

Board



Date: 17 March 2016

Item: Report of the meeting of the Audit and Assurance Committee held on 8 March 2016

This paper will be considered in public

1 Summary

- 1.1 To report to the Board on matters to be discussed at the meeting of the Audit and Assurance Committee held on 8 March 2016.
- 1.2 The Chair will provide a further oral update at the meeting of any significant issues raised.

2 Recommendation

- 2.1 **That the Board notes the report.**

3 Background

- 3.1 The main matters to be considered by the Committee are:
 - (a) Management Actions Report;
 - (b) Internal Audit Quarter 3 Report 2015/16;
 - (c) Crossrail Audit Committee;
 - (d) Integrated Assurance Plan 2016/17;
 - (e) Strategic Risk Management – Update on New Approach and Reporting Documentation;
 - (f) National Fraud Initiative 2014;
 - (g) Review of TfL's Independent Reporting Lines for Year Ended 31 December 2015; and
 - (h) Cyber Security Update.

4 Issues Discussed

Management Actions Report

- 4.1 The Committee noted the report which informed the Committee of recommendations to management that had not been actioned and were more than 60 days overdue. There were no actions more than 60 days overdue.

Internal Audit Quarter 3 Report 2015/16

- 4.2 The Committee noted the internal audit reports for Q3 2015/16, work in progress, and work planned for Q4.
- 4.3 The Committee discussed an audit report on People Management Documentation, which had been rated as poorly controlled, and noted a trend of significant audit issues being found in relation to human resources and people risks. The next meeting of the Committee would consider the outcome of a business and finance review on staffing matters.
- 4.4 The Committee had a detailed discussion on the Garden Bridge Design and Development Procurements and the internal audit of the procurement process, following the Chair's attendance at the GLA's Oversight Committee. Members had also received a paper by an organisation called Project Compass. The Managing Director Planning answered questions on the procurement process and provided clarification on a number of points
- 4.5 The review carried out by Internal Audit was thorough and independent. It identified a number of areas where the process followed departed from procedure, and management were taking forward actions to make sure these issues are addressed. Arising from questions raised externally on the report, the Director of Internal Audit and the EY external auditor at the meeting confirmed that clarifying audit findings with senior managers responsible for the area being audited was common practice. The decision to accept any revisions to the audit report were the responsibility of the Director of Internal Audit alone and he stood by the final report and its findings.
- 4.6 In order to ensure transparency and openness, the Committee requested that EY review the audit process and report back to the next meeting.

Crossrail Audit Committee

- 4.7 The Committee noted the paper on matters discussed at the Crossrail Audit Committee meeting held on 15 December 2015.

Integrated Assurance Plan 2016/17

- 4.8 The Committee approved the plan, but noted that the plan would need to be updated to reflect changes to the strategic risk register.

Strategic Risk Management – Update on New Approach and Reporting Documentation

- 4.9 The Committee noted an overview from the Chief Finance Officer of the work undertaken to date on an improved strategic risk management process. It agreed that an improvement and change in the overall risk management process was desirable, and reviewed and approved the changes to the Strategic Risk Management approach and reporting documentation.
- 4.10 It was agreed that an annual report on resilience, disaster planning and business continuity planning would be submitted in future.

National Fraud Initiative 2014

- 4.11 The Committee noted the update on the National Fraud Initiative exercises for 2014

Review of TfL's Independent Reporting Lines for Year Ended 31 December 2015

- 4.12 The Committee noted the review of reports to the independent reporting systems SafeLine and CIRAS (Confidential Incident and Reporting and Analysis System) during 2015.

Cyber Security Update

- 4.13 The Committee noted the update on work on cyber security since December 2015 and the supplemental appendix in Part 2.
- 4.14 The Chair thanked officers for the recently hosted visit of the Committee to TfL's Cyber Security Centre.
- 4.15 Members were updated on the lessons learnt from the 'Iron Bridge' exercise. It was agreed that a list of scenario events used for exercise days be included as an appendix in future reports.

List of appendices to this report:

None.

List of Background Papers:

Papers for the meeting of the Audit and Assurance Committee held on 8 March 2016

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