

Date: 14 December 2017

Item: Internal Audit Quarter 2 Report 2017/18

This paper will be considered in public

1 Summary

1.1 The purpose of this report is to inform the Committee of the audit work completed in Quarter 2 of 2017/18, the work in progress at the end of Quarter 2, the work planned for Quarter 3 and the status of agreed audit actions.

2 Recommendation

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

3 Background

3.1 The Director of Internal Audit is required to provide an annual report in support of his opinion on the internal control framework. Quarterly reports are presented to the Committee in anticipation of the annual report.

4 Work Done

4.1 The table below shows the number of Internal Audit Reports, HSE & Technical audit reports and other outputs, including advisory/ consultancy reports and memorandums, issued during Quarter 2, together with comparative figures for 2016/17.

	Internal Audit Reports					HSE and Technical Audit Reports					Other Outputs (Advisory Reports/ Memos)	Total
	WC	AC	RI	PC	Total	WC	AC	RI	PC	Total		
Quarter 2	1	3	1	2	7	3	14	5	1	23	10	40
YTD	6	6	11	2	25	5	36	8	2	51	17	93
YTD 2016/17	4	10	11	1	26	5	50	24	1	80	20	126

- 4.2 A list of all the audit reports and other outputs issued during Quarter 2 can be found in Appendix 1. Where applicable, management actions have been agreed to address the issues raised and are being taken forward. The appendix shows the date by which the last management action is due to be completed or confirms that the audit has been closed as at the date of this report.

Third Line Assurance Activity - Internal Audit

- 4.3 Two of the internal audit reports issued during Quarter 2 were concluded as 'poorly controlled'. These are:

London Transport Museum (LTM) Safeguarding (Internal Audit Report issued 25 July 2017)

Our audit of the control environment in relation to LTM's safeguarding policy and procedures identified six priority 1 issues, highlighting areas for improvement including governance arrangements, policy structure and content, prioritisation and completion of training, and resource planning.

LTM has taken immediate action to implement the agreed management actions many of which are already complete, with the remainder on track to be implemented by 31 January 2018.

Procurement Controls Lessons Learnt Review (Internal Audit Report issued 12 September 2017)

The audit reviewed the implementation of the recommendations arising from a lessons learned review of procurement controls following a recent payment fraud. Our review found that only two of the seven recommended actions had been satisfactorily implemented, and identified four Priority 1 issues as a result. These covered a number of elements of payroll approval processes, including workflows for Service Entry Sheets, inconsistencies in the application of Contract Payment Approval Form processes, use and control of unallocated purchase orders, and the absence of a risk-based approach to contract review.

Management actions to address these issues have been agreed, and are scheduled to be completed by 31 December 2017.

- 4.4 One other notable report issued during Quarter 2 is:

(a) *Crossrail – Transition of Software Assets from Crossrail to TfL (Internal Audit Report issued 12 September 2017 – Requires Improvement)* – The audit highlighted two distinct potential risks for TfL if the transition processes are not sufficiently effective. The first relates to the process of transferring the software and data, which if not robust may lead to the insecure transfer of commercially or operationally sensitive data; or software not working as expected on TfL systems. The second issue relates to the potential financial risk associated with software that is not transferred to TfL. There may be legacy software licensing issues for TfL to address when Crossrail is no longer operational.

- 4.5 Work in progress at the end of Quarter 2 is shown in Appendix 2 and work due to start in Quarter 3 is shown in Appendix 3.

Second Line Assurance Activity – HSE and Technical audits

- 4.6 One of the HSE and Technical audit reports issued during Quarter 2 was concluded as 'poorly controlled'. The audit of Inspections of LU Premises concluded that the number of completed inspections had fallen significantly below the required standard. The legislative requirements regarding premises inspections had been incorporated into a non-mandatory LU guidance document, thus weakening the control environment. There was no overall strategic programme for premises inspections, with inspections managed across 23 separate plans. An action plan has been prepared to address the issues raised in the audit.
- 4.7 Of the nine audit reports published in Quarter 2, three were given a 'requires improvement' conclusion and the remaining five were 'adequately controlled'. There were no specific trends identified across these audits.
- 4.8 One of the audits concluded as requires improvement concerned the management of health and safety within a signals maintenance team. A priority one finding concerned the quality of risk assessments which has been previously identified as an issue in health and safety audits of other maintenance teams. This has been previously communicated to the HSE Directorate and has been incorporated within their Transformation plans.

Second Line Assurance Activity – Project Assurance

- 4.9 The TfL Project Assurance team carries out Integrated Assurance Reviews (IARs) of projects and programmes across the Investment Programme. Projects are selected for review following a risk-based assessment, in order to determine the optimum assurance intervention. All projects with an estimated final cost over £50m are reviewed under the same IAR process but with additional input from the Independent Investment Programme Advisory Group (IIPAG). The assurance reports are considered alongside the Authority request at the Sub Programme boards or at the operating business boards, depending on the size of the project. Issues arising from the reviews are presented with agreed actions, owners and timescales. The reports are also forwarded to the Chief Finance Officer.
- 4.10 In Quarter 2, 19 IARs were conducted, with IIPAG providing oversight and guidance on seven reviews, including two sub-programme reviews, which are summarised below. None of the sub-programme reviews identified any critical issues.

