below.

5.3 The table below maps the outcomes of audit and project assurance reviews carried out by the teams in Risk and Assurance up to Q3 against the TfL Strategic Risks. If a risk is not listed, this means that no work has been completed against it in the year to date.

	←2nd line assurance		Total	←3rd line assurance		Total
SRI Achieving safety outcomes	8	4	13	4	1	5
SR2 Talent attraction and retention				1		1
SR3 Governance and control suitability				1	2	4
SR4 Major cyber security incident				1	1	2
SR6 Loss of external stakeholder trust				1		1
SR7 Financial sustainability	5		6	1	3	10
SR8 Inability to deliver predicted revenue growth				1	3	4
SR12 Delivery of key investment programmes	9	22	41	1	3	4
SR13 Operational reliability	4	3	9	1	1	18
LTM				1		1

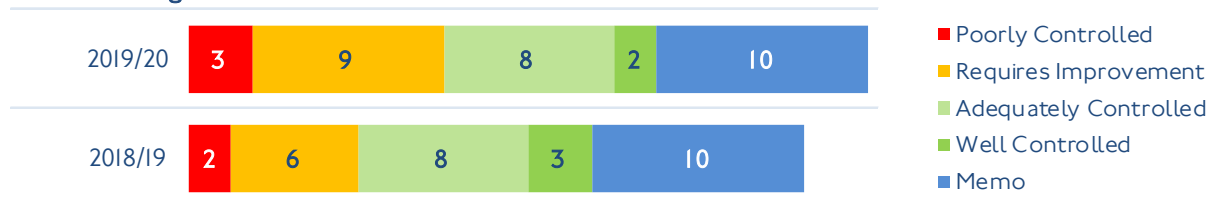


Internal Audit

5.4 The Internal Audit plan forms part of the integrated assurance plan that the Audit and Assurance Committee approved on 14 March 2019. Schedule 1: Internal Audit Q3 summary includes highlights from work completed during the quarter, an overview of the delivery of the audit plan, a summary of the reports issued and conclusions and information on overdue audit actions.

5.5 The chart below summarises the reports issued up to the end of Q3 2019/20, together with comparative figures for 2018/19:

Audit ratings to Q3



5.6 By the end of Q3, we had delivered 32 audits (Q3 2018/19: 29 audits) in the year to date. Whilst this represents a small increase compared to the same period in 2018/19, with less than 50 per cent of the plan delivered, we are

behind target for the year. There were 17 audits in progress at the quarter end, so we do expect the rate of delivery to increase during Q4.

- 5.7 A full list of audit reports issued during the quarter can be found as Appendix 2. Audits in progress at the end of Q3 can be found in Appendix 3, work planned to start in Q4 can be found in Appendix 4, and details of changes to the audit plan can be found in Appendix 5.

Mayoral Directives

- 5.8 Mayoral Directions fall into three broad categories: those addressing technical issues relating to statutory powers; those related to commercial development activities; and those related to projects and programmes.
- 5.9 Since the end of Q2, there have been two directions to TfL; none of which affected Internal Audit activity during Q3 2019/20:
- (a) Directing TfL in relation to implementing a freeze on all TfL fares that were under the Mayor's control with effect from 2 January 2020. (MD2537 on 4 November 2019); and
 - (b) Directing TfL to incur expenditure (securing third party funding where possible) for the purpose of a series of activities to disseminate a message promoting the goals of Pride, and other related activities on the TfL estate to promote the goals of Pride. (MD2554 on 17 December 2019)

Management Actions

- 5.10 Internal Audit monitors the completion of all management actions and confirms whether management has adequately addressed them. We report by Directorate, on the percentage of actions closed on time over the past six periods. Schedule 1, provides additional information relating to action management trends over the last six periods.
- 5.11 Schedule 1 shows overdue actions at the end of period 10. There were 10 actions more than 60 days overdue at that date, compared to no actions overdue by more than 60 days at the end of the previous quarter. It is likely that this was, to some extent, impacted by the Christmas break, given that period 10 ended on 4 January 2020. By the time of writing this report, all of the 10 significantly overdue actions had been addressed.
- 5.12 Despite the 'blip' this quarter, the general trend for closing management actions is actually improving with 39 per cent of actions over the past six months closed on time, compared to only 22 per cent at the same stage last year. We recognise that there is still considerable scope for improvement, and this continues to be a key area of focus for the Internal Audit management team.

Changes to audit plan

- 5.13 The ability to adapt the plan in order to respond to changing risk and business priorities is a key part of delivering a valuable Internal Audit service to TfL. The Committee will note a number of changes to the plan this quarter.

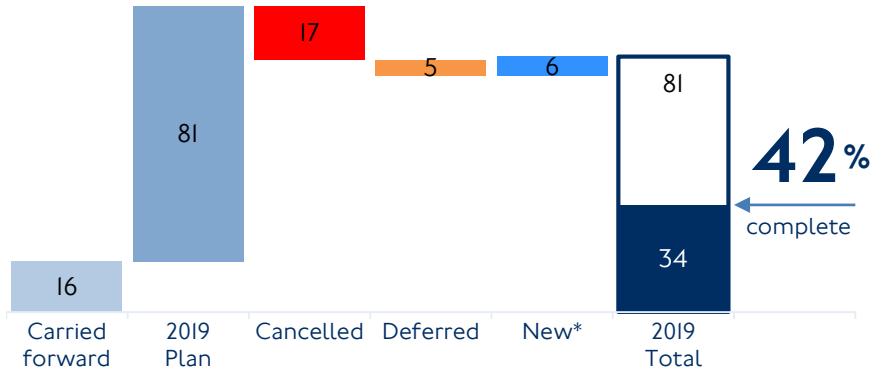
5.14 Following our reprioritisation of the plan, we have added three new audits, deferred six audits to the 2020/21 plan to better align with business requirements. In addition, we cancelled three audits primarily to avoid duplication of other reviews being carried out at the second and third lines of defence review activity. The full list of changes can be found in Appendix 5.

Crossrail Audit Service Delivery

5.15 After some delays getting started, our internal audit work in Crossrail is now underway using a mix of in-house resource and our co-source audit partner Price Waterhouse Coopers (PWC). Although no audit reports on Crossrail were issued during Q3, at time of writing, three reports have now been issued, and several more are on track to be completed before the end of the financial year.

Schedule I: Internal Audit Q3 summary

Audit plan 2019/20 (to Period 10 end)



Reports

7 Issued Q3

34 Issued (to Period 10 end)

Audit ratings by Directorate – rolling 13 period view

	PC	RI	AC	WC	M/C*
Crossrail		1			
CCT	1	5	2	1	3
Finance	3	2	7	1	4
Gen. Counsel					2
HR			2		1
LU		2			1
Major Projects					
Surface	1	2	2		2
TfL Engineering					
TfL Strategy					
Pan TfL		3			
TOTAL	10.4%	31.3%	27.1%	4.2%	27.1%

PC: poorly controlled RI: requires improvement AC: adequately controlled
WC: well controlled M/C: memo/consultancy

Significant Reports issued in Q3 2019/20

None of the reports issued during Q3 were concluded as Poorly Controlled

Third Party Supplier Review: Journeycall (Requires Improvement): The audit raised three priority I issues regarding effectiveness of quality control of correspondence and call handling, fraud prevention/ detection activities and business continuity arrangements.

Nominee Passes (Requires Improvement): The audit raised 1 priority I issue in relation to inconsistent and unclear arrangements for dealing with misuse of nominee passes.

Notable audits planned during Q4 2019/20

A number of audit reports in relation to Crossrail have been issued in Q4 including

- The Strategic Approach to Workforce Planning– issued 20/12/19
- Management and Control over Project Cost Forecasting – issued 05/02/20
- Management of Tier I Suppliers – issued 07/02/20

Action management (to Period 10 end)

Overall TfL performance

Measure	#	%	6-period trend	50 overdue
Closed on time*	44	39%		
Extended*	49	43%		210 open

By Directorate

Directorate	Overdue	Closed on time*
Crossrail		
CCT	6 (0-30 days)	61%
Finance	7 (31-59 days)	29%
Gen. Counsel		
HR	4 (60-99 days)	20%
LU	6 (0-30 days), 1 (31-59 days), 4 (60-99 days)	25%
Major Projects	3 (100+ days)	38%
Surface	4 (0-30 days), 1 (31-59 days), 3 (60-99 days)	18%
TfL Engineering		100%
TfL Strategy		
Pan TfL		

*based on actions due in the last six periods

Integrated Assurance

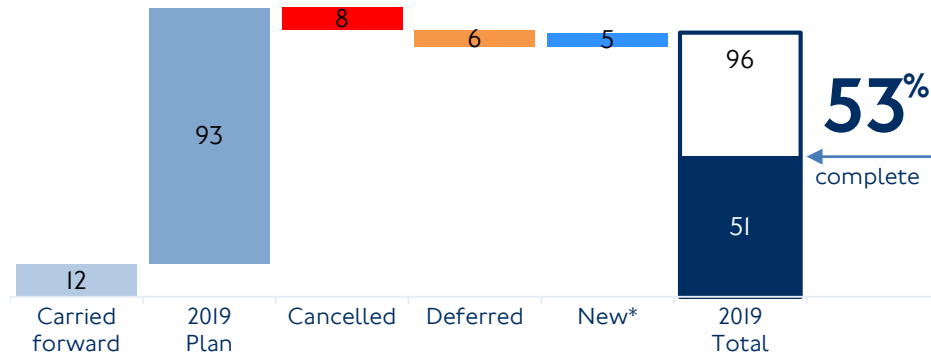
- 5.16 The Integrated Assurance team carries out second line of defence audits, primarily in relation to health and safety and engineering compliance, and compliance with Payment Card Industry Data Security Standard (PCI DSS). Audit reports issued by the team follow a similar system of audit conclusions and priority ratings for issues as the Internal Audit team.
- 5.17 A summary of work carried out by Integrated Assurance can be found in Schedule 2: Integrated Assurance Q3 summary.

Project Assurance

- 5.18 The Project Assurance team carries out assurance reviews of projects and programmes across TfL's Investment Programme, with individual projects selected for review following a risk-based assessment. Generally, projects with an Estimated Final Cost over £50m are also subject to (third line) input from the Independent Investment Programme Advisory Group (IIPAG). However, IIPAG's agreed work-bank is determined by the project's risk profile, which includes some projects less than £50m, and not all sub-programmes are reviewed. The IIPAG Quarterly Report is included separately on the Committee Agenda. Reports from Project Assurance Reviews are considered alongside the Authority request at the sub-programme board or operating business board depending on the size of the project.
- 5.19 Project Assurance also conducts reviews of the sub-programmes to inform their annual request for Authority at the Programmes and Investment Committee.
- 5.20 Project Assurance reviews do not carry an overall conclusion in the same way as audit reports, however, issues raised may be designated as critical issues. The Project Assurance team follows up on all recommendations to ensure they have been addressed.
- 5.21 A summary of the work completed by Project Assurance during Q3 can be found in Schedule 3: Project Assurance Q3 summary.

Schedule 2: Integrated Assurance Q3 Summary

Audit plan 2019/20



Work complete

We completed a total of 17 safety and quality audits during Q3. Despite the current 53% complete measure we are on target to complete the annual plan, delivering a greater number of smaller audits in quarter four.

Five audits were concluded as 'adequately controlled', three as 'requires improvement' and none were concluded as 'poorly controlled'. Nine reports were not given a conclusion as these were audits of external suppliers or 'integrated systems audits' that assess compliance

against a wide range of subjects.

A programme of Integrated Systems Audits has been implemented in LU Network Operations. These audits review compliance with key management system requirements, covering health and safety, finance, competence and the LU rule books. Initial feedback following four audits has been positive and a similar audit tool is being developed for the maintenance teams. Due to the wide range of subjects covered at a relatively small location, these audits have not been assigned a strategic risk or conclusion.

Reports last 13 periods

Audit ratings by Directorate – last 13 periods

Directorate	PC	RI	AC	WC	N/R*
Crossrail					
CCT					4
Finance		1	1		
Gen. Counsel					
HR					
LU	2	7	13	1	2
Major Projects					
Surface	2	5	2		4
TfL Engineering					1
TfL Strategy					
Pan TfL			1	1	
TOTAL	8.5%	27.7%	36.2%	4.3%	23.4%

KEY
 PC: poorly controlled
 RI: requires improvement
 AC: adequately controlled
 WC: well controlled
 M/C: memo/consultancy

Audit Ratings by Strategic Risk Last 13 Periods



Action management (to Period II)

Overall TfL performance

Measure	#	%	6-period trend
Closed on time*	66	45%	
Extended*	29	20%	

39 actions overdue
13 due this period

by Directorate

Directorate	Overdue	Closed on time*
Crossrail		
CCT		
Finance	1 (0-30 days)	63%
Gen. Counsel		
HR		
LU	6 (0-30 days), 3 (31-59 days)	53%
Major Projects		
Surface	6 (0-30 days), 9 (31-59 days), 6 (60-99 days)	27%
TfL Engineering	1 (0-30 days), 7 (31-59 days)	50%
TfL Strategy		
Pan TfL		

*based on actions due in the last six periods

Reviews undertaken in quarter 3 highlighted the continued cost pressure on a number of projects, and business cases not consistently providing conclusions.

Sub-Programme Reviews

	Recommendations (Critical Issues)	Commentary
Growth Fund	0 (0)	Programme well managed and allocations being monitored; use of allocated funds reviewed at respective project level.
LU Lifts & Escalators	7 (0)	Project team demonstrated extensive knowledge and experience and found to be working to a realistic asset management strategy. Lift strategy to be completed and Commercial strategy to be updated to reflect Lift and Escalator asset strategies. Benchmarking to be used to compare and challenge cost and performance.
LU Stations	6 (0)	Improved working relationship between asset strategy and asset operations. Asset condition and renewals workbank needs further development. Good approach between sponsor and commercial development established but this needs to be formalised. Project Management skills gap identified with development programme in place. Concerns around increasing costs for station enhancements projects and challenging delivery targets for Accessibility. The renewals procurements strategies need to be completed and approved.

Page 47

Overdue Recommendations

As at the end of Q3 there were 71 open recommendations for 12 sub-programme reviews, of these 25 were overdue against their original completion date, nine have subsequently been addressed and closed.

Project Reviews

Project Assurance completed 23 project reviews in Q3. IIPAG participated in nine of these. From the reviews undertaken a total of 95 recommendations were made, of which 13 were critical issues across eight of the projects.

The critical issues raised relate to cost estimating uncertainty, ensuring value for money and affordability, completion of contract documentation, and business cases not being fully developed.

Customer Feedback

- 5.22 The customer feedback data shows an increase in the average scores since the last quarter, with the return rate of 67 per cent in Q3, (Q2: 68 per cent). A summary of the responses to the questionnaire, together with the comparative figures for the previous quarter is included as Appendix 6.

6 Counter-Fraud and Corruption

- 6.1 The Fraud team carries out investigations in all cases of suspected and alleged fraud. They also carry out a proactive programme of fraud awareness, prevention and detection activities designed to minimise TfL's exposure to fraud risk. A summary of the Fraud Team's activities during Q3, including information on significant closed fraud investigations is set out in Schedule 4: Counter-Fraud and Corruption Q3 Summary.
- 6.2 Details of significant new and ongoing fraud investigations during Q3 can be found in the paper on Part 2 of the agenda.

Schedule 4: Counter-Fraud and Corruption Q3 Summary

Fraud investigation

During Q3, nine new cases were opened (2018/19 Q3: 15 new cases). Of the nine newly opened cases, two were as a result of whistleblowing. Six financial investigations were conducted involving 11 subjects and 16 bank accounts. Four Suspicious Activity Report (SAR) checks were undertaken, involving 12 subjects and 14 different bank accounts

Fraud prevention

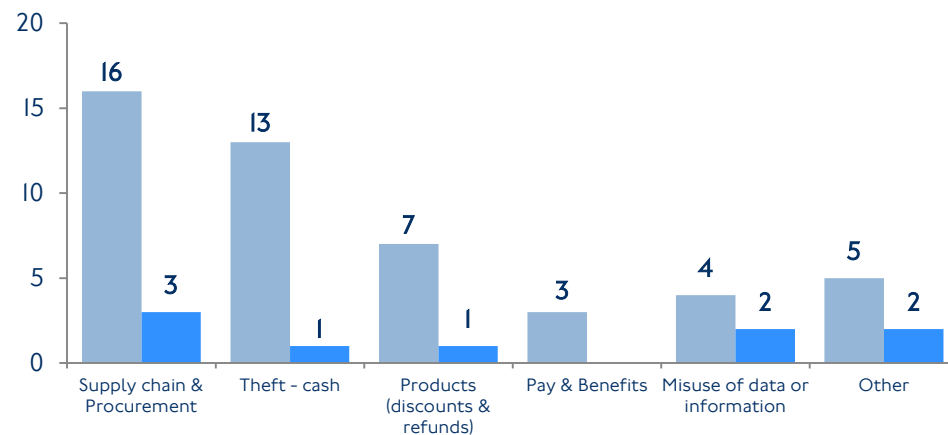
- Two meetings of the Counter-fraud and Corruption Steering Group, chaired by General Counsel, were held in Q3. A range of topics were discussed, including ongoing improvements to controls over procurement and supply chain. The Counter-fraud & Corruption action plan, aimed at reducing fraud risk within the organisation, was also presented to the group. The Plan includes a range of counter-fraud & corruption activities, including communications to the wider organisation. Delivery against the Action plan will be reported to each meeting of the Counter-fraud & Corruption Steering Group and at least annually to the Executive Committee and the Audit and Assurance Committee.
- Members of the Counter-fraud & Corruption team held the first of three planned fraud awareness weeks at Endeavour Square. The four-day event attracted a great deal of interest and stakeholder engagement. Since the end of the quarter two further fraud awareness weeks have been held at Pier Walk and Palestra.
- To raise awareness of fraud and corruption risks to TfL, the Counter-fraud & Corruption team published an article on 'Source', and in the 'Up Front' and 'On the Move' eZines. The 12 frauds of Christmas, written by the Team, was also published to highlight seasonal fraud risks at work and at home
- The Team, working in collaboration with the LU Revenue Teams, took part in a counterfeit ticketing operation at several high-risk LU underground stations. The operation was designed to identify the scale of current counterfeit tickets in circulation. Despite a 100% check of all paper tickets no counterfeit tickets were seen or seized. Several customers were prosecuted for fare evasion offences.

