

Agenda

Meeting: Audit and Assurance Committee

Date: Thursday 14 March 2019

Time: 10.00am

**Place: Conference Rooms 1&2,
Palestra, 197 Blackfriars Road,
London, SE1 8NJ**

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](http://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
Wednesday 6 March 2019

**Agenda
Audit and Assurance Committee
Thursday 14 March 2019**

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 29 November 2018
(Pages 1 - 6)**

General Counsel

The Committee is asked to approve the minutes of the meeting of the Committee held on 29 November 2018 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.

Audit, Risk and Assurance Items

5 Independent Investment Programme Advisory Group Quarterly Update (Pages 11 - 24)

Director of Risk and Assurance

The Committee is asked to note the paper.

6 Risk and Assurance Quarter 3 Report 2018/19 (Pages 25 - 82)

Director of Risk and Assurance

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

7 Integrated Assurance Plan 2019/20 (Pages 83 - 108)

Director of Risk and Assurance

The Committee is asked to note the Plan.

Accounting and Governance

8 Crossrail KPMG Review Update (Pages 109 - 110)

Investment Delivery Planning Director, London Underground

The Committee is asked to note the update.

9 Crossrail Transition Update (Pages 111 - 114)

Howard Smith, Director - Operations, Crossrail/Elizabeth line

The Committee is asked to note the paper.

10 Register of Gifts and Hospitality for Members and Senior Staff
(Pages 115 - 120)

General Counsel

The Committee is asked to note the paper.

11 Transformation Update (Pages 121 - 124)

Transformation Director

The Committee is asked to note the update.

12 Personal Data Disclosure to the Police and Other Agencies (2018)
(Pages 125 - 132)

Director of Compliance, Policing and On-Street Services

The Committee is asked to note the paper.

13 TfL Protective Security Update (Pages 133 - 136)

Director of Compliance, Policing and On-street Services

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

14 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.

15 Any Other Business the Chair Considers Urgent

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

16 Date of Next Meeting

Monday 10 June 2019 at 10.00am.

17 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 & 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.

18 Risk and Assurance Quarter 3 Report 2018/19 (Pages 141 - 146)

Exempt supplemental information relating to the item on Part 1.

19 TfL Protective Security Update (Pages 147 - 152)

Exempt supplemental information relating to the item on Part 1.

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Agenda Item 3

Transport for London

Minutes of the Audit and Assurance Committee

**Committee Rooms 1 and 2, Ground Floor, Palestra,
197 Blackfriars Road, London, SE1 8NJ
10.00am, Thursday 29 November 2018**

Members

Anne McMeel	Chair
Dr Lynn Sloman	Vice Chair
Kay Carberry CBE	Member
Dr Mee Ling Ng	Member

Executive Committee

Howard Carter	General Counsel
Simon Kilonback	Chief Finance Officer
Andrew Pollins	Transformation Director (Minute Reference 85/11/18)
Shashi Verma	Director of Strategy and Chief Technology Officer (Minute Reference 84/11/18)

Staff

Michael Bridgeland	Head of TfL Project Assurance
Rob Brooker	Fraud Investigation Manager (Minute Reference 75/11/18)
Claudina Castelli	Senior Risk Manager (Minute References 75 & 76/11/18)
Brian Davey	Head of Financial Services (Minute Reference 81/11/18)
Jazz Garcha	Chief Information Security Officer (Minute Reference 84/11/18)
Siwan Hayward	Director of Compliance, Policing and On-Street Services, Surface Transport (Minute Reference 75/11/18)
Justin Kennedy	Project Manager, Business Change, Finance (Minute Reference 79/11/18)
Nico Lategan	Head of Enterprise Risk
Dili Origbo	Head of Internal Audit
Rachel Shaw	Head of External Financial Reporting
Howard Smith	Director – Elizabeth Line Operations (Minute Reference 79/11/18)
Sue Riley	Secretariat

Also In Attendance

Karl Havers	Partner, Ernst & Young (EY)
Caroline Mulley	Partner, EY
Chris Shoukry	Independent Investment Programme Advisory Group Member (IIPAG)

69/11/18 Apologies for Absence and Chair's Announcements

An apology for absence was received from Dr Nelson Ogunshakin OBE. Clive Walker and Sarah Bradley were also unable to attend.

The Chair welcomed Chris Shoukry to the meeting. She also thanked Michael Bridgeland and Rob Brooker, who were both leaving TfL, for their hard work and contribution to the Committee over the years.

70/11/18 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.

71/11/18 Minutes of the Meeting Held on 14 September 2018

The minutes of the meeting held 14 September 2018 were approved as a correct record and signed by the Chair.

72/11/18 Matters Arising and Actions List

The Committee noted the Actions List.

73/11/18 EY Report on Non-Audit Fees for Six Months Ended 30 September 2018

Karl Havers presented the report on non-audit fees.