Surface Assets Sub Programme

- 4.11 The Surface Assets Sub Programme covers the maintenance and renewal of surface assets plus the recently incorporated coach and ferry services. Alongside the relatively routine replacement of highways, drainage and other fixed assets, significant component projects include the Woolwich Ferry replacement and the Structures and Tunnels Investment Programme (STIP 1 and 2).

4.12 The asset management of highways, drainage, lighting and structures is best in class but the reduced annual budget from 2017/18 is likely to lead to an overall lower asset condition and higher whole life cost. The STIP 2 structures include the rivers crossings, Brent Cross and Westway (A40), and more detailed surveys are underway to further prioritise the structures programme to ensure it is affordable.

Growth Fund Sub Programme

4.13 The Growth Fund is a ring-fenced fund of £200m (to 2022) for projects that will have a direct impact on unlocking growth. An assessment and selection process is used, covering four main criteria: unlocking housing and jobs, third party funding, deliverability, and alignment with the Mayor's Transport Strategy. The benefits management requires further development, to demonstrate how the fund is catalysing the right projects and stimulating the expected growth. Land value capture options – to monetise the increases in land values generated by new public infrastructure – are also being explored.

Other significant reviews

4.14 One of the project reviews carried out during Quarter 2 identified a critical issue, as follows:

Kingston Cromwell Road Bus Station.

4.15 The project will demolish and reconstruct the bus station, which serves 23 routes. Passenger numbers have doubled since the original construction in the 1990s, to about 12,000 per day and the overall condition of the asset is poor. The critical issue related to the affordability. The preferred bid price exceeded the estimate, resulting in the estimated final cost exceeding the Financial Authority by nearly £1m (12 per cent). In addition, the preferred design does not materially improve the bus operations because bus reversing will still be required. Project Assurance recommended that the lower cost options discounted at the option stage in 2016 should be re-examined. The recommendation was accepted.

Follow-up of audit actions

4.16 Internal Audit monitors the completion of all audit actions and confirms that they have been adequately addressed by management.

4.17 A list of open audits (ie audits for which the agreed management actions have not yet all been addressed) from previous quarters, including information on when the last management action is due to be completed, is included as Appendix 4.

4.18 The table at Appendix 5 shows the numbers of open audit actions by business area, and the extent to which these are overdue. Where actions have not been addressed within 60 days after their due date the Director with responsibility for the actions may be invited to attend the Committee meeting to discuss them.

- 4.19 There are three actions in Surface Transport that are more than 60 days overdue. These relate to the audit of Payment Card Industry Data Security Standard compliance in Enforcement and On-street Directorate. We have been working closely with the Enforcement and On Street Operations team and the actions are progressing well, but have taken longer than originally anticipated. We are comfortable that the actions will be completed soon, and we therefore do not believe it is necessary to ask the responsible Director to attend the meeting to discuss them.
- 4.20 The Chief Technology Officer attended the October meeting of the Committee to discuss overdue actions from the audit of Software Licencing – IBM. We have now received evidence to demonstrate that the specific issues raised have been satisfactorily addressed. As a result, we can confirm that the audit is now closed.
- 4.21 The Technology and Data team is taking forward a broader programme of work aimed at strengthening controls over software, particularly in respect of operational technology. Internal Audit plans to review progress with this as part of its 2018/19 audit programme.

5 Corporate Assurance Transformation Work Stream

- 5.1 We have previously reported to the Committee on the Corporate Assurance Transformation Programme, which will bring together Internal Audit, Project Assurance, Risk and Fraud Management activities into a single Risk and Assurance professional service within General Counsel.
- 5.2 Subject to successful completion of consultation, we are hoping to go live with the new organisational structure early in 2018.
- 5.3 The majority of the staff who are leaving the department through early voluntary severance left in early November 2017. A small number of others will leave on various dates up to the end of June 2018.
- 5.4 Recruitment, selection and assessment processes to fill vacant posts in the new structure are ongoing. This includes the important Head of Risk role, which we are seeking to fill initially on an interim basis.

6 Customer Feedback

- 6.1 At the end of every audit, we send out a customer feedback form to the principal auditee(s) requesting their views on the audit process and the report. A summary of the responses to the questionnaire, together with comparative figures for the previous quarter, is included as Appendix 6.

List of appendices to this report:

- Appendix 1 – Audit Reports Issued in Quarter 2 2017/18
- Appendix 2 – Work in Progress at the end of Quarter 2 2017/18
- Appendix 3 – Work Planned for Quarter 3 2017/18
- Appendix 4 – Status of open audits from previous quarters
- Appendix 5 – Overdue Audit Actions
- Appendix 6 – Customer Feedback Form – Summary of Responses Quarter 2

List of Background Papers:

Audit reports.