Cases by directorate

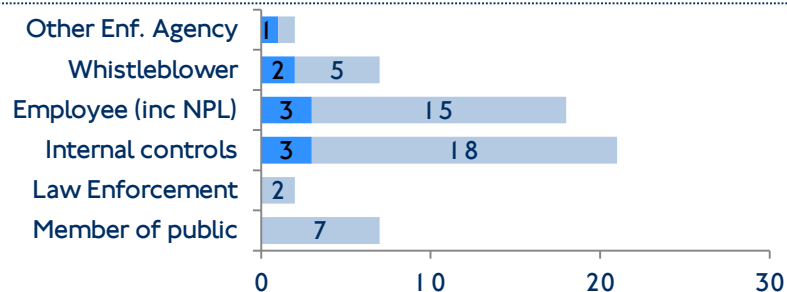
Page 49

Investigations	B/F	New	Closed	C/F
LU	29	5	0	34
Surface Transport	6	1	1	6
CCT	8	1	1	8
Crossrail	1	1	0	2
Major Projects	1	0	0	1
Commercial Dev.	1	1	1	1
Human Resources	1	0	0	1
Finance	1	0	0	1
Total	48	9	3	54

Cases by type New and Brought Forward



Cases by source New and Brought Forward



Significant closed cases

IA19-903 Allegation of breaches of procurement policy

A manager reported a conflict of interest involving one of her team, who has been engaging his own preferred suppliers to provide services without competition. The investigation confirmed that the employee introduced a number of suppliers with whom he worked in his previous employment. The employee was disciplined and issued with a written warning for gross misconduct for failing to follow the correct procedures. The Fraud Team undertook limited financial checks, which did not identify any recent evidence that he benefited from the appointments. The case is closed.

7 Resources

- 7.1 At the beginning of Q3 the Directorate was carrying five vacancies: two in each of Integrated Assurance and Enterprise Risk and one in Internal Audit.
- 7.2 During Q3 our relatively high levels of staff turnover continued with seven new joiners across the different teams, but also five leavers. One significant appointment during the quarter was to the Senior Internal Audit Manager – Technology, Information and Security (TIS) position. The new joiner took up his post in late November 2019.
- 7.3 At the end of the quarter we had five vacancies, two in each of Integrated Assurance and Internal Audit and one in Enterprise Risk.

8 Control Environment Trend Indicators

- 8.1 The Business Services Finance team has been working in conjunction with the Finance and Commercial teams to develop a revised set of Commercial and Financial indicators. It is intended that they will be reported from the beginning of 2020/21. The remaining Q3 indicators are attached as Appendix 7.

List of appendices to this report:

- Appendix 1 – Level 0 and Level 1 Risks
- Appendix 2 – Internal Audit reports issued in Q3 2019/20
- Appendix 3 – Work in Progress at the end of Q3 2019/20
- Appendix 4 – Work Planned for Q4 2019/20
- Appendix 5 – Changes to the audit plan at the end of Q3 2019/ 20
- Appendix 6 – Customer Feedback Form – Summary of Responses Q3
- Appendix 7 – Control Environment Trend Indicators

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

List of Background Papers:

Audit reports, Project Assurance reports.

Contact Officer: Clive Walker, Director of Risk and Assurance
Number: 020 3054 1879
Email: clivewalker@tfl.gov.uk

Level 0 TfL Strategic Risks				
#	Risk	Owner	Manager	Mayor’s Transport Strategy / Corporate Strategy
SR1	Achieving safety outcomes	Managing Director – Surface Transport	Chief Safety, Health & Environment Officer	MTS: Healthy streets and healthy people
SR2	Talent attraction and retention	Chief People Officer	Head of Strategic Planning and Governance	CS: People
SR3	Governance and controls suitability	General Counsel	Director of Legal	MTS: All MTS outcomes
SR4	Major cyber security incident	MD Customer, Communications & Technology	Director of Strategy and CTO	MTS: A good public transport experience
SR5	Technological or market developments	MD Customer, Communications & Technology	Director of Innovation	MTS: All MTS outcomes
SR6	Loss of external stakeholder trust	MD Customer, Communications & Technology	Director of News and External Relations	MTS: All MTS outcomes
SR7	Financial sustainability	MD - Chief Finance Officer	Acting Group Finance Director	CS: Finance
SR8	Inability to deliver predicted revenue growth	Director of Commercial Development	Divisional Finance Director (CD)	MTS: New homes and jobs
SR9	Inability to meet changing demand	Director of Strategy & Chief Technology Officer	Head of TfL Business Strategy	MTS: New homes and jobs
SR11	Significant technology failure	MD Customer, Communications & Technology	Director of Strategy and CTO	MTS: A good public transport experience
SR12	Delivery of key investment programmes	Director of Major Projects	Head of TfL PMO	MTS: All MTS outcomes
SR13	Operational reliability	LU Managing Director	Head of Stations, Buildings and Civils	MTS: A good public transport experience
SR14	TfL’s environmental impact	Director of City Planning	Head of Transport Strategy and Planning	MTS: Healthy streets and healthy people
SR15	Resilience to climate change and extreme weather	Director of City Planning	Head of Transport Strategy and Planning	MTS: All MTS outcomes
SR16	Opening of the Elizabeth Line	LU Managing Director	Director, Elizabeth Line Operations	MTS: New homes and jobs
SR17	TfL Protective Security	Managing Director – Surface Transport	Director Compliance Policy & On-Street	MTS: Healthy streets and healthy people
SR18	Transformation	Transformation Director	Head of TfL Change Delivery	CS: People

Level 1 London Underground Strategic Risks				
#	Risk	Owner	Manager	Mayor's Transport Strategy / Corporate Strategy
LU-01	LU Industrial relations	LU Managing Director	Director of Line Operations	CS: People
LU-02	LU Staff attraction and retention	Chief People Officer	LU - Head of HR	CS: People
LU-03	LU Operational reliability	LU Managing Director	Director of Asset Operations	MTS: A good public transport experience
LU-04	LU Revenue forecasts	LU Divisional Finance Director	LU Senior Divisional Financial Controller	CS: Finance
LU-05	LU Cost savings	LU Divisional Finance Director	LU Senior Divisional Financial Controller	CS: Finance
LU-06	LU Major incident - internal	Director of Line Operations	Head of Network Delivery	MTS: A good public transport experience
LU-07	LU Major incident - external	Director of Line Operations	Head of Network Delivery	MTS: A good public transport experience
LU-08	Significant operational cyber security risk (threat) to core LU control system	LU Managing Director	Director of Strategy and CTO	MTS: A good public transport experience
LU-09	LU safety framework ineffective	Director of HSE	Head of HSE LU	MTS: Healthy streets and healthy people
LU-10	LU Data loss, misuse or breach of GDPR	Chief of Staff	Investment Planning & Efficiency Manager	CS: Finance
LU-11	Elizabeth Line revenue assumptions incorrect	LU Divisional Finance Director	Head of Finance (Elizabeth Line)	CS: Finance
LU-12	Inability to deliver R&E programmes and projects	LU Director of Renewals and Enhancements	Head of PMU	All MTS themes: All MTS outcomes

Level 1 Surface Transport Strategic Risks				
#	Risk	Owner	Manager	Mayor's Transport Strategy / Corporate Strategy
ST-02	Inability to deliver Bus income target	Director of Bus Operations	Head of Bus Tendering & Evaluation	MTS: A good public transport experience
ST-03	Inability to deliver the Investment Programme	Director of Project & Programme Delivery	Head of Projects & Programmes Delivery (Assets)	MTS: All MTS outcomes
ST-04	Inability to maintain Highway Infrastructure asset base	Director of TfL Engineering Delivery	Head of Asset Investment	MTS: Healthy streets and healthy people
ST-07	Disruption to quality of service due to planned or unplanned events	Director of Network Management	Head of Control Centre Operations	MTS: A good public transport experience
ST-08	Inability to attract, recruit, engage, develop and retain talent in key competencies	Director of CPOS	Senior HR Business Partner	CS: People
ST-09	Continued declining bus patronage	Director of Bus Operations	Bus Operational Policy Manager	MTS: A good public transport experience
ST-10	Disruptive technology undermines core business	Director of Innovation	Senior Policy Manager	All MTS themes: All MTS outcomes
ST-11	Achieving health, safety and environmental outcomes and performance	Chief Safety, Health & Environment Officer	Senior HSE Manager	MTS: Healthy streets and healthy people
ST-12	Major cyber security incident	CTO & Director of CE	Head of T&D - Surface	MTS: A good public transport experience
ST-16	Inability to source new	Divisional Finance	Senior Divisional	CS: Finance

Level 1 Surface Transport Strategic Risks				
#	Risk	Owner	Manager	Mayor's Transport Strategy / Corporate Strategy
	revenue stream for roads	Director (ST)	Financial Controller	
ST-17	Protective Security	Director of CPOS	Snr Op Security & Crime Reduction Manager	MTS: Healthy streets & healthy people: London's transport system will be safe & secure

Level 1 Commercial Development Strategic Risks				
#	Risk	Owner	Manager	Mayor's Transport Strategy / Corporate Strategy
CD-01	Inability to deliver predicted revenue growth	Director of Commercial Development	Divisional Finance Director (CD)	MTS: New homes and jobs
CD-02	Landlord compliance with legislation	Director of Commercial Development	Estates Management Director	MTS: Healthy streets & healthy people
CD-03	Compliance with Mayor's housing strategy	Director of Commercial Development	Property Development Director	MTS: New homes & jobs
CD-04	Building security	Director of Commercial Development	Estates Management Director	MTS: Healthy streets & healthy people

Level 1 Professional Services Strategic Risks				
#	Risk	Owner	Manager	Mayor's Transport Strategy / Corporate Strategy
City Planning				
CP-01	Changes in legislation	Director of City Planning	Head of Transport Strategy and Planning	All MTS themes: All MTS outcomes
CP-02	Insufficient project funding	Director of City Planning	Head of Transport Planning and Projects	CS: Finance
CP-03	Insufficient progress in meeting the MTS	Director of City Planning	Head of Transport Strategy and Planning	All MTS themes: All MTS outcomes
CP-04	Changes in economic factors	Director of City Planning	Head of Strategic Analysis	All MTS themes: All MTS outcomes
Engineering				
ENG-01	Engineering not understood or consulted	Director of TfL Engineering	COO Engineering	All MTS themes: All MTS outcomes
ENG-02	TfL is not compliant with its ROGS regulations	Director of TfL Engineering	Head of Technical Engineering	MTS: Healthy streets & healthy people
ENG-03	Engineering is unable to deliver its provision	Director of TfL Engineering	COO Engineering	MTS: A good public transport experience
ENG-04	Engineering is unable to attract and retain resources	Director of TfL Engineering	Head of Technical Engineering	CS: People
General Counsel				
GC-01	Significant Legal Non-Compliance	Director of Legal	Director of Legal	All MTS themes: All MTS outcomes
GC-02	Insufficient legal resource to meet demand from the business	Director of Legal	Director of Legal	All MTS themes: All MTS outcomes
GC-03	Significant non-compliance with FOI Act/EIRs	Head of Information Governance and DPO	Information Access Manager	All MTS themes: All MTS outcomes

Level 1 Professional Services Strategic Risks				
#	Risk	Owner	Manager	Mayor's Transport Strategy / Corporate Strategy
GC-04	Significant non-compliance with GDPR and other privacy legislation	Head of Information Governance and DPO	Head of Privacy and Data Protection	All MTS themes: All MTS outcomes
GC-05	Inadequate TfL Management System	Head of Information Governance and DPO	Head of TfL Management Systems	All MTS themes: All MTS outcomes
GC-06	Failure to deliver improvement to the quality of R&A outputs to support decision making	Director of Risk and Assurance	Head of Integrated Assurance	All MTS themes: All MTS outcomes
GC-07	Assurance activities fail to reflect and address business risks and concerns	Director of Risk and Assurance	Head of Integrated Assurance	All MTS themes: All MTS outcomes
Human Resources				
HR-01	Inability to attract the right resources	Chief People Officer	Director of Diversity, Inclusion & Talent	CS: People
HR-02	Inability to retain the right resources	Chief People Officer	Director of Diversity, Inclusion & Talent	CS: People
HR-03	Low or declining employee engagement	Chief People Officer	Head of Strategic Planning & Governance	CS: People
HR-04	Pay becomes neither fair nor equal	Chief People Officer	Director of Compensations & Benefits	CS: People
HR-05	Employee Relations climate deteriorates	Chief People Officer	Director of Business Partnering & ER	CS: People
HR-06	Failure to deliver Organisational Change	Chief People Officer	Head of Strategic Planning & Governance	CS: People
HR-07	TfL Pension Fund funding	Chief People Officer	Director of Compensations & Benefits	CS: People
HR-08	Delivering a seamless Hire to Retire process	Chief People Officer & Transformation Director	Head of Strategic Planning & Governance	CS: People
Technology and Data				
T&D-02	T&D is unable to attract the right resources	Director of Strategy & Chief Technology Officer	Head of Strategy	CS: People
T&D-03	TfL loses role in providing digital services to customers	Director of Strategy & Chief Technology Officer	Head of Digital	MTS: A good public transport experience
T&D-06	Loss, misuse, or breach of GDPR for data owned by Tech & Data	Director of Strategy & Chief Technology Officer	Chief Data Officer	All MTS themes: All MTS outcomes
T&D-10	Political pressure to change ticketing policy	Director of Strategy & Chief Technology Officer	Head of Technology & Data - Payments	MTS: A good public transport experience
T&D-17	Reliance on oligopoly suppliers for payment processing.	Director of Strategy & Chief Technology Officer	Head of Technology & Data - Payments	CS: Finance
T&D-19	Extreme weather and climate change effects.	Director of Strategy & Chief Technology Officer	Head of Technology & Data - Surface Transport	CS: Finance
T&D-21	Over-reliance on current ticketing supplier	Director of Strategy & Chief Technology	Head of Technology & Data - Payments	CS: Finance

Level 1 Professional Services Strategic Risks				
#	Risk	Owner	Manager	Mayor's Transport Strategy / Corporate Strategy
		Officer		
T&D-22	Theft or fraud in the revenue collection process	Director of Strategy & Chief Technology Officer	Head of Technology & Data - Payments	CS: Finance
T&D-23	Risk of ticketing systems failure	Director of Strategy & Chief Technology Officer	Head of Technology & Data - Payments	CS: Finance
T&D-24	Significant failures of systems	Director of Strategy & Chief Technology Officer	Head of Technology Services Operations	CS: Finance
T&D-31	TfL is not ready for the switchover from PSTN	Director of Strategy & Chief Technology Officer	Head of Transformation Portfolio - Networks	CS: Finance
T&D-32	Software is non-compliant with licencing agreements	Director of Strategy & Chief Technology Officer	Head of Technology Services Operations	CS: Finance

Level 1 Major Projects Directorate Strategic Risks				
#	Risk	Owner	Manager	Mayor's Transport Strategy / Corporate Strategy
MPD-01	Lack of TfL non-MPD resources, especially Engineering and Commercial	Head of Programme	Head of Programme	CS: People
MPD-02	Poor Supplier Performance	Director of Major Projects	Head of Programme	MTS: A good public transport experience
MPD-03	Lack of Resilience in Access and Closures Plans	Director of Major Projects	Head of Delivery - Access	MTS: A good public transport experience
MPD-04	Major Engineering risks (eg software defects)	Head of Engineering MPD	Head of Engineering MPD	MTS: Healthy streets and healthy people
MPD-05	Imperfect coordination of interfaces with Network Rail	Head of Programme	Senior Commercial Manager NRA	MTS: A good public transport experience
MPD-06	Scope Creep due to requirements for non-conformance rectification and asset condition worse than assumed	Head of Programme	Head of Programme	MTS: A good public transport experience
MPD-07	Crossrail delay may impact on other TfL programmes	Director of Major Projects	Director of Major Projects	MTS: All MTS outcomes
MPD-08	MPD projects cancelled, descoped or deferred as funds reprioritised	Head of Programme	Head of Programme	CS: Finance
MPD-09	External Consents delay projects	Head of Programme	Head of Programme	MTS: A good public transport experience
MPD-10	Projects increased costs due to inability to hand over to Asset Operations	Head of Programme	Head of Programme	CS: Finance

[page left intentionally blank]

Transport for London Audit and Assurance Committee

Internal audit reports issued in Q3 2019/20

Appendix 2

Grouped by Strategic Risk

- Seven reports were issued during the quarter

Strategic risk	Directorate	Audit title	Objective	Issued period	Last action date	Conclusion	Current status	P1	P2	P3
Financial sustainability	Customers, Communication & Technology	Governance of Foreign Vendor Invoices	To provide assurance on the adequacy and effectiveness of controls in place for processing foreign vendor invoices.	8	31/12/2019	Requires Improvement	Follow-up	1	1	0
	Surface Transport	DfT Local Highways Funding	To certify costs in respect of DfT funding for Local Highways.	7	n/a	Memo	Complete	0	0	0
		TfL Revenue Protection Programme – Accuracy of Projects’ contributions to £10m target	To review and advise on the calculation of projects’ contributions to the 2019/20 fare evasion £10m reduction target.	9	n/a	Consultancy	Complete	0	0	0
Governance and control suitability	Customers, Communication & Technology	Third Party Supplier Review - Journeycall	To provide assurance over the adequacy and effectiveness of key controls.	7	29/05/2020	Requires Improvement	Follow-up	5	3	1