The Committee noted the report.

74/11/18 External Audit Plan TfL, TTL and Subsidiaries – Year Ending 31 March 2019

Karl Havers introduced the External Audit Plan.

Members were advised that external audit reported on all errors above £4.26m, regardless of adjustment. In addition, testing for significant risks and random sampling was also carried out. A view was also taken on the level of undetected errors, but this was not considered a factor in a well controlled environment such as TfL.

The Committee noted the Plan.

75/11/18 Risk and Assurance Quarter 2 Report 2018/19

Dili Origbo introduced the Risk and Assurance report for Quarter 2 2018/19. Rob Brooker and Claudina Castelli were also in attendance for this item.

Amended versions of Schedule 1, Schedule 2 and Appendix 8 to this report were circulated at the meeting and had been updated on the TfL website.

Siwan Hayward was in attendance to answer questions on overdue management actions in relation to the audit of Payment Card Industry, Data Security Standards. TfL's risk exposure was low due to a number of mitigating actions taken since the previous update, and the remaining two priority actions were proving difficult to resolve, however, options were being considered amid ongoing discussions around the cost of a technical solution.

The Chair would be kept updated on any changes to the Internal Audit Plan.

[Action: Dili Origbo]

Staff would review the most effective way to report back on Control Trend Indicators.

[Action: Dili Origbo]

A review of the risk management process would be submitted to a future meeting.

[Action: Nico Lategan]

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

76/11/18 Enterprise Risk Policy

Nico Lategan presented the Enterprise Risk Policy. Claudina Castelli was also present for this item.

The Committee approved the updated Enterprise Risk Management Policy.

77/11/18 Independent Investment Programme Advisory Group (IIPAG) – Quarterly Report

Michael Bridgeland presented the IIPAG Quarterly update. Chris Shoukry was also present for this item.

Engineering skill gaps amongst IIPAG advisors was being addressed.

A meeting with the Chair of IIPAG and the Chairs of the appropriate Committees had been arranged.

The Committee noted the report.

78/11/18 Crossrail Assurance Arrangements

Howard Carter introduced the report on Crossrail assurance arrangements.

The KPMG led independent reviews of Crossrail would be considered at the next meeting of the Committee, alongside a risk review. **[Action: Howard Carter/Nico Lategan]**

The Committee discussed the role of the Project Representative function, which had not proved effective.

The Committee noted the report.

79/11/18 Crossrail Transition Update

Howard Smith and Justin Kennedy presented the update on Crossrail transition.

Loss of key staff and personnel was being partially mitigated by the updating and review of the master operational handover schedule, mapping resource requirements and how these were being met. Crossrail Limited's new Chief Executive Officer, Mark Wild, was carrying out a full staffing and organisational review.

It was agreed that Internal Audit would carry out a review of Crossrail's transition arrangements given the extension of the project and whether it was fit for purpose, in the future. **[Action: Dili Origbo]**

Discussions on staffing and resource arrangements were held regularly at the Executive Committee and TfL was working closely with Mark Wild and David Hendry (newly appointed Chief Finance Officer) to assess business planning implications.

The Committee sought assurance that the transition risks would be included in future reports. **[Action: Howard Smith/Nico Lategan]**

The Committee noted the paper.

80/11/18 Critical Accounting Policies

Rachel Shaw presented the update on the Group's critical accounting policies.

The accounting standard bodies for the public sector, having consulted with the large four audit firms, were still considering all options before issuing final guidance around the application of IFRS 16 Leases. Until this guidance was issued, the implications for TfL's financial reporting would not be known.

The Committee noted the paper.

81/11/18 National Fraud Initiative

Brian Davey introduced the update on the National Fraud Initiative exercise for 2016.

The Committee noted the paper.

82/11/18 Register of Gifts and Hospitality for Members and Senior Staff

Howard Carter presented the standing item on details of the gifts and hospitality declared by the Board and senior staff. An updated report was circulated at the meeting and had been posted on the TfL website.

The Committee noted the paper.

83/11/18 Legal Compliance Report (1 April 2018 – 30 September 2018)

Howard Carter presented the summary information provided by each TfL Directorate for the Legal Compliance Report for the period 1 April to 30 September 2018.

The Committee noted the report.

84/11/18 Cyber Security Update

Shashi Verma introduced the update status to the cyber security programme. Jazz Garcha was also in attendance for this item.

It was agreed that a report, including a sample visualisation chart of TfL's current and target cyber security maturity and forward view, be submitted to a future meeting.

[Action: Shashi Verma]

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

85/11/18 Transformation Programme Update

Andrew Pollins introduced the update on the Transformation Programme.

The Committee noted the paper.

86/11/18 Member Suggestions for Future Agenda Discussions

Howard Carter presented the Forward Programme. A deep dive on a strategic risk would be held after the next meeting.

[Action: Secretariat/Nico Lategan]

The Committee noted the Forward Programme.