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Transport for London Audit and Assurance Committee – Reports Issued Quarter 2 2017/18

Conclusions	Number
PC= Poorly Controlled	3
RI = Requires Improvement	6
AC= Adequately Controlled	17
WC= Well Controlled	4
No Conclusion	10

Reference	Report Type	Responsible Director	Report Title	Report / Memo Issued	Completion Date of Last Action
Pan TfL					
IA 17 610	IAR	Chief Procurement Officer	Mobilisation of the pan-TfL Security services contract, and the Mechanical, Electrical, Premises and Fabric (MEPF) Maintenance Contract	10/07/2017 Memo	N/A
London Underground and TfL Rail					
TfL Strategic Risk: Managing railway or strategic road network asset base					
IA 17 721	HSET	Director of Asset LU Operations	LU Operations Inspections of LU Premises (6 x Priority 1 Issues)	11/09/2017 PC	01/04/2018
IA 17 716	HSET	Director of Asset LU Operations	Warranty Process in London Underground (1 x Priority 1 Issue / 6 x Priority 2)	07/07/2017 RI	28/02/2018
IA 17 731	HSET	Director of LU Asset Operations	Signals Equipment Calibration (2 x Priority 1 Issues / 4 x Priority 2 / 1 x Priority 3)	12/07/2017 RI	30/11/2017
IA 17 708	HSET	Director of LU Asset Operations	Rotork Midland Limited (4 x Priority 2 Issues)	31/07/2017 AC	30/01/2018
IA 17 710	HSET	Director of LU Asset Operations	Track Ultrasonic Testing (4 x Priority 2 Issues)	28/07/2017 AC	29/12/2017

Status Key

PC	Poorly controlled	RI	Requires improvement	AC	Adequately controlled	WC	Well Controlled
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Transport for London Audit and Assurance Committee – Reports Issued Quarter 2 2017/18

Reference	Report Type	Responsible Director	Report Title	Report / Memo Issued	Completion Date of Last Action
IA 17 717	HSET	Director of LU Asset Operations	Signal Incident Team Management in London Underground (1 x Priority 1 Issue / 2 x Priority 3)	04/08/2017 AC	30/11/2017
IA 17 779	HSET	Director of LU Asset Operations	LU Power Planned Maintenance Regime (6 x Priority 2 Issues)	22/08/2017 AC	30/11/2017
IA 17 749	IAR	Director of LU Asset Operations	Batch Management	14/08/2017 Memo	N/A
TfL Strategic Risk: Safety Standards					
IA 17 759	HSET	Director of LU Asset Operations	Signals Bakerloo and Victoria HSE Management (1 x Priority 1 Issues / 5 x Priority 2)	01/09/2017 RI	30/04/2018
IA 17 719	HSET	Director of LU Asset Operations	Rail Engineering Workshop (REW) Competence Management (2 x Priority 2 Issues / 2 x Priority 3)	21/07/2017 AC	Closed
IA 17 719	IAR	Director of LU Asset Operations	Issue arising from Internal Audit 17 719 – REW Competence Management	04/08/2017 Memo	N/A
Surface Transport					
TfL Strategic Risk: Safety Standards					
IA 17 706	HSET	Director, DLR	DLR Competence Management for Passenger Service Staff (1 Priority 1 Issue / 3 x Priority 2)	07/07/2017 RI	31/12/2017
IA 17 780	IAR	Director of London Trams	Management of Fatigue in Tram Operations Limited (TOL)	15/09/2017 Consultancy	15/12/2017
TfL Strategic Risk: Managing railway or strategic road network asset base					
IA 17 718	HSET	Director, DLR	KAD – Quality Assurance Process in Rolling Stock (3 x Priority 1 Issues / 4 x Priority 2)	07/07/2017 RI	31/12/2017

Status Key

PC Poorly controlled	RI Requires improvement	AC Adequately controlled	WC Well Controlled
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Transport for London Audit and Assurance Committee – Reports Issued Quarter 2 2017/18

Reference	Report Type	Responsible Director	Report Title	Report / Memo Issued	Completion Date of Last Action
TfL Strategic Risk: Delivery of reliable and safe assets					
IA 17 711	HSET	Director of DLR	KeolisAmey Docklands Management of DLRL Underframe Maintenance & CCTV Checks (1 x Priority 3 Issue)	28/07/2017 AC	29/09/2017
TfL Strategic Risk: Financial sustainability					
IA 17 123	IAR	Director of Service Operations	Traffic Enforcement (1 x Priority 2 Issue/ 1 x Priority 3)	14/09/2017 AC	30/03/2018
Finance					
TfL Strategic Risk: Delivery of key investment programmes					
IA 16 640	IAR	Chief Procurement Officer	Implementation of new e-Tendering System (No issues identified)	12/09/2017 WC	Closed
TfL Strategic Risk: Financial sustainability					
IA 17 129	IAR	Chief Procurement Officer	Procurement Controls Lessons Learnt Review (4 x Priority 1 Issues / 2 x Priority 2)	12/09/2017 PC	31/12/2017
IA 17 100	IAR	Transformation Director	Transformation and Workstream Readiness	03/07/2017 Memo	N/A
Commercial Development					
TfL Strategic Risk: Delivery of commercial revenue targets					
IA 16 200	IAR	Director of Commercial Development	Management of TfL's Interest in Earls Court Partnership Limited (2 x Priority 2 Issues)	02/08/2017 AC	31/01/2018
IA 16 205	IAR	Director of Commercial Development	Contract Management of the TfL Advertising Partnering Agreement (APA)	25/07/2017 Memo	31/10/2017
IA 17 634	IAR	Chief Procurement Officer	Mobilisation of the Pan-TfL Cleaning contract	13/09/2017 Memo	N/A