Transport for London Audit and Assurance Committee

Strategic risk	Directorate	Audit title	Objective	Issued period	Last action date	Conclusion	Current status	P1	P2	P3
Inability to deliver predicted revenue growth	Finance	Delivery of the Build to Rent (BtR) Strategy	Provide assurance on the adequacy of the strategy to ensure cost effective delivery of BtR homes.	7	31/03/2020	Adequately Controlled	Follow-up	0	3	1
Inability to deliver predicted revenue growth	Finance	Management of Property Voids and the Arches Strategy	To provide assurance that the commercial processes for the management of voids is efficient and effective in minimising loss of revenue and the arches strategy is effective for generating revenue	7	30/04/2020	Requires Improvement	Follow-up	0	4	1
Talent attraction and retention	Customers, Communication & Technology	Nominee Passes	To provide assurance on the adequacy and effectiveness of controls in place for nominee passes.	8	31/03/2020	Requires Improvement	Follow-up	1	2	2
Total								7	13	5

Transport for London Audit and Assurance Committee

Work in progress at the end of Q3 2019/20

Appendix 3

Grouped by Strategic Risk

- 17 audits were in progress at the end of Q3

Strategic risk	Directorate	Audit title	Objective	Current status
Financial sustainability	Customers, Communication & Technology	Allowances Overtime and Higher Duty Pay Process	To provide assurance on the adequacy and effectiveness of controls in place for allowances, overtime and higher duty pay.	Follow-up
		Use of Whole Life Costings in Procurements (T&D)	Adequacy and effectiveness of the process for procuring new technology	In Planning
		Software Licence Management	Assess the framework and process controls in place to manage risks associated with software licensing across TfL.	In Progress
	Finance	Management of the ONE Facilities Management (FM) Contract	Provide assurance on the effective management of the ONE FM contract.	In Progress
	HR	Ill Health Retirees Process	To provide assurance on the adequacy and effectiveness of controls in place for employees retiring due to ill health.	In Progress
	LU	TfL Ambassadors	To provide assurance on the adequacy and effectiveness of controls in place to manage TfL Ambassadors.	Reporting
Governance and control suitability	Customers, Communication & Technology	Third Party Supplier Review - Novacraft	To provide assurance over the adequacy and effectiveness of key controls.	In Planning

Transport for London Audit and Assurance Committee

Strategic risk	Directorate	Audit title	Objective	Current status
	Surface Transport	Payments to Local Authorities using the Borough Portal	To provide assurance on the effective management of the borough portal	In Progress
	Finance	CPC Contract Management Review	To assess the adequacy and effectiveness of the revised control environment in relation to the operation of the PSP contract and the 4LM programme.	In Planning
Inability to deliver predicted revenue growth		Land Authority Governance Process	Provide assurance on the effectiveness of the implementation plan for the purchase and sale of land.	Reporting
Significant technology failure	Customers, Communication & Technology	Active Directory Controls: Follow-up	To provide assurance that appropriate action has been taken to control weaknesses identified during 2017/18 to bring risks within acceptable tolerance	In Planning
Technological or market developments	Customers, Communication & Technology	Delivery of Innovation	Provide assurance that the governance and strategy for prototyping new ideas (proof of concept model) is efficient and cost effective.	In Planning
Loss of external stakeholder trust	Customers, Communication & Technology	Governance of Correspondence and Case Work Management	Provide assurance on the adequacy and effectiveness of controls in place for correspondence received and the subsequent case work management	In Progress
LTM		Financial Controls	Review the adequacy and effectiveness of key financial processes and controls.	In Progress
AFC/DFC exceeds the funding envelope	Crossrail	Management and Control Over Project Cost Forecasting	To provide assurance over the adequacy and effectiveness of project cost forecasting controls including 'Anticipated Final Cost' (AFC)	Reporting

Transport for London Audit and Assurance Committee

Strategic risk	Directorate	Audit title	Objective	Current status
Recruiting and retaining specific skills to prevent shortage	Crossrail	The strategic approach to workforce planning	To provide assurance over the controls to ensure resource planning and retention is adequate and operating effectively to support delivery of the Crossrail Business Plan objectives	Reporting
Contractors fail to deliver Earliest Opening Programme		Management of Tier 1 suppliers	To provide assurance over the Commercial management of Tier 1 contractors.	Reporting
Total				17

[page left intentionally blank]

Transport for London Audit and Assurance Committee

Work planned to start in Q4 2019/20

Appendix 4

Grouped by planned period

- There are 18 audits planned to start during the quarter

Strategic risk	Directorate	Audit title	Objective	Planned period
Inability to deliver predicted revenue growth	Finance	Management of Joint Venture Partners and Associated Risks	To provide assurance that the selection of Joint Venture partners, and management of associated risks is effective.	11
Significant technology failure	Customers, Communication & Technology	Asset Refresh Strategy (T&D)	Review the effectiveness of the strategies for renewing assets in the context of current financial constraints, and the impact it has on the risk of system failure.	
TfL's environment impact		IT Hardware Decommissioning	To review the effectiveness of the end-to-end decommissioning process for IT equipment	
CRL-FC1 AFC/DFC exceeds the funding envelope	Crossrail	Counter fraud assurance	To review the adequacy and effectiveness of fraud prevention controls	
CRL-RB2 Governance effect on decision making		Governance and Organisational Effectiveness	To provide assurance over the adequacy and effectiveness of arrangements designed to ensure timely project delivery	
Financial sustainability	Finance	Budget Planning and Forecasting (ST)	To review the adequacy and effectiveness of the ST budget planning and forecasting processes	12
Governance and control suitability	Surface Transport	Bus Operations Model	To review the effectiveness of the Bus operating model	

Transport for London Audit and Assurance Committee

Strategic risk	Directorate	Audit title	Objective	Planned period
Financial sustainability		Cost escalation in projects	To review the effectiveness of cost controls in projects and programmes	12
Financial sustainability	Finance	Use of Consultants	To provide assurance on the adequacy and effectiveness of controls in place for the use of consultants.	
CRL-SM1 Loss of stakeholder advocacy due to slippage cost escalation and other issues	Crossrail	Consents Compliance Governance	To provide assurance over the adequacy and effectiveness of controls to monitor and manage compliance with legal requirements	
CRL-HS1 Increased delivery pressure will impact the focus on safety		Adequacy of the Safety Assurance Framework	To provide assurance over the adequacy of arrangements governing safe transition from construction to rail operations	
CRL-SC1 Contractors fail to deliver Earliest Opening Programme		Adequacy of the Supply Chain Assurance Framework	To provide assurance over the adequacy of the controls to manage key risks within Crossrail's supply chain (Tier 2 and Tier 3)	
CRL-RB2 Governance effect on decision making		Culture Change	To review the degree to which culture has changed and is embedded in line with agreed values and behaviours	
Financial sustainability	Finance	Delegated Project Authority Controls	To provide assurance on the adequacy and effectiveness controls to ensure project related spend is authorised in accordance with TfL's Scheme of Authorities	13
CRL-Eo1 Earliest Opening plan does not demonstrate Crossrail's ability to deliver the programme	Crossrail	Project Assurance Framework	To provide assurance over the adequacy of the assurance framework designed to inform capital investment decisions at the second line of defence	

Transport for London Audit and Assurance Committee

Strategic risk	Directorate	Audit title	Objective	Planned period
CRL-Eo4 Earliest Opening Programme cannot be embedded in BAU within timescale allotted	Crossrail	Operational Readiness for trial running	To provide assurance over the adequacy of the handover process to support the commencement of Trial Running	13
Financial sustainability	Surface Transport	Project Driven Cost Certification	To certify costs in respect of EU funding for Project Driven.	
Inability to deliver predicted revenue growth	Finance	Property Development Project and Programme Portfolio governance.	To provide assurance on the adequacy of the governance in place to deliver commitments in the business plan.	
Total				18

[page left intentionally blank]

Transport for London Audit and Assurance Committee

Changes to the 2019/20 audit plan

Appendix 5

- There were 15 changes to the plan since the last committee: three new, 10 deferrals, and three cancellations.

Ref	Audit title	Status	Audit Comments
19 129	Crossrail Complaints Commissioner Accounts	New	To provide assurance over the accounts of the Crossrail Complaints Commissioner for the period ending 31 March 2019. This has been an annual audit for a number of years but was inadvertently omitted from this year's plan.
19 128	Clean Mobile Energy Cost Certification 2		To certify costs in respect of EU funding for clean mobile energy (fourth review)
19 622	CPC Contract Management Review		Management request to provide assurance over the adequacy and effectiveness of the revised control environment in relation to the operation of the PSP contract and the 4LM programme.
19 113	Fraud Audit of TfL Contact Centre	Deferred	To provide assurance on the adequacy and effectiveness of fraud controls in place within the contact centre. We have agreed to defer this to 20/21, as the Counter Fraud and Corruption team are to complete a risk workshop with the contact centre in Q4.
19 101	LTM Digitalisation Strategy		We agreed to defer this review, as the strategy is still being developed.
19 102	Modern Slavery Act Compliance		Provide assurance on TfL , CRL and LTMs compliance to the Modern Slavery Act
19 109	Risk Management Framework		Provide assurance on the adequacy and effectiveness of TfL's Risk Management Framework Agreed to defer to 2021
19 125	TfL Protective Security Programme		To provide assurance over the design adequacy of governance and control frameworks – real-time Agreed to defer to 2021
19 126	Transformation		Provide assurance on the adequacy and effectiveness of the Transformation programme's close out process.
			Agreed to defer to 2021

Transport for London Audit and Assurance Committee

Ref	Audit title	Status	Audit Comments
19 003	Principal Designer (CDM) Arrangements - London Underground	Deferred	To provide assurance on the effectiveness of arrangements governing LU acting as Principal Designer (PD), including review of effectiveness of 2nd line of defence activities Deferred at the request of LU to 2021 plan when the scope will be expanded to look at circumstances where the contractor is acting as Principal Contactor and Principal Designer
19 407	Technology Governance and Shadow IT (TfL)		To review the effectiveness of governance for technology solutions across TfL including. procurement. in next year's plan. Deferred as this will be an area that affected by the Procurement and Supply chain Transformation. A n internal audit review at this time would provide little value.
19 015	Bus Contracting Process		To review the key controls around changes to the bus contracting model to support the introduction of electric vehicles. Deferred as the team are in the middle of developing the strategy. Will be part of 2021 or 2122 plan – re named Bus Electrification Strategy in the new plan
19 004	Operating Effectiveness of the SHE Management System		To provide assurance on the adequacy and effectiveness of the SHE Management system- progress towards RMM3 level 4 Deferred to 2021 due to transformation of the Safety, Health and Environment Directorate
19 014	Engineering Operating Model	Cancelled	To provide assurance on the operational effectiveness of the Engineering model implementation Cancelled – Due to recent announcement to split the Engineering Directorate into Delivery and Technical arms. There is an audit on the 2021 audit plan to look at the engineering resourcing model that will cover most of the original scope.
19 005	Principal Designer (CDM) Arrangements - Surface Transport		To provide assurance on the effectiveness of arrangements governing ST acting as Principal Designer (PD), including review of effectiveness of 2nd line of defence activities This audit will be cancelled based on the audit conducted by Integrated Assurance which covered the scope items proposed for 19 005.

Transport for London Audit and Assurance Committee

Ref	Audit title	Status	Audit Comments
19 122	Concessionary Travel	Cancelled	To provide assurance on the adequacy and effectiveness of controls in place for concessionary travel. Cancelled - As now forming part of the Novacraft audit (IA 19 107)

[page left intentionally blank]

Risk and Assurance Audit Teams Customer Feedback Form Summary of Responses for 2019/20 Quarter 3 - Appendix 6

We send a customer feedback form to our principal auditee at the conclusion of each audit. This table sets out the questions asked and the responses, including a selection of the freeform comments that we have received.

Customer Feedback Forms Sent: Q3 =18 (Q2 = 22)

Customer Feedback Forms Returned: Q3 =12 (Q2 = 15)

Appendix 6

ASSIGNMENT ASSESSMENT CRITERIA	No score given		Very poor		Poor		Satisfactory		Good		Very good		Average Score	
	Q2	Q3	Q2	Q3	Q2	Q3	Q2	Q3	Q2	Q3	Q2	Q3	Q2	Q3
PLANNING AND TIMING													4.2	4.4
The assignment timing was agreed with me and there was appropriate consideration of my other commitments as the work progressed	0	0	0	0	1	0	2	2	4	5	8	5	4.3	4.3
The assignment was completed and the report issued within appropriate timescales	0	0	1	0	0	0	1	1	6	4	7	7	4.2	4.5
COMMUNICATION													4.1	4.6
Communication prior to the assignment was appropriate, including the dates and objectives	0	0	0	0	0	0	4	0	2	5	8	7	4.3	4.6
Throughout the assignment I was informed of the work's progress and emerging findings	0	0	1	0	1	0	1	0	6	4	6	8	4.0	4.7
CONDUCT													4.2	4.6
The Internal Audit team demonstrated a good understanding of the business area under review and associated risks, or took time to build knowledge and understanding as the work progressed	0	0	1	0	0	0	2	1	7	3	5	8	4.0	4.6
The Internal Audit team acted in a constructive, professional and positive manner	0	0	0	0	2	0	1	0	2	4	10	8	4.3	4.7
RELEVANT AND USEFUL ADVICE AND ASSURANCE													4.2	4.4
A fair summary of assignment findings was presented in the report	1	0	0	0	0	0	3	4	5	1	6	7	4.2	4.3
Assignment recommendations were constructive, practical and cost-effective	1	0	0	0	1	0	2	2	6	4	5	6	4.1	4.3
My concerns were adequately addressed and the review was beneficial to my area of responsibility and operations	0	0	0	0	1	0	1	0	4	4	9	8	4.4	4.7
Overall assessment													4.2	4.5

Other comments including suggested improvements and areas of good performance:

Planning: Some great open and frank discussions about what could be achieved in the timeframe available.

Planning: There was minor slippage in publication - but that was reflective of changing high level deadlines.

Conduct: This is a complex topic and the auditor demonstrated patience to understand the nuances of the programme.

Conduct: Our area is complex. It takes a lot to understand both our objectives, the processes as well as the principles to which we manage customers and suppliers. The guys made every effort to understand this and take this into consideration when drawing the findings.

Advice & Assurance: Some of the items identified were understandably there, though to actually deliver them would require a cost/impact that simply outweighs the benefit. I think the guys were great in understanding that and in many cases, adjusted the recommendations to that.

[page left intentionally blank]

Control Environment – Trend Indicators

Audit indicators – rolling average									
	Q1 18/19	Q2 18/19	Q3 18/19	Q4 18/19	Q1 19/20	Q2 19/20	Q3 19/20	Q4 19/20	Trend
Poorly Controlled	7.2%	3.6%	6.4%	8.5%	8.7%	11.8%	10.0%		
Requires Improvement or Poorly Controlled	20.8%	23.6%	25.5%	31.9%	34.8%	37.3%	38.0%		

Technology									
	Q1 18/19	Q2 18/19	Q3 18/19	Q4 18/19	Q1 19/20	Q2 19/20	Q3 19/20	Q4 19/20	Trend
Internal system availability	100.00%	99.97%	99.78%	99.76%	99.85%	99.95%	99.95%		

Information Governance									
	Q1 18/19	Q2 18/19	Q3 18/19	Q4 18/19	Q1 19/20	Q2 19/20	Q3 19/20	Q4 19/20	Trend
Number FOI requests	3034	2973	2903	3025	3055	3147	3163		
On time FOI responses	91.7%	92.3%	93.3%	95.3%	96.7%	97.1%	98.8%		

[page left intentionally blank]

Date: 16 March 2020

Item: Integrated Assurance Plan 2020/21

This paper will be considered in public

1 Summary

- 1.1 The purpose of this paper is to present the 2020/21 Integrated Assurance Plan (IAP) to the Committee for approval.

2 Recommendation

- 2.1 **The Committee is asked to approve the Plan.**

3 Background

- 3.1 Within our Risk and Assurance directorate, there are four principal functions involved in the delivery of assurance: Internal Audit, Integrated Assurance, Project Assurance, and Enterprise Risk Management (ERM). The Risk function ensures there is a sound basis for the assurance activities carried out by the other functions. Each of the assurance functions within the directorate has its own detailed programme of work that collectively provides for assurance across TfL.
- 3.2 The attached IAP sets out the Internal Audit (third line of defence) work we plan to carry out during 2020/21, and highlights areas where there will be second line of defence audit or review activity carried out by other assurance teams, both within Risk and Assurance and elsewhere in TfL.
- 3.3 The ongoing work of our ERM team continues to strengthen internal risk management processes. As the understanding of risk and control matures within the business, it may impact on the work we deliver during the year. Where appropriate, we will update our IAP to take account of any changes to TfL's strategic risks.

4 Development of the Plan

- 4.1 Development of the IAP is an iterative process. The starting point for development of our IAP is a review of the TfL strategic risks and the key controls that have been identified over those risks. In addition, we focus our work on significant areas of business change and areas where we have found significant issues in the past.
- 4.2 We have consulted with senior management to get their views on where assurance work would add value, and shared the draft plan for comment with London Underground and Surface Transport Executives, and the Finance Leadership team, as well as members of the TfL Executive Committee. However, the final decision on what is included rests with Internal Audit.

- 4.3 We have shared the plan with the Independent Investment Programme Advisory Group (IIPAG) and identified a number of areas where we will work collaboratively to deliver our work. This will help inform their work-bank and cross cutting issues. IIPAG's work-bank will be considered by the Committee in June.
- 4.4 The IAP incorporates audit activity for Crossrail, the London Transport Museum (LTM) and the TfL Pension Fund, each of which has its own Audit Committee. We will present relevant sections of the IAP to these committees for review and approval as follows:
- (a) the Crossrail Audit and Assurance Committee on 16 March 2020;
 - (b) the LTM Risk and Audit Committee on 16 April 2020; and
 - (c) the TfL Pension Fund Audit Committee on 12 March 2020.
- 4.5 Additionally, we share the IAP with the external auditors, EY, and discuss where appropriate, any areas where they wish to place reliance on our work.