Status Key

PC	Poorly controlled	RI	Requires improvement	AC	Adequately controlled	WC	Well Controlled
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Transport for London Audit and Assurance Committee – Reports Issued Quarter 2 2017/18

Reference	Report Type	Responsible Director	Report Title	Report / Memo Issued	Completion Date of Last Action
London Transport Museum					
IA 16 113	IAR	Museum Director	Safeguarding (6 x Priority 1 Issues / 3 x Priority 2)	25/07/2017 PC	31/01/2018
Crossrail					
Delivery of key investment programmes - Crossrail					
IA 16 518	IAR	Director of IT, CRL	Transition of Software Assets from Crossrail (3 x Priority 2 Issues / 1 x Priority 3)	12/09/2017 RI	17/11/2018
IA 17 513	IAR	Crossrail Central Delivery Director	Energisation and Isolations Planning (1 x Priority 2 Issue / 1 x Priority 3)	18/08/2017 AC	14/09/2018
IA 17 311	HSET	Programme Director, Crossrail	Systemwide Design Management (0 x CARs 2 x Observations)	10/07/2017 AC	Closed
IA 17 317	HSET	Programme Director, Crossrail	Manufacture of Platform Screen Doors (0 x CARs, 4 x Observations)	12/07/2017 AC	Closed
IA 17 318	HSET	Programme Director, Crossrail	Document Management for Contract Completion at C828 Ilford Depot. (0 x CARs, 4 x Observations)	20/07/2017 AC	N/A
IA 17 338	HSET	Programme Director, Crossrail	Old Oak Common Assurance (0 x CARs, 2 x Observations)	03/07/2017 AC	N/A
IA 17 307	HSET	Programme Director, Crossrail	Fire Safety Performance of Materials at C435 Farringdon Station. (0 x CARs, 1 x Observation)	15/09/2017 WC	Closed
IA 17 312	HSET	Programme Director, Crossrail	Engineering Safety Management (Systemwide). (0 x CARs, 0 x Observations)	13/09/2017 AC	N/A
IA 17 316	HSET	Programme Director, Crossrail	Installation Release Notices at C620 Signalling. (0 x CARs, 4 x Observations)	06/09/2017 AC	N/A

Status Key

PC	Poorly controlled	RI	Requires improvement	AC	Adequately controlled	WC	Well Controlled
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Transport for London Audit and Assurance Committee – Reports Issued Quarter 2 2017/18

Reference	Report Type	Responsible Director	Report Title	Report / Memo Issued	Completion Date of Last Action
IA 17 323	HSET	Programme Director, Crossrail	Engineering Safety Management (ESM) at C610 Systemwide Track. (0 x CARs, 2 x Observations)	13/09/2017 AC	N/A
IA 17 324	HSET	Programme Director, Crossrail	Engineering Safety Management (ESM) at C620 Systemwide Signalling. (0 x CARs, 0 x Observations)	13/09/2017 WC	Closed
IA 17 325	HSET	Programme Director, Crossrail	Engineering Safety Management (ESM) at C644 Systemwide Traction Power. (0 x CARs, 1 x Observation)	13/09/2017 WC	Closed
IA 17 337	HSET	Programme Director, Crossrail	Fire Safety Performance of Materials at C530 Woolwich Station. (1 x CAR, 1 x Observation)	24/08/2017 AC	N/A
IA 17 503	IAR	Delivery Director, Crossrail	Review of Accounts of the Crossrail Complaints Commissioner	20/07/2017 Memo	N/A
IA 17 502	IAR	Delivery Director, CRL	Controls over Payments to Land Compensation Claimants who Interface with Crossrail Construction	12/09/2017 Memo	N/A
Crossrail 2					
IA 17 633	IAR	Managing Director Crossrail 2	Procurement of Development Design Services for Crossrail 2	10/08/2017 Memo	N/A

Status Key

PC	Poorly controlled	RI	Requires improvement	AC	Adequately controlled	WC	Well Controlled
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TfL Internal Audit
Work in Progress at end of Period 6 2017/18

Risk	Audit Title	Objective
Pan-TfL		
Delivery of key investment programmes ☒		
	Benefits realisation reviews	To review whether TfL has an effective process for planning, managing and measuring the benefits achieved from investment and whether projects are utilising this process throughout the project lifecycle, including completion of benefits realisation reviews.
	Value management & innovation in the IP	To review the extent to which value management and innovation has been applied in the Investment Programme and what the contribution has been towards savings in the current TfL business plan arising from these activities.
LU and TfL Rail		
Safety Standards		
	Management of fatigue in London Underground	To assess the effectiveness of LU's management arrangements for minimising the risk from fatigue.
Delivery of key investment programmes ☒		
	MTR Crossrail Commercial Management by Rail for London	To provide assurance that the controls and processes in place to manage the MTR Crossrail Concession Agreement are adequate and effective.
Surface Transport		
Delivery of key investment programmes ☒		
	Assessing benefits from Lean Six Sigma reviews	To assess whether the expected benefits resulting from Lean Six Sigma (LSS) reviews within Surface Transport (ST) have been achieved.
Finance		
Governance Suitability		
	Compliance with the Scheme of Authorities	To determine the extent of compliance with the scheme of authorities
Financial Sustainability		
	Construction Industry Scheme (CIS)	To provide assurance over processes and controls over payments in relation to CIS.
Commercial Development		
Delivery of commercial revenue targets		
	Contract Management of the TfL Advertising Partnering Agreement	To provide assurance over the operation of the new advertising contract.
	Use and prioritisation of Car Parks	Review of the strategy employed to assess and prioritise the use of car parks.
	Forecasting and financial reporting – data validation	To review the robustness of Commercial Development's forecasting and financial reporting arrangements, including data validation.

Risk	Audit Title	Objective
Customers, Communication and Technology		
Safety Standards		
	Safety Complaints Handling	To provide assurance that Health and Safety complaints are handled effectively across TfL including those made to third party providers.
Significant Technology failure or cyber attack		
	Patch Management - Internet Services (IS) Zone	To evaluate the effectiveness of controls in place to consistently secure against known vulnerabilities in operating system and application software with the IS Zone.
	IT Infrastructure Control (IP Telephony)	To assess the design and effectiveness of the controls.
Technological or market developments		
	Procurement of Access & WAN services	To provide assurance that the procurement relating to the Access and WAN contract is being managed effectively and carried out in accordance with approved procedures. The audit will also consider the steps taken to ensure the resulting contract is fit for purpose.
General Counsel		
Governance suitability		
	Data Privacy and Protection - preparation for GDPR	To provide assurance that TfL's preparations for the General Data Protection Regulation (GDPR) are appropriate, timely robust and effective.
Planning		
Delivery of key investment programmes ☒		
	Commercial Management within Planning	To review commercial management processes within Planning to provide assurance over compliance with TfL policies and good practice.
Governance suitability		
	Follow up to Garden Bridge Project audit	To review whether the recommendations from our original audit of the Temple to Southbank (aka Garden Bridge) Project have been implemented and controls are working effectively.
Transformation		
Financial Sustainability		
	Transformation - Assurance on Transition to Go Live	To provide assurance that the appropriate second line assurance processes and procedures are in place in order to ensure the intended benefits are effectively monitored, challenged and reported.
Crossrail		
	Technical Assurance Management	A review of the process for management of technical assurance, including compliance with LU Standard S1-538 'Assurance' and the effectiveness of the VAP process.
	Management of the Schedule and the Completion Process at Network Rail	A review of the processes used by Network Rail to record / communicate progress and completion using information packs.
	Engineering Safety Management and System Safety	To assess the effectiveness of the arrangements implemented by Crossrail to manage Engineering Safety Management and System Safety

**TfL Internal Audit
Work Planned - P7 2017/18 to P9 2017/18**

Risk	Audit Title	Objective
Pan-TfL		
Delivery of key investment programmes	Effectiveness of Target Cost Contracting	To Review the appropriateness of using and subsequent management of target cost contracting within projects.
	Re-Tender of Professional Services Framework PSF (EPMF4)	To provide assurance that the Procurement of the Professional Services Framework is carried out in an efficient and effective manner (requested by Management).
LU and TfL Rail		
Impacts on environment and resilience to extreme weather	Identification of environment risk / opportunity during procurement	To provide assurance that the environmental checks that have been incorporated into the procurement process (prepared by HSE) are being used and environmental risks and opportunities are being identified and actioned.
Surface Transport		
Safety Standards	DLR KAD (Keolis Amey Docklands) Assurance Arrangements	To provide assurance that TfL is seeking appropriate assurance from the relevant franchisees regards safety risk controls and management systems.
Ability to meet increasing demand	Dial A Ride	To provide assurance on the adequacy and effectiveness of financial and business controls in place within DAR, focussing on key activities.
Operational Reliability	Topographical Testing	To provide assurance over the revised process and controls over topographical testing.
Finance		
Financial Sustainability	General Ledger	To review the financial processes and controls operating over the general ledger.
Commercial Development		
Delivery of commercial revenue targets	Property Management including vetting of tenants	To review controls over property management, including the vetting of tenants.
	Arches Strategy	To review and assess the strategy in place for developing the railway arches.
	Exterior Capital Expenditure Programme	To review and provide assurance over the delivery of the Capital Expenditure programme.
Customers, Communication and Technology		
Significant Technology failure or cyber attack	Data Privacy & Protection - Marketing Data	To evaluate the data security governance and control arrangements operated by Dawley (or alternative 3rd party provider).