5 Delivery of the Plan

- 5.1 In developing the plan, we have taken into account the level of resource available within the Internal Audit team. As usual, the volume of possible audits identified during the planning process exceeds our capacity to deliver them and we have prioritised the audit effort in liaison with senior management. There are, therefore, a number of worthwhile audits that have not made it into this plan, but which may be 'promoted' into the plan in the event of other audits being postponed or cancelled due to changing business circumstances.
- 5.2 The plan is regularly reviewed, and updated to reflect changing business priorities, management requests for audit and consultancy work and resourcing levels within the team. We have informally identified audits within the plan that could be cancelled in the event that there were reductions in the resources available to the team. Any decision to cancel or postpone audits will be agreed with management and reported to the Committee.
- 5.3 Internal Audit, with input from other assurance providers, provides a quarterly report to the Committee and an annual report at the end of the year. The reports summarise the work completed against the IAP. Internal Audit use this information, together with outputs from other assurance obtained or observed during the year, to provide an overall opinion on the effectiveness of TfL's internal controls.

6 Other Audit and Review Activity

- 6.1 The IAP highlights areas where second line of defence, audit and review activity, is being provided by other teams, in particular the Integrated Assurance and Project Assurance teams within Risk and Assurance. This work is not listed in detail in the IAP, but each of the teams agrees a detailed plan of work with relevant business areas.
- 6.2 Integrated Assurance carries out a programme of work focused primarily on health, safety, and environmental (HSE) assurance, engineering quality assurance and supply chain assurance at the second line of defence. Other assurance activities include oversight and reporting of TfL's compliance to the Payment Card Industry Data Security Standard to ensure adequate protection

of payment card data.

- 6.3 The Project Assurance team carries out assurance reviews of projects and programmes across TfL's Investment Programme, with individual projects selected for review following a risk-based assessment. IIPAG (third line) review projects with an Estimated Final Cost over £50m or those under that threshold that they consider are risky, novel or have dependencies with larger programme. Reports from Project Assurance reviews are considered alongside the authority request, depending on the size, complexity and risk of the project, at either the sub-programme board or operating business board or by the officers under delegated authority. Project Assurance also undertake continuous assurance of projects in order to feed into reviews and to assess risk profile of projects/programmes by considering cost, scope, programme and risk factors.
- 6.4 Project Assurance also conducts reviews of the 22 sub-programmes to inform their annual request for Authority at the Programmes and Investment Committee.
- 6.5 Whilst not primarily an assurance provider, the Counter-Fraud and Corruption team often identifies control issues in the course of its investigations and reports these to management together with recommended corrective actions. Internal Audit works closely with the Counter-Fraud and Corruption team both to assist with developing the recommended actions and as a useful source of intelligence for areas requiring audit attention.
- 6.6 Risk and Assurance is continuing to develop relationships with teams delivering assurance at the second line of defence in other parts of TfL to ensure that provision of assurance is as integrated and efficient as possible. These include: the Bus Contract Compliance team conducting audits of TfL's bus operators against the contractual requirements; Programme Management Office Quality Assurance who assess project compliance with Pathway tools; Work Related Road Risk team who audit TfL suppliers against the Freight Operators Recognition Scheme; the Safety, Health and Environment Assurance and Improvement team providing assurance of HSE management system implementation; and the Major Projects Construction Compliance team.

7 Overview of the Plan

- 7.1 The IAP includes details of the assurance work to be carried out by Internal Audit and notes areas where audit and review work will be carried out by the Integrated Assurance and Project Assurance teams and other TfL teams providing assurance at the second line. These functions have worked together to ensure that assurance work is undertaken by the team most suited to deliver it, avoiding overlap and duplication.
- 7.2 Internal Audit delivers its work according to defined processes and procedures, set out in its audit manual, in line with relevant statutory requirements and professional standards.
- 7.3 In putting together this plan we have had regard to a number of significant challenges facing TfL as it strives to deliver the Mayor's Transport Strategy. These include the following:
 - (a) Vision Zero – Ensuring the safety of its customers and staff is TfL's

highest priority and delivering the Vision Zero programme is critical to that. Our plan includes a number of audits related to Vision Zero, and this is a key focus of the second line assurance work carried out by our Integrated Assurance team.

- (b) Cost Savings – TfL continues to work hard to reduce costs across all areas of activity, and this will be a key area of focus for our plan both through specific targeted audits and as an important consideration in other relevant audits. We will also be working closely with our Counter-Fraud and Corruption team to highlight the most significant areas of fraud risk and ensure effective controls are in place.
- (c) Project Delivery – Effective and efficient project and programme delivery is a key factor for TfL’s delivery of its Business Plan and the Mayor’s Transport Strategy. Internal Audit plans to carry out a number of cross-cutting, thematic reviews, but assurance of project delivery will primarily be delivered through the work of the Project Assurance team and IIPAG.
- (d) Crossrail – Delivery of the central section of Crossrail with the objective of commencing services in summer 2021 will be a significant area of management focus over the year ahead. Further slippage would adversely impact TfL’s future revenue streams. See also paragraphs 7.22 to 7.24 below.

7.4 The IAP is structured around TfL’s current strategic risks, and we have planned work against most of those risks. There are just two risks for which no work is planned in the 2020/21 audit plan. These are.

- (a) SR9: Inability to meet changing demand; and
- (b) SR15: Resilience to climate change and extreme weather.

7.5 There are a number of key areas of focus for this year’s IAP, which are summarised in the following paragraphs. The audits within the IAP have been mapped against these themes where applicable:

Safety of Operations – (SR1: Achieving Safety Outcomes, SR17: Protective Security)

7.6 Ensuring safety of our operations, customers and people has always been a key area of focus within TfL. A transformation programme during 2019/20 created a new Safety, Health and Environment Directorate reporting directly to the Commissioner, and enhanced governance arrangements are currently being implemented. In 2020/21 we plan to audit the effectiveness of the HSE management system, including the role of second line assurers, and we will review the arrangements governing London Underground (LU) contractors operating as Principal Contractor. We will also provide assurance in relation to delivery of TfL’s Vision Zero strategy. Particular pieces of work will cover management of fatigue within Bus Operations and the approach to ensuring safety on the river.

7.7 TfL has also been working to strengthen controls over security of its premises and staff. We will provide assurance over the ongoing delivery of the TfL Protective Security Programme and the new Workplace Violence and Aggression Strategy.

- 7.8 At the second line the Integrated Assurance team will deliver a programme of audits agreed with the operating business, focused on compliance with management system requirements. This will supplement assurance provided by the Safety, Health and Environment and Engineering teams.

Revenue and financial control – (SR7: Financial Sustainability, SR3: Governance and Controls Suitability, SR8: Inability to Deliver Predicted Growth)

- 7.9 The biggest element of our plan relates to these three risks. Protection of its revenue streams and delivery of new revenue streams are critical to TfL achieving its Business Plan. Ensuring effective governance over commercial activities is critical to TfL achieving value for money from suppliers, whilst demonstrating appropriate controls to ensure open, fair, transparent and ethical procurement processes.
- 7.10 We will continue to focus on controls over commercial activities and the supply chain. This will include assurance of the ongoing transformation of Procurement and Supply Chain. We will audit the arrangements for managing critical suppliers, including deep dives on a small number of these. We will also review controls over some key elements of business ethics, including conflicts of interest and gifts and hospitality, with a particular focus on how they are managed in relation to commercial activities.
- 7.11 A number of audits in the plan will focus on general financial controls including controls over expenditure/ costs. This will include audits of bank reconciliations, controls over payments to contractors, Capita's revenue collection processes, and implementation of the new business planning and consolidation tool.
- 7.12 A number of audits in the plan relate to TfL's revenue generation activities, primarily the work of Commercial Development. This includes a number of audits covering elements of the management of retail and residential tenants in order to maximise income from rental activities. We will also audit the decision making processes for selecting joint venture partners and provide assurance over the effectiveness of the Sustainable Development Framework in supporting the Mayor's sustainable development goals.
- 7.13 As in previous years we will provide assurance over the outturns on TfL's scorecard indicators that are used to assess TfL's overall performance over the year.

Technology – (SR4: Major Cyber Security Incidents, SR11: Significant Technology Failure)

- 7.14 The plan includes a number of audits focused on the protection of data and critical systems (as defined by the 2018 Network and Infrastructure Regulations) in the event of technology failure, cybersecurity incident or accidental loss. These include assurance over TfL's controls to detect and protect against ransomware; controls in relation to insider threat management; cyber incident response arrangements; and controls over privileged access to TfL's critical systems.
- 7.15 Other audits in this area include controls over software changes to the contactless payment system; a review of Cubic service provision; and controls over End User Computing hardware stock.

7.16 Integrated Assurance will also deliver a portfolio of compliance and consultancy engagements at the second line relating to the Payment Card Industry Data Security Standard.

Operating Effectiveness – (SR13: Operational Reliability)

7.17 We will carry out audits in this area covering the effectiveness of the Engineering Resourcing Model and of the Digital Engineering Strategy. We will also audit the asset lifecycle review process.

7.18 However, the majority of assurance of this risk is delivered at the second line of defence. The Integrated Assurance team will carry out a programme of audits, agreed with the operating businesses, include reviewing the effectiveness of controls over specific assets, or systems managed or maintained by TfL or by its suppliers. The Engineering Compliance Assurance Team and the Bus Contract Compliance team also provide assurance in this area.

Project delivery – (SR12: Delivery of Key Investment Programmes)

7.19 Effective and efficient project delivery is a key factor for TfL's delivery of its Business Plan and the Mayor's Transport Strategy.

7.20 As noted in 6.3 above, the Project Assurance team carries out a programme of second line assurance reviews of major projects and of the 22 TfL sub-programmes. The work completed by Project Assurance is supplemented by reviews carried out by the IIPAG who, following a risk based approach, act as a third line of defence assurance provider for TfL's Investment Programme. Further information on the work of IIPAG can be found in paragraphs 9.7 to 9.9 below.

7.21 Internal Audit will carry out thematic reviews of the lessons learned process in respect of projects, and of the benefits realisation process. We also plan to review governance of the Programme Management Office.

Crossrail – (SR16: Delivery of the Elizabeth line)

7.22 Opening of the central section of the Elizabeth line by the revised target date of summer 2021 is a critical objective for both Crossrail and TfL.

7.23 The IAP includes a programme of audits within Crossrail, focused on delivery of the project to time and budget, and also some audits within LU in relation to readiness to integrate Crossrail assets and commence running of services. The Crossrail audit plan will also be presented to the Crossrail Audit and Assurance Committee meeting on 16 March 2020.

7.24 In planning and delivering our work we will liaise closely with Crossrail's own teams providing second line assurance (including stage gate reviews, targeted assurance reviews and periodic assurance reviews) with the aim of ensuring that assurance is delivered as efficiently and effectively as possible.

Transformation – (SR18: Transformation)

7.25 Following the substantial programme of transformation that has been carried out across TfL over the past few years, we will provide assurance of the adequacy and effectiveness of the programme's close-out process. We will also

provide assurance that the LU modernisation programme is effectively delivering the expected benefits.

8 Medium Term Planning

- 8.1 Despite the risk-based nature of our planning there are some core business activities (eg Governance, Core Financial Controls, Human Resources), where it is appropriate to provide assurance on a regular basis, and there is a cyclical element to our planning.
- 8.2 For a number of years we have presented, as part of our Integrated Assurance Plan, a schedule setting out our audits in these core business areas. This is attached as Appendix 2, and shows the audits done in 2018/19 and 2019/20, the audits incorporated in this 2020/21 plan, and indicative audits for 2021/22.

9 Resources

- 9.1 The total budgeted headcount of the Risk and Assurance directorate (comprising Internal Audit, Integrated Assurance, Project Assurance, Enterprise Risk, Counter-Fraud and Corruption and Business Operations teams) is 67.
- 9.2 The Internal Audit team incorporates a range of skill sets including qualified auditors/ accountants, experienced project and contract managers, health, safety, quality and technology specialists.
- 9.3 Internal Audit's budgeted headcount is 22 but there are currently several vacancies. Most significantly, the Head of Internal Audit recently left TfL, and a recruitment process to find a replacement is in progress.
- 9.4 We continue to have vacancies in the Technology, Information and Security audit team. To mitigate this we have co-sourcing arrangements in place with two external providers to deliver audits in this area.

Second line assurance teams

- 9.5 The Integrated Assurance team (see paragraph 6.2) has a budgeted headcount of 13 staff, although there are currently two vacancies.
- 9.6 The Project Assurance team (see paragraph 6.3) also has a budgeted headcount of 13 (currently one vacancy). Its resources are supplemented by the use of External Experts (approximately eight FTE).

IIPAG resources and plan

- 9.7 IIPAG's budget for 2020/21 is the same as in 2019/20, at £395,000. In 2019/20 the budget has been underspent, due to the fact that as a new team IIPAG did less cross-cutting work at the beginning of the year.
- 9.8 IIPAG's work in 2020/21 will provide third line assurance and strategic advice in the following areas:
 - (a) sub-programme reviews;
 - (b) project assurance reviews for individual projects over £50m, either at key gate stages or as an annual check;

- (c) ongoing scrutiny of the most significant major projects, such as 4LM;
- (d) one-off reviews of strategic and systemic issues, including benchmarking.

9.9 As in 2019/20, IIPAG will take a risk-based approach to targeting effort on sub-programme and project reviews. IIPAG is currently reviewing the risk assessment of the sub-programmes and projects with Project Assurance. IIPAG is also reviewing the areas for cross-cutting work in 2020/2021. They expect that in many cases these will be a continuation, review or expansion of cross-cutting work undertaken in 2019/20. They are having discussions with TfL leadership and Internal Audit to help shape this programme. They welcome suggestions from the Committee.

List of appendices to this report:

Appendix 1 – Integrated Assurance Plan 2020/21

Appendix 2 – Integrated Assurance Plan 2020/21– Cyclical audit areas

List of Background Papers:

None

Contact Officer: Clive Walker, Director of Risk and Assurance

Number: 020 3054 1879

Email: clivewalker@tfl.gov.uk

Transport for London Audit and Assurance Committee

Rolling Integrated Audit Plan (2020/21):

Appendix 1

There are 73 internal audits planned for delivery in 2020/21, of which 17 are planned to start in Q1:

Strategic Risk No.	Strategic Risk	Audit Title	Objective	Planned Period	Directorate/ Sponsor	Business Unit	Est. Budget (Days)	
SR01	Achieving safety outcomes	Integrated Assurance will deliver a portfolio of engagements at the second line relating to safety assurance in addition to the SHE and Engineering assurance teams					Various	-
		Fatigue Risk Management	To provide assurance over the effectiveness of controls to manage fatigue risk.	Q3	Surface Transport	Bus Operations	30	
		River Safety Strategy	To provide assurance over the adequacy and effectiveness of controls over river safety.	Q3		River	35	
		Safety Health and Environment (SHE) Management System	To provide assurance on the adequacy of the SHE Management system.	Q1	Safety, Health & Environmental	Safety, Health & Environmental	30	
		Principal contractor in LU supply chain	To provide assurance on the effectiveness of arrangements governing LU Contractors acting as Principal Contractor.	Q2	London Underground	London Underground	30	

Transport for London Audit and Assurance Committee

Strategic Risk No.	Strategic Risk	Audit Title	Objective	Planned Period	Directorate/ Sponsor	Business Unit	Est. Budget (Days)
SR01	Achieving safety outcomes	Commercial Development's assurance mechanisms for the oversight of tenant works	Provide assurance on the adequacy and effectiveness of Commercial Development's internal controls for the oversight of tenant works, and the management of associated risks to TfL.	Q4	Finance	Commercial Development	35
SR02	Talent attraction and retention	Strategic Workforce Planning	Provide assurance on the adequacy and effectiveness of strategic workforce planning across TfL.	Q3	Human Resources	Diversity, Inclusion and Talent	30
		Implementation of the TfL People Strategy	Provide assurance on the adequacy and effectiveness of implementing the TfL People Strategy.	Q2		Human Resources	30

Transport for London Audit and Assurance Committee

Strategic Risk No.	Strategic Risk	Audit Title	Objective	Planned Period	Directorate/ Sponsor	Business Unit	Est. Budget (Days)
SR03	Governance and controls suitability	TfL's Management System	Provide assurance on the adequacy and effectiveness of TfL's Management System.	Q1	General Counsel	Information Governance	30
		Business Ethics	Provide assurance on the adequacy and effectiveness of controls supporting business ethics across TfL, with a particular focus on conflicts of interest and gifts and hospitality.	Q1		Secretariat	25
		Risk Management Framework	Provide assurance on the adequacy and effectiveness of TfL's Risk Management Framework.	Q3		Risk & Assurance	30
		Delivery and governance of the Film Unit's strategy and associated risks	Provide assurance over the delivery and governance of the Film Unit's strategy and the management of associated risks.	Q1	Customers, Communication & Technology	Customer & Revenue	30

Transport for London Audit and Assurance Committee

Strategic Risk No.	Strategic Risk	Audit Title	Objective	Planned Period	Directorate/ Sponsor	Business Unit	Est. Budget (Days)
		Procurement & Supply Chain Governance	Provide assurance around the transformation of Procurement & Supply Chain.	Q1	Finance	Procurement & Supply Chain	35
SR03	Governance and Controls Suitability	CPC Contract Review - Phase II	To assess the adequacy and effectiveness of the revised control environment in relation to the operation of the PSP contract and the 4LM programme.	Q2	Finance	MPD	30
		TfL Governance and Decision Making	To provide assurance that the revised TfL Governance and Decision-making arrangements have been adopted and embedded across the business.	Q2	General Counsel	General Counsel	30
		Compliance with GDPR and associated risks.	Provide assurance on the adequacy and effectiveness of TfL's controls to comply with GDPR and manage associated risks.	Q2	Customers, Communication & Technology	Customer Experience	30