Risk	Audit Title	Objective
HR		
Workforce adaptability	Bullying and Harrassment Procedures	To provide assurance on the adequacy and effectiveness in place over bullying and harrassment and associated procedures.
City Planning		
Delivery of key investment programmes	Canary Wharf to Rotherhithe bridge	Audit the procurement/planning/project management of the Canary Wharf to Rotherhithe bridge to ensure it is being performed effectively and in a fair and transparent manner.
Financial Sustainability		
	Section 278 Agreements	To review the controls in place to ensure that monies due under s278 agreements are collected in full and on a timely basis.
Crossrail		
Delivery of key investment programmes - Crossrail		
	Semi-Annual Construction Report (SACR) reporting process	A review of the SACR process to ensure that the underlying data is sound. This is to include a review of the Work Breakdown Structure reporting and PRISM. Three contracts will be selected as examples - Whitechapel, Bond Street and the Systemwide main works (C610).
	Disposal of Crossrail assets	A review of the arrangements contractors have in place for the disposal of assets, in particular, items of plant and machinery.
	Master Operational Handover Schedule (MOHS)	A review of the arrangements for monitoring progress against the MOHS. To include a review of the process by which the data to support Board reporting on Safety Critical Paths is generated and collated.
	Rolling Stock	A review of the construction, testing, commissioning and delivery of CRL rolling stock in time for introduction of scheduled services.
	Testing and Commissioning	A review of the testing and commissioning strategies and plans for delivery of the Crossrail project, focusing on a sample of delivery teams and contractors.
	Ricardo Rail delivery of the Notified Body / Assessment Body (NoBo/AsBo) contractual requirements.	A review of Ricardo Rail's ability to deliver against the NoBo / AsBo contract. To cover resource requirements, competency, milestones and delivery.

Reference	Responsible Director	Report Title	Report / Memo Issued	Due date for completion of last action	Comments
Pan-TfL					
TfL Strategic Risk: Catastrophic Event					
IA 16 114	Chief Operating Officer, ST	Business Continuity (BC)	17/08/2016 RI	31/12/2017	
TfL Strategic Risk: Delivery of key investment programmes					
IA 17 600	Chief Procurement Office, FI	Pan-TfL Retention of Procurement Records (1 x Priority 1 issues / 1 x Priority 3)	16/06/2017 RI	30/11/2017	
London Underground and TfL Rail					
TfL Strategic Risk: Managing railway or strategic road network asset base					
IA 16 809	Chief Operating Officer, LU	Inspection of Earth Structures (6 x Priority 1 Issues / 3 x Priority 2 / 3 x Priority 3)	21/04/2017 PC	31/03/2018	
IA 16 786	Chief Operating Officer, LU	LU Operations Changes to Station and Premises Fire Precautions (1 x Priority 1 Issue / 6 x Priority 2)	11/04/2017 RI	30/03/2018	
IA 17 714	Chief Operating Officer, LU	Supplier Assurance in London Underground (1 x Priority 1 Issues / 3 x Priority 2 / 1 x Priority 3)	16/06/2017 RI	26/01/2018	
IA 16 755	Chief Operating Officer, LU	Electrical Testing in Stations	19/08/2016 RI	02/02/2018	
IA 16 748	Chief Operating Officer, LU	LU Operations – Fleet Calibration Process (5 x Priority 1 Issues / 3 x Priority 3)	23/02/2017 RI	31/03/2018	
IA 16 713	Capital Programmes Director	Approval of Non-Railborne Plant including Tall Plant Approval (6 x Priority 2 Issues)	13/02/2017 AC	31/12/2017	
IA 16 739	Chief Operating Officer	Management of Rail Grinding Programme (2 x Priority 2 Issues)	20/01/2017 AC	15/12/2017	
IA 17 709	Chief Operating Officer, LU	Fire Suppression and Hydrant Maintenance (3 x Priority 2 and 3 Issues)	19/06/2017 AC	28/02/2018	
IA 16 745	Chief Operating Officer, LU	Central Line Heavy Overhaul Programme Lift Project (4 x Priority 2 Issues)	19/05/2017 AC	08/11/2017	One priority 2 action is overdue
TfL Strategic Risk: Safety standards					
IA 16 757	Director of Safety	Management of Risk from Display Screen Equipment in TfL	23/11/2016 PC	31/01/2018	
IA 16 785	Chief Operating Officer, LU	Health and Safety Management in Power Delivery (2 x Priority 1 Issues / 8 x Priority 2 / 3 x Priority 3)	13/03/2017 RI	30/03/2018	
IA 17 713	Chief Operating	Northumberland Park Depot HSE Management	31/05/2017 AC	12/01/2018	

Status Key

PC	Poorly controlled	RI	Requires improvement	AC	Adequately controlled	WC	Well Controlled	Memo Con A	Memorandum Consultancy Advisory
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Reference	Responsible Director	Report Title	Report / Memo Issued	Due date for completion of last action	Comments
	Officer, LU	(2 x Priority 2 Issues / 2 x Priority 3)			
IA 16 788	Chief Operating Officer	Competence Management in London Underground Operations Fleet Maintenance (2 x Priority 2 Issues)	23/01/2017 AC	31/01/2018	
IA 16 775	Chief Operating Officer	Competence and Fatigue Requirements for Undertaking Civil Engineering Safety Critical Work in London Underground (4 x Priority 2 Issues)	23/01/2017 AC	31/01/2018	
IA 16 789	Chief Operating Officer, LU	Pumps Competence Management System and Safety Critical Licensing (1 x Priority 2 Issue)	01/02/2017 AC	28/02/2018	
IA 16 781	Chief Operating Officer, LU	HSE Management at Stratford Market Depot (1 x Priority 1 Issue / 4 x Priority 2 / 7 x Priority 3)	22/03/2017 AC	31/10/2018	
Surface Transport					
TfL Strategic Risk: Safety Standards					
IA 16 760	Chief Operating Officer	Surface Transport Health and Safety Competence Management	14/10/2016 AC	31/08/2017	One Priority 3 action is overdue
IA 16 761	Chief Operating Officer, ST	Surface Transport Health and Safety Data Quality and Reporting (1 x Priority 1 Issue / 4 x Priority 3)	08/03/2017 AC	30/11/2017	
IA 16 762	Chief Operating Officer, ST	Principal Designer Role in LoHAC (9 x Priority 2 Issues)	30/05/2017 AC	30/11/2017	
TfL Strategic Risk: Governance suitability					
IA 16 129	Director of Road Space Management	Privacy and Data Protection, Traffic Management Cameras – London Street Traffic Control Centre (LSTCC) and London Streets Tunnels Operations Centre (LSTOC)	11/11/2016 RI	30/04/2018	
IA 16 140	Chief Operating Officer, ST	Privacy and Data Protection, Surveillance Cameras, Bus Operations (2 x Priority 1 Issue / 7 x Priority 2)	03/03/2017 RI	30/04/2018	
IA 16 138	Chief Operating Officer, Surface Transport	Privacy and Data Protection, Surveillance Cameras, CentreComm (4 x Priority 2 Issues)	19/12/2016 RI	30/04/2018	
TfL Strategic Risk: Significant Technology failure or cyber attack					
IA 16 410	Enforcement and on-Street Operations, ST	Taxi & Private Hire – Controls over Disclosure of Personal Information to External Agencies (1 x Priority 1 Issue / 7 x Priority 2)	15/05/2017 RI	30/04/2018	
IA 16 416	Director, London Rail	Payment Card Industry Data Security Standard Compliance in Docklands Light Railway Limited (2 x Priority 1 Issues / 2 x Priority 2)	31/05/2017 RI	31/12/2017	
IA 16 410	Director of Enforcement and on-Street Operations,	Controls over disclosure of personal information to external agencies - EoS (2 x Priority 2 Issues)	10/05/2017 AC	30/04/2018	

Status Key

PC	Poorly controlled	RI	Requires improvement	AC	Adequately controlled	WC	Well Controlled	Memo Con A	Memorandum Consultancy Advisory
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Reference	Responsible Director	Report Title	Report / Memo Issued	Due date for completion of last action	Comments
	ST				
IA 16 417	Director of Enforcement and On-street Operations, ST	Card Industry Data Security Standard Compliance in Enforcement and On-street Operations (2 x Priority 2 Issues)	12/04/2017 AC	31/08/2017	Three Priority 2 actions overdue
TfL Strategic Risk: Managing railway or strategic road network asset base					
IA 17 702	Director, DLR	KAD's - Management of DLRL Gas System (2 x Priority 2 Issues)	02/05/2017 AC	30/09/2017	One Priority 2 action is overdue
IA 17 703	Director, DLR	Keolis Amey Docklands (KAD) Management of DLRL Lifts and Escalators Statutory Inspections (1 x Priority 2 Issue)	15/06/2017 AC	14/06/2018	
Finance					
TfL Strategic Risk: Delivery of Key Investment Programmes					
IA 16 600	Chief Procurement Officer	Flow-Down of Responsible Procurement requirements through the supply chain (2 x Priority 1 Issues / 2 x Priority 2)	03/03/2017 RI	31/12/2017	
IA 16 622	Chief Procurement Officer	Procurement of the new e-Tendering System (2 x Priority 2 Issues)	02/03/2017 AC	29/12/2017	
Commercial Development					
TfL Strategic Risk: Delivery of commercial revenue targets					
IA 16 210	Director of Commercial Development	Procurement and Management of Professional Advisers in Commercial Development (4 x Priority 1 Issues / 2 x Priority 2)	10/04/2017 RI	29/12/2017	
IA 16 202	Director of Commercial Development	Management of the Property Partnerships Programme (1 x Priority 1 Issue / 6 x Priority 2 / 1 X Priority 3)	13/04/2017 RI	29/12/2017	
IA 16 212	Director of Commercial Development	Investments appraisal in Commercial Development (4 x Priority 1 Issues / 4 x Priority 2)	27/04/2017 RI	31/03/2018	
One HR					
TfL Strategic Risk: TfL Strategic Risk: Workforce adaptability					
IA 16 100	Director of HR	Movers and Leavers Processes (3 x Priority 1 Issues / 3 x Priority 2)	05/05/2017 RI	30/03/2018	
General Counsel					
TfL Strategic Risk: Governance suitability					
IA 16 127	Head of Information Governance	Transparency (1 x Priority 1 Issue / 3 x Priority 2 / 2 x Priority 3)	18/05/2017 RI	31/12/2017	
Customers, Communication and Technology					
TfL Strategic Risk: Financial sustainability					