Transport for London Audit and Assurance Committee

Strategic Risk No.	Strategic Risk	Audit Title	Objective	Planned Period	Directorate/ Sponsor	Business Unit	Est. Budget (Days)
		Decision-making process for the selection of joint venture partners	Provide assurance over the adequacy and effectiveness of Commercial Development's decision-making process to ensure the most appropriate route to market is followed when selecting joint venture partners.	Q3	Finance	Commercial Development	25
SR03	Governance and Controls Suitability	Commercial Development Sustainable Development Framework for residential and commercial properties	Provide assurance that the Commercial Development Sustainable Development Framework is being used as intended to support the Mayor's sustainable development goals, including the validity of reported outputs and alignment with TfL's Sustainability policies.	Q4	Finance	Commercial Development	25

Transport for London Audit and Assurance Committee

Strategic Risk No.	Strategic Risk	Audit Title	Objective	Planned Period	Directorate/ Sponsor	Business Unit	Est. Budget (Days)	
SRo4	Major Cyber Security Incident	Integrated Assurance will deliver a portfolio of compliance and consultancy engagements at the second line relating to the Payment Card Industry, Data Security Standard					Various	-
		Enterprise IT Security Layer	Assess the adequacy and effectiveness of controls for the detection and protection against ransomware.	Q1	Customers, Communication & Technology	Technology & Data	25	
		Insider Threat Management	Assess the adequacy and effectiveness of controls for the prevention and detection of data theft and introduction of malware.	Q3			25	
		Privileged Access to Critical Enterprise Systems	Assess the adequacy and effectiveness of controls governing privileged access to critical enterprise systems.	Q4			20	
		Cyber Incident Response	Assess the adequacy and effectiveness of controls for the detection and protection against cyber-attacks on Enterprise IT.	Q2			25	

Transport for London Audit and Assurance Committee

Strategic Risk No.	Strategic Risk	Audit Title	Objective	Planned Period	Directorate/ Sponsor	Business Unit	Est. Budget (Days)
SRo5	Technological and Market Developments	Digitalisation at LTM	Provide assurance on over the adequacy of arrangements in place to transform the LTM into an effective digital environment.	Q3	London Transport Museum	London Transport Museum	30
SRo6	Loss of external stakeholder trust	Physical and digital accessibility on the TfL network	Provide assurance on the adequacy and effectiveness of providing an accessible network across TfL and TfL's compliance with digital accessibility regulations (WCAG 2.1).	Q2	Human Resources	Diversity, Inclusion and Talent	50
		Modern Slavery Act Compliance	Provide assurance on TfL's and LTM's compliance to the Modern Slavery Act.	Q1		Human Resources	40
		Governance processes for live marketing events (experiential marketing)	Provide assurance over the adequacy and effectiveness of the governance processes for live marketing events.	Q1	Customers, Communication & Technology	Customer & Revenue	30
SRo7	Financial Sustainability	Bank reconciliations	Provide assurance on the adequacy and effectiveness of the bank reconciliations process.	Q3	Finance	Finance	30

Transport for London Audit and Assurance Committee

Strategic Risk No.	Strategic Risk	Audit Title	Objective	Planned Period	Directorate/ Sponsor	Business Unit	Est. Budget (Days)
		Embedding of the Business Planning & Consolidation tool	Provide assurance on the planned implementation and embedding of the Business Planning & Consolidation tool.	Q1			30
		Payments to contractors	Provide assurance on the adequacy and effectiveness of controls over payments to contractors on capital and maintenance contracts.	Q4			30
		Capita revenue collection	Provide assurance on the adequacy and effectiveness of Capita's revenue collection processes, including use of bailiffs.	Q4	General Counsel	Licensing, Regulation & Charging	30
		Pension Contributions	Provide assurance on the adequacy and effectiveness of controls to administer pension contributions.	Q3	Human Resources	Pensions	30
SR07	Financial Sustainability	Transitioning to the new AVC provider	Provide assurance on the adequacy of controls to transition to the new AVC provider.	Q2	Human Resources	Pensions	25
		Clean mobile energy (sixth review)	Half-yearly certification of costs in respect of EU funding.	Q2	Customers, Communication & Technology	City Planning	25

Transport for London Audit and Assurance Committee

Strategic Risk No.	Strategic Risk	Audit Title	Objective	Planned Period	Directorate/ Sponsor	Business Unit	Est. Budget (Days)
		Clean mobile energy (seventh review)	Half-yearly certification of costs in respect of EU funding.	Q4			25
		Estate Management Strategy	Provide assurance on the adequacy and effectiveness of the Estate Management Strategy to reduce the head office footprint, increase productivity and reduce associated head office running costs.	Q2	Finance	Commercial Development	25
		City Planning Estimating and Forecasting Process	To provide assurance on the adequacy and effectiveness of the estimating and forecasting process.	Q4	City Planning	City Planning	35
		Management of critical suppliers	Provide assurance on the adequacy and effectiveness of the arrangements for managing critical suppliers.	Q3	Finance	Procurement & Supply Chain	30
SRo8	Inability to deliver predicted revenue growth	Delivery of Commercial Development's secondary revenue targets	Provide assurance on the adequacy and effectiveness of Commercial Development's plans to deliver its secondary revenue increases, and the extent to which these are being delivered in line	Q2	Finance	Commercial Development	30

Transport for London Audit and Assurance Committee

Strategic Risk No.	Strategic Risk	Audit Title	Objective	Planned Period	Directorate/ Sponsor	Business Unit	Est. Budget (Days)
			with the business plan.				
		Tenant Billing and Rent Collection processes	Provide assurance over the adequacy and effectiveness of the tenant billing and rent collection processes using Right Financial Solution (RFS).	Q4			35
		Due diligence process for new tenants	Provide assurance on the adequacy and effectiveness of Commercial Development's due diligence process for retail tenants, including Financial vetting	Q4			30
		Commercial Development's asset management strategy	Provide assurance over the adequacy and effectiveness of the asset management strategy for maximising secondary revenue income at retail locations.	Q2			25

Transport for London Audit and Assurance Committee

Strategic Risk No.	Strategic Risk	Audit Title	Objective	Planned Period	Directorate/ Sponsor	Business Unit	Est. Budget (Days)
		Strategy and governance for delivering in-station retail targets	Provide assurance over the adequacy and effectiveness of the strategy and governance to deliver Commercial Development's 'In Station Retail' (ISR) revenue targets.	Q3			35
SRo8	Inability to deliver predicted revenue growth	Revenue generation and reporting for the Global advertising contract (LU and Rail)	Provide assurance over the adequacy of controls and processes to ensure that income is maximised and reported correctly to TfL.	Q2	Customers, Communication & Technology	Customer & Revenue	25
		Strategy for delivering commercial income across Customer Information, Design & Partnerships	Provide assurance over the adequacy of the strategy to deliver commercial income across Customer Information, Design & Partnerships.	Q3			25
SR11	Significant Technology Failure	Software Development Lifecycle of the Contactless Payments System	Assess the adequacy and effectiveness of controls for developing and implementing changes to the Contactless Payment System.	Q4	Customers, Communication & Technology	Technology & Data	25

Transport for London Audit and Assurance Committee

Strategic Risk No.	Strategic Risk	Audit Title	Objective	Planned Period	Directorate/ Sponsor	Business Unit	Est. Budget (Days)
		Cubic entity review	Provide assurance on the adequacy and effectiveness of services provided by Cubic, including the processing and retention of data, access controls, revenue collection, contract management and IPR deposits.	Q3			50
SR11	Significant Technology Failure	EUC hardware stock management	Review the adequacy and effectiveness of the processes for management of End User Computing stock.	Q1	Customers, Communication & Technology	Technology & Data	35
		Security of Bring Your Own Device (BYOD)	Provide assurance on the effectiveness of the strategy to ensure security of TfL data during use of BYOD.	Q1			25
		IT Disaster Recovery and Operational Resilience	Provide assurance over TfL's ability to withstand and recover from disruptive IT events.	Q2			30
SR12	Delivery of Key Investment Programmes and Projects captured in the business	Project Assurance and Integrated Assurance will deliver a portfolio of assurance reviews at the second line of defence, in addition to work undertaken by SHE and PMO teams.				Various	-
		IIPAG will deliver a portfolio of assurance reviews at the third line of defence					

Transport for London Audit and Assurance Committee

Strategic Risk No.	Strategic Risk	Audit Title	Objective	Planned Period	Directorate/ Sponsor	Business Unit	Est. Budget (Days)
	plan	Lessons Learned in Projects and Programmes	To provide assurance that the lessons learned process is effective.	Q3	Major Projects	Programme Management Office	35
		Benefits Realisation	To provide assurance that controls in place to deliver programme benefits are adequate and effective.	Q3			40
SR12	Delivery of Key Investment Programmes and Projects captured in the business plan	PMO governance	To provide assurance that the PMO governance arrangements are adequate and effective.	Q2	Major Projects	Programme Management Office	30
SR13	Operational reliability	Engineering Resource Model: Phase I	To provide assurance that the controls over engineering resourcing strategy are adequate and effective.	Q1	London Underground	London Underground	25

Transport for London Audit and Assurance Committee

Strategic Risk No.	Strategic Risk	Audit Title	Objective	Planned Period	Directorate/ Sponsor	Business Unit	Est. Budget (Days)
		Digital Engineering Strategy	To provide assurance on the adequacy of the Digital Engineering Strategy.	Q4			35
		Asset lifecycle review	To provide assurance on the adequacy of the Asset Lifecycle review process.	Q3			40
SR14	TfL's Environmental Impact	Integrated Assurance will deliver a portfolio of assurance reviews at the second line of defence, in addition to work by the Engineering Maintenance Assurance team and the Bus Contract Compliance team				Various	-
		LTM's Environmental Strategy	Provide assurance on the adequacy and effectiveness of LTM's Environmental Strategy.	Q2	London Transport Museum	London Transport Museum	25
SR16	Opening of the Elizabeth Line	Integration of Crossrail assets	To provide assurance that the controls over the integration of Crossrail assets into TfL are effective.	Q2	London Underground	London Underground	35
		Management of deferred works	To provide assurance that current identified residual scope is managed effectively.	Q1			35

Transport for London Audit and Assurance Committee

Strategic Risk No.	Strategic Risk	Audit Title	Objective	Planned Period	Directorate/ Sponsor	Business Unit	Est. Budget (Days)
SR16/ EO5	Failure to deliver the programme within the opening window	Readiness for Trial Running	To provide assurance over the operational readiness of the operators to commence Trial Running	Q1	Crossrail	Crossrail	35
		Readiness for Trial Operations	To provide assurance over the operational readiness of the operators to commence Trial Operations.	Q3			35
SR16/ FC1	Unmitigated AFCDC cannot be reduced and potential increases in cost cannot be offset	Crossrail Complaints Commissioner Accounts	Provide assurance on the accuracy of the Crossrail Complaints Commissioners Accounts.	Q1			15
SR16/ FC1	Unmitigated AFCDC cannot be reduced and potential increases in cost cannot be offset	Alternative Delivery Strategy	To provide assurance that the alternative delivery strategy is effective.	Q1	Crossrail	Crossrail	40
		Management of Indirect costs	To provide assurance that the Crossrail organisation is managing indirect costs in line with Programme requirements.	Q2			25

Transport for London Audit and Assurance Committee

Strategic Risk No.	Strategic Risk	Audit Title	Objective	Planned Period	Directorate/ Sponsor	Business Unit	Est. Budget (Days)
		Management of AFC	To provide assurance over the effectiveness of controls for the management of Anticipated Final Cost (AFC).	Q3			30
		Management of compensation events	To provide assurance over the adequacy and effectiveness of the approach to managing compensation events.	Q2			30
SR16/ HS1	Safety Culture and Target Zero Health & Safety performance.	HSE framework	To provide assurance over the effectiveness of the HSE framework.	Q3	Crossrail	Crossrail	25
SR16/ SC1	Performance of Tier 1-3 construction contractors results in failure to deliver the Earliest Opening Programme	Demobilisation of Tier 1 contractors	To provide assurance that the controls around Tier 1 contractors are adequate and effective.	Q2	Crossrail	Crossrail	35

Transport for London Audit and Assurance Committee

Strategic Risk No.	Strategic Risk	Audit Title	Objective	Planned Period	Directorate/ Sponsor	Business Unit	Est. Budget (Days)
SR16/ SM1	Loss of stakeholder advocacy (i.e. schedule slippage, cost escalation)	Information Transfer	To review the effectiveness of controls around information transfer from CRL to TfL (including MTR).	Q4	Crossrail	Crossrail	25
		Risk Management	To provide assurance over adequacy and effectiveness of risk management in Crossrail.	Q2			25
SR17	Protective Security	TfL Protective Security Programme	To provide assurance over the design adequacy of governance and control frameworks – real-time.	Q3	Surface Transport	Compliance, Policing and On-Street	30
		Work Place Violence Strategy	To provide assurance over the adequacy of the Work Place Violence (WPV) Strategy.	Q1			Compliance, Policing and On-Street
SR18	Impact of Transformation on Mayoral commitments and business priorities	Transformation - Close out process	Provide assurance on the adequacy and effectiveness of the Transformation programme's close out process.	Q3	Customers, Communication & Technology	Transformation & Business Services	35

Transport for London Audit and Assurance Committee

Strategic Risk No.	Strategic Risk	Audit Title	Objective	Planned Period	Directorate/ Sponsor	Business Unit	Est. Budget (Days)
		LU Modernisation Programme (phase 1)	To provide assurance that the LU modernisation programme is effectively delivering the expected cost saves.	Q1	London Underground	London Underground	25
		LU Modernisation Programme (phase 2)	To provide assurance that the LU modernisation programme is effectively delivering the expected cost saves.	Q3	London Underground	London Underground	25

Integrated Assurance Plan 2019/20 – Cyclical audit areas

	2018/19 Actual	2019/20 Actual	2020/21 (plan)	2021/22 (indicative)
Financial				
Procure to Pay Accounts Payable Accounts Receivable	Single Sourcing (ST)	Whole life Costings in Procurements (T&D)	Payments to Contractors	Accounts Payable
	Single Sourcing (LU)		Procurement and Supply Chain Governance	
Payroll	Payroll controls - general	Allowances, Overtime and Higher Duty Pay process	Counter fraud audit investigations	
Fixed Assets				Projects and Fixed Assets
Cash	Cash Forecasting		Bank Reconciliations	Order to Cash
Revenue		Fraud awareness (Surface)	Counter fraud audit investigations	
Insurance				Insurance
General Accounting	Congestion Charging Financial Controls	Delegated Project Authority		Counter fraud audit investigations
	Cycle Hire Financial Controls			
'Hygiene' Audits	Business Expenses		Business Ethics	Movers and Leavers
Human Resources				
HR Processes	Safeguarding (TfL)	Nominee Passes	Strategic Workforce Planning	Talent Management Learning and Development
Other				
Risk Management			Strategic Risk Management	
Legal/ statutory compliance		Networks and Information Systems (NIS) - LU	Modern Slavery Act	GDPR
		Networks and Information Systems (NIS) - Surface	Digital Accessibility Regulations	
			GDPR	
Internal Governance	TfL Scorecard	TfL Scorecard	TfL Scorecard	TfL Scorecard

[page left intentionally blank]

Audit and Assurance Committee



Date: 16 March 2020

Item: Lessons Learned from the First Full Year of the Enterprise Risk Framework

This paper will be considered in public

1 Summary

- 1.1 The purpose of this paper is to report to the Committee on the lessons learned following the first full year of reporting to the Board Committees and Panels on Enterprise Risk Management (ERM).

2 Recommendation

- 2.1 The Committee is asked to note the paper.

3 Background

- 3.1 Over the past couple of years, TfL's management of Enterprise Risk has progressed significantly. A common Enterprise Risk Management Framework has been established, together with a consolidated risk assessment methodology, standardised risk templates, risk tolerance and appetite thresholds. The business is engaged in the risk process, with risk increasingly being considered as a normal part of decision making. Risk is now discussed each period at Executive Committee meetings.
- 3.2 Each Level 0 strategic risk has been assigned to one of the Board Committees and Panels, which has oversight of that risk. By the end of 2019 each of the Level 0 risks had been taken to the relevant Committee or Panel, with a paper presented by the risk owner or a delegated representative.
- 3.3 The ERM team are committed to continuously improving the ERM process and the quality of reporting on risk as this becomes increasingly embedded in the organisation. With the second cycle of reporting to Committees and Panels about to get under way, we have taken the opportunity to review how the process has been working to date, to identify lessons learned and areas for further development. These are set out in the following paragraphs.

4 Lessons learned

- 4.1 As would be expected, the process of reporting risk to Executive Committee meetings and to Committees and Panels has evolved and improved over the course of the year. There were some early 'teething problems' regarding font sizes and the legibility of risk templates, which we believe have now been resolved. Some of the risk discussions in the early part of the year focused on the risk process rather than the substance of the risks. These discussions have matured over the year and continue to improve.

- 4.2 There has been some variability in the quality of risk papers over the past year, but these have improved significantly as responsible managers become more used to the reporting process. We plan to produce some guidance on report content, based on experience over the past year, to help improve this further.
- 4.3 Another area where there was a lack of clarity early on concerned the respective roles of the business and of the ERM team. It is now well understood that responsibility for the content of the risk templates, and for writing reports for Committees and Panels rests with the business management responsible for the risk. The ERM team's role is to provide, evolve and communicate a suitable framework for ERM in support of achieving the Mayor's Transport Strategy, to support the business in applying this framework in order to achieve their objectives through the identification and management of risks, and to challenge the business where this process is not adding the value it is intended to.