Status Key

PC	Poorly controlled	RI	Requires improvement	AC	Adequately controlled	WC	Well Controlled	Memo Con A	Memorandum Consultancy Advisory
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Reference	Responsible Director	Report Title	Report / Memo Issued	Due date for completion of last action	Comments
IA 16 107	Chief Technology Officer/Director of Customer Experience	Fares Refunds (3 x Priority 1 Issues / 7 x Priority 2)	08/02/2017 RI	31/10/2017	One Priority 2 action is overdue
London Transport Museum					
IA 16 418	Museum Director	London Transport Museum (LTM) IT Governance (2 x Priority 1 Issues / 3 x Priority 2 / 1 x Priority 3)	19/01/2017 RI	31/03/2018	These actions were reported as more than 60 days overdue at the July Audit and Assurance Committee. A new completion date has been agreed to allow time for the new arrangements between T&D and LTM to be established.
IA 16 419	Assistant Director, Business and Performance	Payment Card Industry Data Security Standard Compliance in London Transport Museum (2 x Priority 1 Issues / 3 x Priority 2)	31/05/2017 RI	30/11/2017	
Crossrail					
IA 16 522	Operations Director, Crossrail	Rail for London Management Systems (3 x Priority 2 Issues)	06/03/2017 RI	15/12/2017	

Status Key

PC Poorly controlled

RI Requires improvement

AC Adequately controlled

WC Well Controlled

Memo Con A Memorandum Consultancy Advisory

Outstanding Actions Statistics

Directorate	Not yet due	1 – 30 Days	31 – 60 Days	61-90 Days	91+ Days
Commercial Development	15	4	1	0	0
Crossrail	1	0	0	0	0
Customers Communication & Technology	10	5	0	0	0
Finance	18	2	0	0	0
General Counsel	9	0	0	0	0
HR	1	0	0	0	0
LTM	22	0	1	0	0
LU & TfL Rail	96	3	1	0	0
Surface Transport	68	2	2	3	0
Total	240	16	5	3	0

**INTERNAL AUDIT CUSTOMER FEEDBACK FORM
SUMMARY OF RESPONSES FOR 2017/18
Quarter 2**

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: Q2 = 30 (Q1 = 46)

Customer Feedback Forms Returned: Q2 = 17 (Q1 = 18)

ASSIGNMENT ASSESSMENT CRITERIA	No score given		Very poor		Poor		Satisfactory		Good		Very good		Average Score	
	Q1	Q2	1	2	3	4	5	Q1	Q2	Q1	Q2	Q1	Q2	Q1
PLANNING AND TIMING	0	0	0	0	2	0	2	1	7	5	7	11	4.2	4.6
The assignment timing was agreed with me and there was appropriate consideration of my other commitments as the work progressed	0	0	0	0	2	0	2	1	7	5	7	11	4.1	4.6
The assignment was completed and the report issued within appropriate timescales	0	0	0	0	0	0	1	0	11	6	6	11	4.3	4.6
COMMUNICATION													4.2	4.5
Communication prior to the assignment was appropriate, including the dates and objectives	0	0	0	0	2	0	2	2	5	3	9	12	4.2	4.6
Throughout the assignment I was informed of the work's progress and emerging findings	0	0	0	0	0	0	4	1	6	7	8	9	4.2	4.5
CONDUCT													4.4	4.5
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	0	0	1	1	3	1	6	5	8	10	4.2	4.4
The Internal Audit team acted in a constructive, professional and positive manner	0	0	0	0	0	1	0	0	8	3	10	13	4.6	4.6
RELEVANT AND USEFUL ADVICE AND ASSURANCE													4.1	4.5
A fair summary of assignment findings was presented in the report	0	0	0	0	1	0	3	1	6	4	8	12	4.2	4.6
Assignment recommendations were constructive, practical and cost-effective	0	0	0	0	0	1	5	1	6	6	7	9	4.1	4.4
My concerns were adequately addressed and the review was beneficial to my area of responsibility and operations	0	0	0	0	1	0	4	1	7	6	6	10	4.0	4.5
Overall assessment													4.2	4.5

Other comments including suggested improvements and areas of good performance:

"Both teams worked collaboratively to schedule the meeting to suit work commitments."

"Excellent summary feedback based upon objective evidence provided."

"The visit and its outcome proved to be very cost effective, and it demonstrated the value in collaborative working."

"The support the auditor has offered has taken [the business area] a long way to becoming compliant. Without his knowledge and expertise, [the business area] would not be in the strong position it is now, with a small number of actions to be delivered, to enable [us] to be compliant. I cannot speak highly enough of the auditor, throughout the audit he was available and helpful."

"There was complete understanding of the pressures of work and flexibility was shown in getting the information requested together and the overall timing of the audit."

"The communication after the initial meeting and prior to the assignment was not very good. We knew the dates, the objectives were stated. But, the overall communication immediately prior to the audit could only be classed as barely satisfactory."

"I would not deny that the auditor had a basic knowledge of the situation, of most of the content and of the general context. But, I felt that the auditor did not build on knowledge much. Indeed, I believe that the output is of little lasting value and the actions stimulated from the audit findings are largely superficial."

"There are some recommendations which are outside the control of the project team and therefore to mark the project down on these is possibly unfair."

"Where there was any doubt then questions were asked to help the understanding."