5 Areas for Improvement and Development

- 5.1 TfL currently has 17 Level 0 risks, and the number has been as high as 18. This is quite a high number, compared to other large organisations, and risks spreading management attention too thinly. As a benchmark, Rolls Royce reports nine principal risks in its annual accounts, Sainsbury's reports 10, and HS2 Limited reports as few as five. We believe there would be benefit in streamlining the number of Level 0 strategic risks to between eight and 12, in line with organisations with similar size and complexity.
- 5.2 One area where there has been some challenge from members during the year relates to the identification and documentation of post risk event controls; generally, managers have found it easier to identify preventative controls. We are now seeking to focus attention on post risk event controls in our risk discussions and expect to see the quality of this section of the risk template improve over the coming year.
- 5.3 It is apparent that some elements of the risk template are still not consistently well understood by users, for example what it means when a risk is outside of tolerance. We will consider how to improve this understanding, either by simplifying the presentation or more clearly explaining these areas of the report.
- 5.4 One area of focus in the coming year relates to interconnectivity of risks. Strategic risks are, by their very nature, not stand-alone risks which can be managed in isolation but interconnected to others by means of cause and effect. Over the coming year we plan to evolve the process to reflect this risk connectivity and to better understand the possibility of 'risk contagion'. This includes 'vulnerable' risks due to having a high number of causal factors and 'single point of failure' risks due to having a possible 'snowball effect' on other risks.
- 5.5 Related to this we are working with Finance to quantify the ranges related to cost impacts for all Level 0 strategic risks. This will enable us to run a Monte Carlo simulation to establish the potential aggregated cost risk exposure to TfL to inform the next cycle of the Business plan.

List of appendices to this report:

None

List of Background Papers:

None

Contact Officer: Nico Lategan, Head of Enterprise Risk
Number: 07889 230 292
Email: NicoLategan@tfl.gov.uk

[page left intentionally blank]

Audit and Assurance Committee



Date: 16 March 2020

Item: External Audit Services Policy

This paper will be considered in public

1 Summary

- 1.1 To present the draft revised Policy on External Audit and Non Audit Services to the Committee for consideration. The draft of the policy is attached as an appendix to this paper.
- 1.2 The revised policy will also be presented to the Audit Committees of Crossrail Limited and London Transport Museum Limited.

2 Recommendation

- 2.1 **The Committee is asked to approve the revised Policy.**

3 Background

- 3.1 The policy requires approval of the Audit and Assurance Committee. The policy was last updated in 2015, to reflect the creation of Public Sector Audit Appointments Limited (PSAA).
- 3.2 The External Audit Services Policy was first established in 2003 to apply the Audit Commission's rules on independence for the external auditors appointed by them to TfL Corporation and to all of the subsidiary companies of TfL for consistency. The policy provides guidance on the types of work that it is acceptable for the external auditor to undertake, sets limits on the volume of non-audit work that may be undertaken and provides clarity on the process to be followed for approval. Under the policy our external auditors (currently Ernst & Young (EY) are also required to report on their compliance with this policy twice a year.
- 3.3 The policy was updated in 2015 to reflect the appointment of EY as TfL's auditors, the abolition of the Audit Commission and the creation of the Public Sector Audit Appointment Limited. It was also amended to recommend reductions in the financial limits proportionate with the level of the statutory audit fee in line with recommended guidelines.
- 3.4 The policy is now being refreshed to reflect the issuance, in December 2019, of the Financial Reporting Council's Revised Ethical Standard December 2019, which is effective from 15 March 2020 and seeks to further strengthen auditor independence and reduce conflicts of interest. Under the revised

policy, external auditors will now only be able to provide non-audit services which are closely linked to the audit itself or required by law or regulation.

- 3.5 The services undertaken by EY in the 2019/20 financial year that have not been in relation to their statutory audit work have been agreed-upon procedures in respect of Railway Safety Levy Regulations, and the issue of a comfort letter in relation to a bond issue. Both items of work, and the agreed fees for these services, would have remained permissible under the revised policy.

List of appendices to this report:

Appendix 1: Draft External Audit Services Policy (clean copy in new format template)
Appendix 2: Draft External Audit Services Policy with tracked changes from the Existing External Audit Services Policy as approved in 2015.

List of Background Papers:

None

Contact: Antony King, Interim Group Finance Director
Statutory Chief Finance Officer
Email: AntonyKing@TfL.gov.uk
Number: 020 7126 2880

PR00XX XX Policy on External Audit and Non-Audit Services to Safeguard the Independence of External Auditors

Contents

1	Background	2
2	Purpose and objective	2
3	Appointment of External Auditors	2
4	Audit Plan and Fees	3
5	Rotation of Audit Partners and Staff	3
6	Meetings between Auditor and the Audit and Assurance Committee	3
7	Evaluation of the Performance of the External Auditors	4
8	Auditor independence	4
9	Prohibited Services	7
10	Permitted Services and their Award	7
11	Financial Threshold for Permitted Services	8
12	Record Keeping	8
13	Reporting on Non-Audit Fees	9
14	Independence Reporting	9
15	PSAA Requirements	9
16	Responsibilities	9
17	Person accountable for this document	10
18	References	11

1 Background

This policy sets out TfL's policies and procedures to fulfil the responsibilities of the Audit and Assurance Committee relating to the external auditors, including for the engagement of the external auditors on non-audit related assignments. It also sets out the requirements for the pre-approval and reporting of fees for non-audit services.

Transport for London (TfL) is committed to ensuring that the financial statements of the Group, the Corporation and relevant subsidiaries have an effective and independent annual audit by its external auditors. Under Standing Orders and the Subordinate Bodies of TfL document, the Board has delegated to the Audit and Assurance Committee responsibility for certain aspects of the relationship with external auditors.

The responsibilities as set out in the Subordinate Bodies document include:

- To meet with the External Auditors before the audit commences to review audit plans and scope;
- To review the Annual Report and Accounts, the Annual Audit Letter and other external reports and to discuss these with the External Auditors;
- To review the effectiveness of the External Auditors after each statutory audit;
- To review the independence and objectivity of the External Auditors;
- To meet the External Auditors at least annually without any Officer being present; and
- To develop and implement policy on the engagement of the External Auditors to supply non-audit services.

2 Purpose and objective

This policy sets out TfL's policies and procedures to fulfil the responsibilities of the Audit and Assurance Committee relating to the external auditors, including for the engagement of the external auditors on non-audit related assignments. It also sets out the requirements for the pre-approval and reporting of fees for non-audit services.

All entities in the TfL Group are required to conform to this policy.

3 Appointment of External Auditors

Responsibility for the appointment of TfL's external auditors lies with Public Sector Audit Appointments Limited (PSAA), the national appointing person scheme for opted-in bodies. TfL is an opted-in body. Ernst & Young LLP (EY) have been appointed auditors of TfL by the PSAA, after consultation with TfL, for a five year period that covers the audits of the accounts from 2018/19 to 2022/23. Auditors are appointed taking into account the principle of auditor independence.



The auditors of TTL are appointed in line with the requirements of the Companies Act and the appointment is the responsibility of TfL management under the supervision of the Statutory Chief Finance Officer (Statutory CFO). The last tender for the audit of TTL and its subsidiaries took place in 2018 and EY were appointed as auditor for a five year period covering the audits of the accounts from 2018/19 to 2022/23 to align with the auditor appointment period for TfL.

4 Audit Plan and Fees

The scope of the annual audit of the financial statements will be presented to, discussed with, and agreed by the Audit and Assurance Committee. The external audit plan shall include the identification of key risks and the audit approach to be adopted to address such risks. It shall also include the audit cycle and confirm the deliverables, including reporting to the Audit and Assurance Committee. The annual audit fee for TfL is set by PSAA, while the fee for the TTL entities is subject to negotiation with TfL management. The Audit and Assurance Committee shall approve the proposed fees for the audit of TTL and its subsidiaries.

5 Rotation of Audit Partners and Staff

The lead audit engagement partner for TfL will be appointed for a period of up to five years, which is the maximum period allowed by the Financial Reporting Council's (FRC's) regulations. This period may only be extended following consultation with the Audit and Assurance Committee and PSAA and a consideration of all relevant rules and regulations regarding rotation of audit partners which may exist at that time. Under PSAA's Terms of Appointment any extension approved may only be for an additional period of up to no more than two years.

The audit senior manager for TfL needs to be changed at least every ten years, other than in exceptional circumstances. Where the manager becomes the senior responsible auditor i.e. the audit partner, he/she may serve in that role for up to five years. Extensions of this period will be approved in the same manner as set out in paragraph 5 above. The maximum combined continuous period of service as audit manager and lead audit engagement partner may not, however, exceed ten years.

The terms to be served by the audit engagement partner and manager for TTL and any of its subsidiaries should comply with the rules and regulations which exist for rotation at that point in time (e.g. the FRC's 'Revised Ethical Standard 2019'). The TTL partner is considered a key audit partner under the current FRC guidance and as such may remain in post for a period of no longer than five years.

6 Meetings between Auditor and the Audit and Assurance Committee

The auditors should raise directly with the Chair or Members of the Committee any matters of concern that they have in relation to their audit responsibilities where they believe that the concerns have not been adequately addressed through the regular processes established with management. Separate meetings of the auditors and Committee members, without Officers present, will be held not less than once per year. The auditors may also request at any time such a separate meeting with the Committee.



7 Evaluation of the Performance of the External Auditors

The Audit and Assurance Committee will review the performance of the external auditors following the completion of each statutory audit. This review will cover the performance of the external auditors across all parts of the TfL Group.

Where issues are identified regarding the performance of the external auditors these will normally be addressed directly through communication between the Statutory CFO and the external audit partner. In cases, however, where the performance of the external auditor is seriously or consistently below standard the Audit and Assurance Committee may request the Statutory CFO take steps to remove the external auditors from office. Removal of TfL's auditors is not directly within the power of TfL Management, but can be influenced by submission of a written request to PSAA. The auditors of TTL may be removed directly by the directors of those companies, but only after consultation with the TfL Audit and Assurance Committee.

8 Auditor independence

Audit services are defined as follows:

- for TfL, the services required to meet PSAA's requirements as set out in Code of Audit Practice (issued by the Comptroller and Auditor General) and supplemented by the Terms of Appointment (issued by PSAA); and
- for TTL, the work required to enable the external auditor to issue an audit opinion on the company's annual accounts in accordance with the Companies Act.

An important element of good corporate governance is the independence of the external auditors. Within certain parameters, the Group's external auditors can be used for certain non-audit services. However, independence may be perceived as being compromised if the non-audit services carried out by the Group's auditors are extensive.

Under guidance contained within the FRC's Revised Ethical Standard December 2019, auditors are only permitted to undertake non-audit services that are closely linked to the audit itself or which are required by law or regulation. These permitted services are listed in the paragraph below.

The list below describes the nature of all permitted services that can be provided by the external auditor if approved by the Audit and Assurance Committee – services not on the list cannot be provided.

Type of non-audit service	Outside 70% fee cap	Counts towards 70% fee cap
Reporting required by a competent authority or regulator under UK law or regulation for example: <ul style="list-style-type: none"> - Reporting to a regulator on client assets; - Reporting to a regulator on regulatory financial statements 	Yes	
In the case of a controlled undertaking incorporated and based in a third country, reporting required by law or regulation in that jurisdiction where the auditor is required to undertake that engagement	Yes	
Reporting on internal financial controls when required by law or regulation	Yes	
Reporting on the iXBRL tagging of financial statements	Yes	
Reports supplied to authorities/regulators where the authority/regulator has either specified the auditor to provide the service or identified to the entity that the auditor would be an appropriate choice for service provider.	Yes	
Services which support the entity in fulfilling an obligation required by UK law or regulation, including listing requirements where: <ul style="list-style-type: none"> - the provision of such services is time critical; - the subject matter of the engagement is price sensitive; and - it is probable that an objective, reasonable and informed third party would conclude that the understanding of the entity obtained by the auditor for the audit of the financial statements is relevant to the service, and where the nature of the service would not compromise independence 	Yes	



Reviews of interim financial information not otherwise required by law or regulation		Yes
Non - audit and additional services, as defined in this Ethical Standard provided as auditor of the entity, or as reporting accountant for which it is probable that an objective, reasonable and informed third party would conclude that the understanding of the entity obtained by the auditor is relevant to the service, and where the nature of the service would not compromise independence.		Yes
Extended audit or assurance performed on financial or performance information and/or financial or operational controls, where this work is closely linked with the audit work.		Yes
Additional assurance work or agreed upon procedures on material included within or referenced from the annual report.		Yes
Reporting on government grants.		Yes
Reporting on covenant or loan agreements which require independent verification and other reporting to third parties with whom the audited entity has a business relationship		Yes
Services which have been the subject of an application to the Competent Authority.		Yes
Generic subscriptions providing factual updates of changes to applicable law, regulation or accounting and auditing standards.		Yes

Even if a service appears on the list, the auditors must still consider the threats to their independence. The Audit and Assurance Committee, in deciding whether to approve the provision of a particular service should also consider:

- Whether it is probable that an objective, reasonable and informed third party would conclude that the understanding of the entity obtained by the auditor for the audit of the financial statements is relevant to the service
- Whether the nature of the service would compromise independence



- An assessment of threats to independence and the safeguards applied to counter those threats
- Whether the Audit and Assurance Committee and the auditor are confident that no element of the service would conflict with the list of prohibited non-audit services outlined in section 9

9 Prohibited Services

Under the TfL policy for auditor independence, based on guidance contained within the FRC's Revised Ethical Standard 2019, the external auditor may not, under any circumstances, and even if seemingly allowed under the list of permitted non-audit services contained within section 8 above, provide the prohibited services outlined below.

Prohibited services include those services where an advisor is making judgments or taking decisions that are the responsibility of management, including the following:

- bookkeeping services;
- financial information systems design and implementation;
- a valuation that has a material effect on the financial statements;
- tax services involving tax structures or products that depend for their effectiveness on a particular accounting treatment;
- executive recruiting and human resource services;
- actuarial services;
- management functions including secondments to management positions that include decision-making;
- management of, or involvement in, internal audit services; and
- any other work that is prohibited by UK ethical guidance.

In addition, under the Revised Ethical Standard December 2019, all engagements involving a contingent fee are prohibited.

10 Permitted Services and their Award

As outlined in section 8 above, permitted services are assurance services or other work traditionally provided by the external auditors. They usually result in a certification or specific opinion on an investigation.

The external auditors may decide to bid for permitted services assignments that are put out for tender, bearing in mind the financial threshold and approval process set out in section 11 below.

It is recognised that there will be some items of non-audit work that the external auditors are best placed to deliver because of the knowledge or experience gained through the audit process. Any decision to award permitted services to the external auditors without going out to tender must be taken by the relevant Managing Director with the agreement of the Statutory CFO and in accordance with TfL's 'single source procurement' rules. The financial threshold and approval process set out in section 11 below also apply.

Irrespective of the procurement process followed, the external auditors are required to seek approval from the Statutory CFO in advance of starting work on an assignment falling within the category of "permitted services".

11 Financial Threshold for Permitted Services

The FRC's Revised Ethical Standard December 2019 sets a limit for fees for permitted non-audit services, calculated such that the total of fees for non-audit services provided to the audited entity and its controlled undertakings is limited to no more than 70% of the average of the fees paid in the last three consecutive financial years for the audit(s) of the audited entity and of its controlled undertakings and of the consolidated financial statements of that group of undertakings. This limit specifically excludes fees for work required under legislation to be performed by the statutory auditors. The table in section 8 above details which services are covered by this fee limit and which are excluded.

Within the FRC's limit, the threshold under this Policy for requiring the approval of the Audit and Assurance Committee for all permitted services provided by the auditors to TfL Group entities is set at the higher of £100,000 and 10 per cent of the Group audit fee, based on the total statutory audit fee proposed ("the threshold").

The Statutory CFO can approve any individual assignment up to the threshold. In addition, the Statutory CFO may, at his or her discretion, discuss the award with the Chair of the Audit and Assurance Committee.

Where the fee for an individual assignment exceeds the threshold, the Statutory CFO is required to consult with the Chair of the Audit and Assurance Committee who will decide whether the Committee needs to approve the appointment in advance of the work commencing.

Irrespective of the financial threshold above, if there is any doubt as to whether the external auditors have a conflict of interest, approval by the Audit and Assurance Committee is required.

The Chair of the Audit and Assurance Committee should be informed once the total of fees for permitted non-audit services is expected to exceed 20 per cent of the Group audit fee in any given financial year.

12 Record Keeping

The external auditors will be responsible for maintaining detailed records of all non-audit work undertaken and for ensuring they do not undertake any of the work proscribed above. They will be responsible for advising the relevant Managing

Director and the Statutory CFO if a request for them to undertake non-audit work will result in the limits set by the Audit and Assurance Committee being exceeded.

13 Reporting on Non-Audit Fees

All non-audit work will be reported six-monthly to the Audit and Assurance Committee by the external auditors as a standing agenda item.

14 Independence Reporting

The external auditors are requested to confirm their independence in writing at the meeting where they present the external audit plan, and at the meeting where the results of the audit are reported prior to the audit opinion being finalised.

15 PSAA Requirements

PSAA imposes restrictions over and above those set out by in the Code of Audit Practice in its 'Terms of Appointment and further guidance' on the nature and extent of the non-audit work which external auditors of local authorities are allowed to undertake for an audit client. In particular, external auditors must seek PSAA approval to carry out non-audit work for TfL where the fees exceed the higher of £18,000 or 20 per cent of the agreed TfL audit fee. The de minimis amount is applied cumulatively, so that approval must be obtained from PSAA if the value of the work in any financial year will exceed that amount.

The external auditors also should not carry out work that does not relate directly to the discharge of auditors' functions if it would impair the auditors' independence, or might give rise to a reasonable perception that their independence could be impaired.

The external auditors must also notify PSAA of any requests for fee variations to the fee set for TfL Corporation, including any changes to scope (e.g. new accounting/auditing standards) or any overruns incurred in performing the external audit. In such circumstances any fee variations are discussed and agreed in advance with TfL management subject to PSAA approval and shall be presented to the Audit and Assurance Committee at the next relevant meeting.

16 Responsibilities

Managing Directors are responsible for:

- ensuring single source procurement rules are followed when the external auditors are awarded non-audit work on the grounds they are best placed to do the work; and
- Obtaining the agreement of the Statutory CFO when they wish to award audit related services or permitted non-audit work to the external auditors.

The external auditors are responsible for:

- Seeking and approving audit fee variations;



- maintaining detailed records of all non-audit work undertaken;
- ensuring they do not undertake any proscribed work and seeking permission to perform non-audit work where required by this policy;
- advising the Statutory CFO of all proposed non-audit work and also where the fees for non-audit work will result in the fee limits set by the Audit and Assurance Committee being exceeded;
- reporting all non-audit work to the Audit and Assurance Committee every six months; and
- seeking and obtaining PSAA approval to carry out permitted non-audit services where required.

The Statutory CFO is responsible for:

- recommending the appointment of external auditors for TTL;
- liaising as appropriate with PSAA on the appointment and performance of the external auditors for TfL;
- ensuring that the Audit and Assurance Committee is provided with the information that it needs to carry out its annual review of the performance of the external auditors;
- reviewing all proposals to engage external auditors to carry out non-audit work and liaising with the Chair of the Audit and Assurance Committee as required by this policy;
- reviewing this policy on an annual basis to ensure it remains appropriate and consistent with the applicable regulatory and PSAA guidance.

If the Statutory CFO is unavailable, the Chief Finance Officer is his alternate for the purposes of this policy.

17 Person accountable for this document

The Band 5 manager accountable for keeping this document up to date is listed below.

Job title
Head of Tax and Financial Accounting



18 References

List any TfL or external documents that you have referred to.

Document no.	Title or URL
RXXXX	Public Sector Audit Appointments' Terms of Appointment: https://www.psa.co.uk/managing-audit-quality/terms-of-appointment/
RXXXX	The Financial Reporting Council's Revised Ethical Standard December 2019: https://www.frc.org.uk/auditors/audit-assurance/standards-and-guidance/current-ethical-standards
RXXXX	Code of Audit Practice issued by the National Audit Office: https://www.nao.org.uk/code-audit-practice/about-code/

Document history

Issue no.	Date	Changes	Author
1.0	10 March 2020	Publication of revised Policy, amended for new guidance issued by the FRC in December 2019	Rachel Shaw (Head of Tax and Financial Accounting)



[page left intentionally blank]

Transport for London

Policy on External Audit and Non-Audit Services to Safeguard the Independence of External Auditors

1. Background

1.1 Transport for London (TfL) is committed to ensuring that the financial statements of the Group, the Corporation and relevant subsidiaries have an effective and independent annual audit by its external auditors. Under Standing Orders and the Subordinate Bodies of TfL document, the Board has delegated to the Audit and Assurance Committee responsibility for certain aspects of the relationship with external auditors.

1.2 The responsibilities as set out in the Subordinate Bodies document include:

- To meet with the External Auditors before the audit commences to review audit plans and scope;
- To review the Annual Report and Accounts, the Annual Audit Letter and other external reports and to discuss these with the External Auditors;
- To review the effectiveness of the External Auditors after each statutory audit;
- To review the independence and objectivity of the External Auditors;
- To meet the External Auditors at least annually without any Officer being present; and
- To develop and implement policy on the engagement of the External Auditors to supply non-audit services.

2. Purpose and objectives

2.1 This policy sets out TfL's policies and procedures to fulfil the responsibilities of the **Audit and Assurance** Committee relating to the external auditors, including for the engagement of the external auditors on ~~non~~-non-audit related assignments. It also sets out the requirements for the pre-approval and reporting of fees for ~~non~~-non-audit services.

2.2 All entities in the TfL Group are required to conform to this policy.

3. Appointment of External Auditors

3.1 Responsibility for the appointment of TfL's external auditors lies with Public Sector Audit Appointments Limited (PSAA, ~~the successor body to the Audit Commission~~), the national appointing person scheme for opted-in bodies. TfL ~~are~~is an opted-in body.

Ernst & Young LLP (EY) have been appointed auditors of TfL by the ~~Audit Commission (now PSAA)~~PSAA, after consultation with TfL, for a ~~two-five~~ year period commencing from 1 April 2015. This contract can be extended by PSAA, but no decision has been made that covers the audits of the accounts from 2018/19 to 2022/23. ~~The arrangements for appointing auditors for the period subsequent to this term are set out in the Local Audit and Accountability Act 2014, although not all the associated regulations and guidance have been published. Once the regulations and procedures for tendering of audits at the end of this term are finalised, TfL will reconsider its policy for the tendering of its external audit and update this policy as required.~~Auditors are appointed, taking into account the principle of auditor independence, ~~after consultation with the opted-in body.~~

- 3.2 The auditors of TTL are appointed in line with the requirements of the Companies Act and the appointment is the responsibility of TfL management under the supervision of the ~~Statutory Chief Financial~~ Finance Officer (~~Statutory~~ CFO). The last tender for the audit of TTL and its subsidiaries took place in ~~2014-2018~~ and EY were appointed as auditor for ~~two years starting with the financial year 2015/16, with an option to extend beyond this period.~~ a five year period covering the audits of the accounts from 2018/19 to 2022/23 to align with the auditor appointment period for TfL.

4. Audit Plan and Fees

- 4.1 The scope of the annual audit of the financial statements will be presented to, discussed with, and agreed by the Audit and Assurance Committee. The external audit plan shall include the identification of key risks and the audit approach to be adopted to address such risks. It shall also include the audit cycle and confirm the deliverables, including reporting to the ~~Audit and Assurance~~ Committee. ~~The Committee shall approve the proposed fees for the audit of TTL and its subsidiaries.~~ The annual audit fee for TfL is set by PSAA, while the fee for the TTL entities is subject to negotiation with TfL management. ~~The Audit and Assurance Committee shall approve the proposed fees for the audit of TTL and its subsidiaries.~~

5. Rotation of Audit Partners and Staff

- 5.1 The lead audit engagement partner for TfL will be appointed for a period of up to five years ~~(, which is the maximum period allowed by the Auditing Practices Board's ('APB') regulations)~~Financial Reporting Council's (FRC's) regulations. This period may only be extended following consultation with the Audit and Assurance Committee and PSAA and a consideration of all relevant rules and regulations regarding rotation of audit partners which may exist at that time. ~~Under PSAA's Terms of Appointment any extension approved may only be for an additional period of up to no more than two years.~~
- 5.2 The audit senior manager for TfL needs to be changed at least every ten years, other than in exceptional circumstances. Where the manager becomes the senior responsible auditor i.e. the audit partner, he/she may serve in that role for up to five years. Extensions of this period will be approved in the same manner as set out in 5.1 above. The maximum combined continuous period of service as audit manager and lead audit engagement partner may not, however, exceed ten years.

5.3 The terms to be served by the audit engagement partner and manager for TTL and any of its subsidiaries should comply with the rules and regulations which exist for rotation at that point in time (e.g. the ~~APB's Ethical Standard 5 ('APB ES 5')~~ FRC's 'Revised Ethical Standard 2019'). The TTL partner is considered a key audit partner under the current ~~APB-FRC~~ guidance and as such may remain in post for a period of ~~no longer than seven-five~~ years.

6. Meetings between Auditors and the Audit and Assurance Committee

6.1 The auditors should raise directly with the Chair or Members of the Committee any matters of concern that they have in relation to their audit responsibilities where they believe that the concerns have not been adequately addressed through the regular processes established with management. Separate meetings of the auditors and Committee members, without Officers present, will be held not less than once per year. The auditors may also request at any time such a separate meeting with the Committee.

7. Evaluation of the Performance of the External Auditors

7.1 The Audit and Assurance Committee will review the performance of the external auditors following the completion of each statutory audit. This review will cover the performance of the external auditors across all parts of the TfL Group.

7.2 Where issues are identified regarding the performance of the external auditors these will normally be addressed directly through communication between the ~~Statutory Chief Financial Officer~~ CFO and the external audit partner. In cases, however, where the performance of the external auditor ~~is considered to be~~ seriously or consistently below standard the Audit and Assurance Committee may request the ~~Statutory Chief Financial Officer~~ CFO ~~to~~ take steps to remove the external auditors from office. Removal of TfL's auditors is not directly within the power of TfL Management, but can be influenced by submission of a written request to PSAA. The auditors of TTL may be removed directly by the directors of those companies, but only after consultation with the TfL Audit and Assurance Committee.

INDEPENDENCE AND THE PROVISION OF ~~NON-NON~~-AUDIT SERVICES

8. Auditor Independence

8.1 Audit services are defined as follows:

- for TfL, the services required to meet PSAA's requirements as set out in Code of Audit Practice (issued by the ~~National Audit Office~~ Comptroller and Auditor General) and supplemented by the Terms of Appointment (issued by PSAA); and
- for TTL, the work required to enable the external auditor to issue an audit opinion on the company's annual accounts in accordance with the Companies Act.

8.2 An important element of good corporate governance is the independence of the external auditors. Within certain parameters, the Group's external auditors can be used for certain ~~non-non~~-audit services. However, independence may be perceived as

being compromised if the non-audit services carried out by the Group's auditors are extensive.

8.3 ~~External auditors, or any firm with which the auditor is associated, should not therefore carry out work that does not relate directly to the discharge of audit functions if it would impair the auditors' independence, or might give rise to a reasonable perception that their independence could be impaired.~~ Under guidance contained within the FRC's Revised Ethical Standard December 2019, auditors are only permitted to undertake non-audit services that are closely linked to the audit itself or which are required by law or regulation. These permitted services are listed in the paragraph below.

8.4 The list below describes the nature of all permitted services that can be provided by the external auditor if approved by the Audit and Assurance Committee – services not on the list cannot be provided.

Type of non-audit service	Outside 70% fee cap	Counts towards 70% fee cap
Reporting required by a competent authority or regulator under UK law or regulation for example: <ul style="list-style-type: none"> - Reporting to a regulator on client assets; - Reporting to a regulator on regulatory financial statements 	Yes	
In the case of a controlled undertaking incorporated and based in a third country, reporting required by law or regulation in that jurisdiction where the auditor is required to undertake that engagement	Yes	
Reporting on internal financial controls when required by law or regulation	Yes	
Reporting on the iXBRL tagging of financial statements	Yes	
Reports supplied to authorities/regulators where the authority/regulator has either specified the auditor to provide the service or identified to the entity that the auditor would be an appropriate choice for service provider.	Yes	
Services which support the entity in fulfilling an obligation required by UK law or regulation, including listing requirements where: <ul style="list-style-type: none"> - the provision of such services is time critical; - the subject matter of the engagement is price sensitive; and - it is probable that an objective, reasonable and informed third party would conclude that the understanding of the entity obtained by the auditor for the audit of the financial statements is relevant to the service, and 	Yes	

where the nature of the service would not compromise independence		
Reviews of interim financial information not otherwise required by law or regulation		Yes
Non - audit and additional services, as defined in this Ethical Standard provided as auditor of the entity, or as reporting accountant for which it is probable that an objective, reasonable and informed third party would conclude that the understanding of the entity obtained by the auditor is relevant to the service, and where the nature of the service would not compromise independence.		Yes
Extended audit or assurance performed on financial or performance information and/or financial or operational controls, where this work is closely linked with the audit work.		Yes
Additional assurance work or agreed upon procedures on material included within or referenced from the annual report.		Yes
Reporting on government grants.		Yes
Reporting on covenant or loan agreements which require independent verification and other reporting to third parties with whom the audited entity has a business relationship		Yes
Services which have been the subject of an application to the Competent Authority.		Yes
Generic subscriptions providing factual updates of changes to applicable law, regulation or accounting and auditing standards.		Yes

~~8.4—The purpose of this policy is to ensure a consistent approach across all parts of the TfL Group to the approval of non-audit services to be undertaken by the external auditors.~~

8.5

Even if a service appears on the list, the auditors must still consider the threats to their independence. The Audit and Assurance Committee, in deciding whether to approve the provision of a particular service should also consider:

- Whether it is probable that an objective, reasonable and informed third party would conclude that the understanding of the entity obtained by the auditor for the audit of the financial statements is relevant to the service
- Whether the nature of the service would compromise independence
- An assessment of threats to independence and the safeguards applied to counter those threats

- Whether the Audit and Assurance Committee and the auditor are confident that no element of the service would conflict with the list of prohibited non-audit services outlined in section 9

~~8.5—The process to be followed will depend on the nature of the work to be undertaken. There are two categories of work that may be undertaken by the external auditors, namely audit related services and other permitted services, and separate processes for each are set out below.~~

9. Prohibited ~~services~~Services

9.1 Under the TfL policy ~~of~~for auditor independence, based on guidance contained within the FRC's Revised Ethical Standard 2019, the external auditor may not, under any circumstances, and even if seemingly allowed under the list of permitted non-audit services contained within section 8 above, ~~provide~~ the prohibited services outlined in 9.2 below.

9.2 Prohibited services include those services where an ~~adviser~~advisor is making judgments or taking decisions that are the responsibility of management, including the following:

- bookkeeping services;
- financial information systems design and implementation;
- a valuation that has a material effect on the financial statements;
- tax services involving tax structures or products that depend for their effectiveness on a particular accounting treatment;
- executive recruiting and human resource services;
- actuarial services;
- management functions including secondments to management positions that include decision-making;
- management of, or ~~significant~~involvement in, internal audit services; and
- any other work that is prohibited by UK ethical guidance.

9.3 In addition, under the Revised Ethical Standard December 2019, all engagements involving a contingent fee are prohibited.

~~9.3—Other examples of services that may be deemed to be prohibited include:~~

- ~~• material commercial structuring assignments, where the adviser is both commenting on proposed structures and advising on potential alternatives, including commenting on commercial implications of structures and potential accounting treatments.~~

~~Services of this nature will be considered on a case by case basis, but there are likely to be additional considerations with regard to public perception and independence where the structuring assignment/project is material to TfL and where the external auditor is also bidding to engage in such an advisor role.~~

~~9.4 — Where such services are being contemplated by the external auditors, they should seek the approval of the CFO and award will be in accordance with paragraph 12 [Award of Permitted Services] and paragraph 13 [Financial Threshold for Audit Related Services and Permitted Services].~~

~~10~~ **Audit Related Permitted Services Services and their Award Award**

~~10.1 As outlined in section 8 above, Audit related permitted services are assurance services or other work traditionally provided by the external auditors. They usually result in a certification or specific opinion on an investigation and may include:~~

- ~~• internal control reviews — review of internal controls related to specific operations and/or business processes e.g. general IT controls;~~
- ~~• additional assurance requested by individual businesses on processes or controls that fall outside the scope of the TfL audit due to materiality levels;~~
- ~~• issuance of comfort letters — issuance of comfort letters in respect of information provided to third parties including bond issues;~~
- ~~• consultation regarding accounting policies — discussion and review of the impact of new accounting pronouncements and accounting for one-off transactions;~~
- ~~• work associated with Electors' enquiries;~~
- ~~• grant claim certification;~~
- ~~• Rail Settlement Plan clearance agreement review; and~~
- ~~• other work of a similar nature.~~

~~10.2 — The external auditors are required to seek approval from the CFO in advance of starting work on an assignment falling within the category of “audit related services”.~~

~~10.3 — Awards of audit related services are to be made in accordance with the financial threshold and approval process set out in paragraph 13 below.~~

~~10.~~ **Permitted Services**

~~11.1 — All services, other than those falling within the categories of audit related services or prohibited services above, are classified as “permitted services”.~~

~~11.2 — Awards of permitted services are to be made in accordance with paragraphs 12 and 13 below.~~

~~11.~~ **Award of Permitted Services**

~~12.110.2~~ The external auditors may decide to bid for permitted services assignments that are put out for tender, bearing in mind the financial threshold and approval process set out in ~~13~~ section 11 below. ~~They are responsible for ensuring they do not bid for projects proscribed by APB ES 5.~~

~~12.210.3~~ It is recognised that there will be some items of non-audit work that the external auditors are best placed to deliver because of the knowledge or experience gained through the audit process. Any decision to award permitted services to the external auditors without going out to tender must be taken by the relevant Managing Director with the agreement of the **Statutory** CFO and in accordance with TfL's 'single source procurement' rules. The financial threshold and approval process set out in **section 11** ~~13~~ below also apply.

~~12.310.4~~ Irrespective of the procurement process followed, the external auditors are required to seek approval from the **Statutory** CFO in advance of starting work on an assignment falling within the category of "permitted services".

11 Financial Threshold for ~~Audit Related Services and~~ Permitted Services

~~13~~11.1 The FRC's Revised Ethical Standard December 2019 sets a limit for fees for permitted non-audit services, calculated such that the total of fees for non-audit services provided to the audited entity and its controlled undertakings is limited to no more than 70 per cent% of the average of the fees paid in the last three consecutive financial years for the audit(s) of the audited entity and of its controlled undertakings and of the consolidated financial statements of that group of undertakings. This limit specifically excludes fees for work required under legislation to be performed by the statutory auditors. The table in section 8 above details which services are covered by this fee limit and which are excluded.

11.2 Within the FRC's limit, ~~t~~The threshold under this Policy for requiring the approval of the **Audit and Assurance** Committee for ~~all audit related services and~~ permitted services provided by the auditors to TfL Group entities ~~will is set at~~ be the higher of £100,000 and 10 per cent of the Group audit fee, based on the total statutory audit fee proposed ("the threshold").

~~13.211.3~~ The **Statutory** CFO can approve any individual assignment ~~within these categories~~ up to the threshold. In addition, the **Statutory** CFO may, at his or her discretion, discuss the award with the Chair of the Audit and Assurance Committee.

~~13.311.4~~ Where the fee for an individual assignment exceeds the threshold, the **Statutory** CFO is required to consult with the Chair of the Audit and Assurance Committee who will decide whether the Committee needs to approve the appointment in advance of the work commencing.

~~13.411.5~~ Irrespective of the financial threshold above, if there is any doubt as to whether the external auditors have a conflict of interest, approval by the Audit and Assurance Committee is required.

~~13.511.6~~ The Chair of the Audit and Assurance Committee should be informed once the total of fees for ~~audit related services and~~ permitted **non-audit** services is expected to exceed 20 per cent of the Group audit fee in any given financial year.

12 Record Keeping

~~14.12.1~~ The external auditors will be responsible for maintaining detailed records of all non-audit work undertaken and for ensuring they do not undertake any of the work proscribed above. They will be responsible for advising the relevant Managing Director and the **Statutory** CFO if a request for them to undertake non-audit work will result in the limits set by the Audit and Assurance Committee being exceeded.

13 Reporting on ~~Non-Non~~-Audit Fees

~~15.13.1~~ All non-audit work will be reported ~~six-six~~-monthly to the Audit and Assurance Committee by the external auditors as a standing agenda item.

14 Independence Reporting

~~16.14.1~~ The external auditors are requested to confirm their independence in writing at the meeting where they present the external audit plan, and at the meeting where the results of the audit are reported prior to the audit opinion being finalised.

15 PSAA requirements

15.1 PSAA imposes restrictions over and above those set out by ~~the APB ES 5 in the Code of Audit Practice - in its 'Terms of Appointment and further guidance'~~ on the nature and extent of the non-audit work which external auditors of local authorities are allowed to undertake for an audit client. In particular, external auditors must seek PSAA approval to carry out non-audit work for TfL where the fees exceed the higher of £18,000 or 20 per cent of the agreed TfL audit fee. ~~The de minimis applies separately for audit related services (more narrowly defined by PSAA than the definition in 10.1 above) and for non-Code work (other types of audit related services and permitted services as per 11 above).~~ The de minimis amount is applied cumulatively, so that approval must be obtained from PSAA if the value of the work ~~in either category, individually or in total~~ in any financial year ~~f~~ will exceed that amount.

15.2 ~~They~~The external auditors also should not carry out work that does not relate directly to the discharge of auditors' functions if it would impair the auditors' independence, or might give rise to a reasonable perception that their independence could be impaired.

15.3 The external auditors must also notify PSAA of any requests for fee variations to the fee set for TfL Corporation, including any changes to scope (e.g. new accounting/auditing standards) or any overruns incurred in performing the external audit. In such circumstances any fee variations are discussed and agreed in advance with TfL management subject to PSAA approval, and shall be presented to the Audit and Assurance Committee at the next relevant meeting.

16 Responsibilities

16.1 Managing Directors are responsible for:

- ensuring single source procurement rules are followed when the external auditors are awarded non-audit work on the grounds they are best placed to do the work; and
- Obtaining the agreement of the **Statutory CFO** when they wish to award audit related services or permitted non-audit work to the external auditors.

18.2 The external auditors are responsible for:

- Seeking and approving audit fee variations;
- maintaining detailed records of all non-audit work undertaken;
- ensuring they do not undertake any proscribed work and seeking permission to perform non-audit work where required by this policy;
- advising the **Statutory CFO** of all proposed non-audit work and also where the fees for non-audit work, ~~other than fees for audit related services~~, will result in the fee limits set by the Audit and Assurance Committee being exceeded;
- reporting all non-audit work to the Audit and Assurance Committee every six months; and
- seeking and obtaining PSAA approval to carry out ~~audit related~~ **permitted non-audit services** ~~and non-Code work~~ where required.

18.3 The ~~Statutory Chief Financial Officer~~ **CFO** is responsible for:

- recommending ~~the~~ appointment of external auditors for TTL;
- liaising as appropriate with PSAA on the appointment and performance of the external auditors for TfL;
- ensuring that the Audit and Assurance Committee is provided with the information that it needs to carry out its annual review of the performance of the external auditors;
- reviewing all proposals to engage external auditors to carry out non-audit work and liaising with the Chair of the Audit and Assurance Committee as required by this policy;
- reviewing this policy on an annual basis to ensure it remains appropriate and consistent with the applicable regulatory and PSAA guidance; ~~and.~~

If the ~~Statutory Chief Financial Officer~~ **CFO** is unavailable, the ~~Managing Director Finance~~ **Chief Finance Officer** is his alternate for the purposes of this policy.

Audit and Assurance Committee



Date: 16 March 2020

Item: Register of Gifts and Hospitality for Members and Senior Staff

This paper will be considered in public.

1 Summary

1.1 This paper sets out details of the gifts and hospitality declared by the Board and senior staff. This report covers the period 1 November 2019 to 31 January 2020. Details of the gifts and hospitality accepted by Members and the most senior staff are already routinely published on our website.

2 Recommendation

2.1 **The Committee is asked to note the paper.**

3 Background

3.1 TfL's policy on gifts and hospitality applies to TfL Board Members, all staff who work for TfL and staff contracted to work for TfL including on advisory groups or through a third party. It covers both gifts and hospitality offered directly or offered through a spouse or partner.

3.2 The policy was last reviewed and updated in November 2017. It starts from the premise that any gifts or hospitality offered should usually be declined. No offer should be accepted where there is a possibility, or a perception, of being influenced by it. The guidance provides advice on the few circumstances where acceptance might be appropriate but, as a guiding principle, Members and staff are advised to err on the side of caution. Acceptance of any offer requires line manager approval and an explanation as to why acceptance is appropriate.

3.3 Board Members and staff are required to register with the General Counsel any gift or hospitality received in connection with their official duties that has a value of £25 or over, and also the source of the gift or hospitality. For staff, declarations are made at the end of every month. As the acceptance of any offers of gifts or hospitality by Members is uncommon, they are asked to confirm any declarations at the end of every quarter. Offers accepted by Members and the most senior staff are then reviewed and published on tfl.gov.uk on a quarterly basis.

3.4 Gifts and hospitality declarations from Members, the Commissioner and Managing Directors, the General Counsel and the Chief Finance Officer have been published on tfl.gov.uk since 2012.

- 3.5 As part of the revised GLA Group Framework Agreement, considered by the Board on 22 September 2016, we committed to also provide a regular report to the Audit and Assurance Committee on the gifts and hospitality accepted. For these reports, the staff coverage has been extended to all staff that appear on the top level organisation chart published on <https://tfl.gov.uk/corporate/about-tfl/how-we-work/corporate-governance/chief-officers>.

4 Reporting Period and Issues for Consideration

- 4.1 Appendix 1 sets out gifts and hospitality declared by senior staff over the three month period from 1 November 2019 to 31 January 2020 (the latest reporting period). There were no declarations by Members during this period.
- 4.2 A total of 174 declarations were made by senior staff in relation to gifts and hospitality offered at a value of £25 or over within the period covered by the report (three months). A total of 131 offers were declined and 43 were accepted. Table 1 provides a summary of the number of offers accepted and declined by senior staff who received more than 10 offers during the period.

Table 1: Staff receiving more than 10 offers during the reporting period

Name	Role	Offers	Accepted	Declined
Graeme Craig	Director of Commercial Development	41	8	33
Mike Brown MVO	Commissioner	29	10	19
Gareth Powell	Managing Director, Surface Transport	26	3	23
Stephen Field	Director of Pensions and Reward	17	3	14

- 4.3 Table 2 shows the figures provided in previous reports since November 2019 and then breaks these down to a monthly average for each period reported, to enable some trend analysis.
- 4.4 On a monthly average basis, the actual number of offers received has fluctuated from a high of 64 to a low of 43. The number of offers received in the latest period (November 2019 to January 2020) fall within that range and are less than in the same reporting period in 2019 (November 2018 to January 2019), with the number of offers accepted falling by 25 percent.

- 4.5 The offers received and accepted have been reviewed to ensure they comply with the policy and guidance. Where there are concerns that the policy or guidance is not being followed, these are raised with the member of staff and their line manager.

Table 2: Figures reported to previous meetings and monthly averages

	01/11/18-31/01/19	01/02/19-30/04/19	01/05/19-31/07/19	01/08/19-31/10/19	01/11/19-31/01/2020
Period reported to Committee	3 months	3 months	3 months	3 months	3 months
Total offers	193	128	145	163	174
Total declined	136	94	110	112	132
Total accepted	57	34	35	51	42
Monthly average					
Total offers	64.3	43	48.3	54.3	58
Total declined	45.3	31	37	37.3	44
Total accepted	19	11	12	17	14

List of appendices to this report:

Appendix 1 – Gifts and Hospitality Register, Members and Senior Staff 1 November 2019 to 31 January 2020

List of Background Papers:

Corporate Gifts and Hospitality Register

Contact Officer: Howard Carter, General Counsel
 Number: 020 3054 7832
 Email: HowardCarter@tfl.gov.uk

[page left intentionally blank]

Gifts and Hospitality - TfL Board Members and Staff - Appendix 1

1 November 2019 to 31 January 2020

Name of Officer	Donor/Provider of Gift/Hospitality	Detail of Gift/Hospitality	Reason for Accepting Gift / Hospitality	Date of Event/Hospitality
Barton Glynn	Gavin Jackman - AimSun	Dinner as part of AimSun event, Leeds (accepted but unable to attend)	Relationship building	06/11/2019
Barton Glynn	Gavin Jackman - AimSun	Highways UK - Birmingham Event - hotel accommodation (accepted but unable to attend)	Relationship building	07/11/2019
Best Louise	Deloitte	Working Dinner	Rrelationship building	06/11/2019
Brown Mike	David Brown, Go-Ahead CEO	Dinner	Networking	05/11/2019
Brown Mike	The President, Chairman and members of the London Transport Old Comrades Association	Dinner	Rep TfL at Annual Dinner	08/11/2019
Brown Mike	David Frost, Chief Executive	Local Chamber of Commerce and Industry Lunch	Keynote speaker	13/11/2019
Brown Mike	Socia (Alex Cameron and David Archer)	Dinner	Networking	20/11/2019
Brown Mike	Siemens	Dinner	Visit to Siemens Mobility Branschweig	21/11/2019
Brown Mike	Cindy Yendell, Leonardo-advisory	Dinner	Business dinner	17/12/2019
Brown Mike	Alex Cameron, Socia Limited	Lunch	Business lunch	20/12/2019
Brown Mike	Max Weston, Panthea	Dinner	Business discussion	07/01/2020
Brown Mike	Lord Mayor and Lady Mayoress Alderman William and Mrs Hilary Russell	London Government Dinner	Annual networking event	16/01/2020
Brown Mike	Arup	Corporate Social Responsibility Dinner	Networking	28/01/2020
Coff Tanya	ABM UK	Armed Forces Covenant signing with ABM at The Tower of London	Relationship building	28/01/2020
Craig Graeme	British Property Federation	Dinner	Networking	06/11/2019
Craig Graeme	Jones Lang LaSalle	Working lunch on Climate Emergency - the Real Estate Response	Networking	18/11/2019
Craig Graeme	Berkeley Group	Ground Breaking Event/Lunch	Networking	22/11/2019
Craig Graeme	Lazard	Real Estate Team Dinner	Networking	26/11/2019
Craig Graeme	Laing O'Rourke	Business Leaders Dinner	Networking	27/11/2019
Craig Graeme	Portland	Lunch	Networking	03/12/2019
Craig Graeme	Peter Anderson	Breakfast Meeting	Networking	10/12/2019
Craig Graeme	Turner & Townsend	Lunch	Networking	13/12/2019
Field Stephen	Georgina Stewart, Sackers	Reception	Networking	03/12/2019
Field Stephen	Ian Skinner, Willis Towers Watson	Meeting followed by reception	Networking	27/11/2019
Field Stephen	Neil Lalley, XPS Plc	Meeting followed by lunch	Annual Review Meeting	10/01/2020
Fox Jonathan	Arriva - C.Burchell	Lunch	Relationship Building	17/12/2019

**Gifts and Hospitality - TfL Board Members and Staff - Appendix 1
1 November 2019 to 31 January 2020**

Fox Jonathan	Arriva - P Hutchings	Lunch	Relationship building	19/12/2019
Fox Jonathan	Serco	Business Services Association's Dinner	Networking /relationship building	18/11/2019
Fox Jonathan	Arup	Port of London Authority Study Dinner	Networking /relationship building	26/11/2019
Fox Jonathan	International Association of Public Transport	Conference fee paid for UITP International Rail Forum, Calgary	Keynote speaker/Networking	10/11/2019
Harvey Stuart	Siemens	Railway Children Charity Dinner	Networking and supporting TfL's association with charity.	29/11/2019
Harvey Stuart	Department for Transport (DfT)	DfT (STAT/TIET) Reception - Great Minster House	Networking	03/12/2019
Harvey Stuart	Thales	Thales Business Dinner - Toronto	Business meeting	28/01/2020
Judge Paul	Bruton Group	Invite to Networking Event	Networking - representing/promoting TfL	19/11/2019
Judge Paul	Siemens (Dave Hooper)	Dinner	Networking and relationship building	27/11/2019
Page Tom	Marmara Belediyeler Birliđi, Local Government Association of Turkey	Dinner	Attendance at a committee meeting	04/11/2019
Powell Gareth	55 Society (group of former London Transport employees)	Lunch	Attending on behalf of the Commissioner	29/11/2019
Powell Gareth	City of London	Planning & Transportation Committee	Stakeholder	26/11/2019
Powell Gareth	CPT	Dinner	Stakeholder	30/01/2020
Smith Howard	First Class Partnerships	Reception	Networking	06/11/2019
Smith Howard	James Abbott - Modern Railways	Golden Whistles Lunch	Networking	24/01/2020
Smith Howard	Curzon Trinitas	Reception	Networking	13/11/2019

Audit and Assurance Committee



Date: 16 March 2020

Item: Members Suggestions for Future Discussion Items

This paper will be considered in public.

1 Summary

- 1.1 This paper presents the current forward programme for the Committee and explains how this is put together. Members are invited to suggest additional future discussion items.

2 Recommendation

- 2.1 **The Committee is asked to note the forward programme and is invited to raise any suggestions for future discussion items.**

3 Forward Plan Development

- 3.1 The Board and its Committees and Panels have forward plans. The content of the plans arises from a number of sources:
- (a) standing items for each meeting: minutes; matters arising and actions list; and any regular quarterly reports. For this Committee these include quarterly risk and assurance reports; Crossrail updates; and IIPAG quarterly updates;
 - (b) regular items (annual, half-year or quarterly) which are for review and approval or noting: examples include the legal compliance report, integrated assurance plan, and TfL annual report and accounts;
 - (c) matters reserved for annual approval or review: examples include those already mentioned above as well as annual audit fee; and
 - (d) items requested by Members: the Deputy Chair of TfL and the Chair of this Committee will regularly review the forward plan and may suggest items. Other items will arise out of actions from previous meetings (including meetings of the Board or other Committees and Panels) and any issues suggested under this agenda item.
- 3.2 The Committee is required to meet in private, on an annual basis, with the Director of Risk and Assurance, External Auditors and Chief Finance Officer. These discussions are scheduled after the following Committee dates:

8 June 2020:	External Auditors
2 December 2020:	Director of Risk and Assurance
17 March 2021	Chief Finance Officer

4 **Current Plan**

- 4.1 The current plan is attached as Appendix 1. Like all plans, it is a snapshot in time and items may be added, removed or deferred to a later date.

List of appendices to this report:

Appendix 1 – Audit and Assurance Committee Forward Plan

List of Background Papers:

None

Contact Officer: Howard Carter, General Counsel
Number: 020 3054 7832
Email: HowardCarter@tfl.gov.uk

Audit and Assurance Committee Forward Planner 2020/21

Appendix 1

Membership: Anne McMeel (Chair), Dr Lynn Sloman (Vice Chair), Kay Carberry CBE, Dr Mee Ling Ng OBE and Dr Nelson Ogunshakin OBE

8 June 2020		
Risk and Assurance Quarterly Report	D. Risk and Assurance	Quarterly
Risk and Assurance Annual Report	D. Risk and Assurance	Annual
TfL Annual Report and Accounts	Chief Finance Officer	Annual
Review of Governance and the Annual Governance Statement	General Counsel	Annual
EY Report to Those Charged with Governance	Chief Finance Officer	Annual
EY Letter on Independence and Objectivity	Chief Finance Officer	Annual
EY Report on Non-Audit Fees	Chief Finance Officer	Six Monthly
Annual Audit Fee 2020/21	Chief Finance Officer	Annual
Register of Gifts and Hospitality	General Counsel	Quarterly
Legal Compliance Report	General Counsel	Bi-annual
IIPAG Quarterly Report	Head of Project Assurance	Quarterly
Financial Indicators	Chief Finance Officer	
Strategic Risk Update - Governance and Controls Suitability (SR3)	General Counsel	Annual

16 September 2020		
Risk and Assurance Quarterly Report	D. Risk and Assurance	Quarterly
EY Letter on Independence and Objectivity	Chief Finance Officer	Annual
Annual Audit Letter	Chief Finance Officer	Annual
Register of Gifts and Hospitality	General Counsel	Quarterly
IIPAG Quarterly Report	Head of Project Assurance	Quarterly
Effectiveness Review of External Auditors	Chief Finance Officer	Annual
Statement of Account Changes	Chief Finance Officer	Annual
Freedom of Information Update	General Counsel	Annual
Strategic Risk Update – Major Cyber Security	MD, CCT	Annual

Audit and Assurance Committee Forward Planner 2020/21

16 September 2020		
Incident (SR4) - TBC		
Strategic Risk Update – Significant Technology Failure (SR11) - TBC	MD, CCT	Annual

2 December 2020		
Risk and Assurance Quarterly Report	D. Risk and Assurance	Quarterly
EY Letter on Independence and Objectivity	Chief Finance Officer	Annual
EY Report on Non-Audit Fees	Chief Finance Officer	Six Monthly
Register of Gifts and Hospitality	General Counsel	Quarterly
External Audit Plan	Chief Finance Officer	Annual
Legal Compliance Report	General Counsel	Bi-annual
IIPAG Quarterly Report	Head of Project Assurance	Quarterly

By virtue of paragraph(s) 3, 5, 7 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

[page left intentionally blank]

By virtue of paragraph(s) 3, 5, 7 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

[page left intentionally blank]

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

[page left intentionally blank]

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

[page left intentionally blank]

By virtue of paragraph(s) 3, 5, 7 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

[page left intentionally blank]

By virtue of paragraph(s) 3, 5, 7 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

[page left intentionally blank]

By virtue of paragraph(s) 3, 5, 7 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

[page left intentionally blank]