87/11/18 Any Other Business the Chair Considers Urgent

There was no urgent business.

88/11/18 Date of Next Meeting

The next scheduled meeting was due to be held on Thursday 14 March 2019 at 10.00am.

89/11/18 Exclusion of Press and Public

The Committee agreed to exclude the press and public from the meeting, in accordance with paragraphs 3 & 5 of Schedule 12A to the Local Government Act 1972 (as amended), in order to consider the following item of business: Risk and Assurance Quarter 2 Report 2018/19; and Cyber Security Update.

The meeting closed at 12.50pm.

Chair: _____

Date: _____

Audit and Assurance Committee



Date: 14 March 2019

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.

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

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Audit and Assurance Committee Actions List (reported to 14 March 2019 meeting)

Actions from last meeting

Minute No.	Item/Description	Action By	Target Date	Status/note
75/11/18	Risk and Assurance Quarter 2 Report 2018/19 The Chair to be kept updated on any changes to the Integrated Assurance Plan.	Dili Origbo	Ongoing.	Ongoing.
	Staff to review the most effective way to report back on Control Trend Indicators.	Dili Origbo	14 March 2019 meeting.	Completed. Internal Audit has agreed a process for reporting on risk indicators with various contributors across the business.
	A review of the risk management process would be submitted to a future meeting.	Nico Lategan	14 March 2019 meeting.	Completed. The risk management procedure is included in the quarterly report to this meeting.
78/11/18	Crossrail Assurance Arrangements The KPMG led independent reviews of Crossrail would be considered at the next meeting of the Committee, alongside a risk review.	Howard Carter/Nico Lategan	14 March 2019 meeting.	Completed. Report on the agenda for this meeting.
79/11/18	Crossrail Transition Update Internal Audit to carry out a review of Crossrail's transition arrangements and whether it was fit for purpose, in the future.	Dili Origbo	10 June 2019 meeting.	Transition risks will be considered once the Crossrail risks and a revised project timeline is published.
	Transition risks to be included in future reports.	Howard Smith/Nico Lategan	14 March 2019 meeting.	Completed. Update included in the report to this meeting.

Minute No.	Item/Description	Action By	Target Date	Status/note
84/11/18	Cyber Security Update A report, including a sample visualisation chart of TfL's current and target cyber security maturity and forward view, will be submitted to a future meeting.	Shashi Verma	10 June 2019 meeting.	Scheduled on Forward Plan.
86/11/18	Member Suggestions for Future Agenda Discussions A deep dive on a strategic risk would be held after the next meeting.	Nico Lategan	14 March 2019 meeting.	Strategic Risk discussion on the agenda for the meeting. Completed.

Actions from previous meetings

Minute No.	Item/Description	Action By	Target Date	Status/note
51/09/18	Annual Audit Letter The definition of significant risks referred to under the Value for Money section in the Letter would be clarified in future reports.	Karl Havers (EY)	26 September 2019 meeting.	Scheduled on Forward Plan.
06/03/18	Integrated Assurance Plan 2018/19 The future Plan to include information on the model of assurance being used, once the Strategic Risks and controls in place had been mapped.	Dili Origbo/ Clive Walker	14 March 2019 meeting.	Plan included in papers to this meeting and identified second and third line assurance activity.

Audit and Assurance Committee



Date: 14 March 2019

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 Quarter 3 2018/19 and the Management Response. It includes updates on the membership of IIPAG, the effectiveness of the first and second lines of Project Assurance and progress on the implementation of the recommendations from the 2017 IIPAG Review. This report was also considered by the Programmes and Investment Committee at its meeting on 6 March 2019.

2 Recommendation

2.1 **The Committee is asked to note the Independent Investment Programme Advisory Group's Quarterly Report and the Management Response.**

3 Background

3.1 Under its Terms of Reference (2018), 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 for the Programmes and Investment Committee.

3.2 The Quarter 3 IIPAG Report is the first full quarterly report following the change of IIPAG membership. It provides an update on IIPAG recruitment, IIPAG's future work plan and recommendations made in relation to strategic and systemic issues.

3.3 There are two recommendations in the IIPAG Quarterly Report.

4 Management Response

Recommendations made in the Quarter 3 IIPAG Report

4.1 IIPAG made two specific recommendations within its latest Quarterly Report. These recommendations are copied below, followed by TfL's management response.

4.2 "IIPAG recommends that those governing and assuring projects and sub-programmes should be provided with information which shows clearly how the EFC, spend vs budget, spend vs delivery, and expected completion dates have evolved over the life of the projects and sub-programmes. Project Assurance

/Programme Management Office (PMO) should advise on what information should be routinely provided.”

- 4.3 Agreed. TfL Project Assurance will work with the PMO and IIPAG to agree what core financial information should be made available through project and sub-programme assurance reviews.
- 4.4 “IIPAG recommends that, to the extent that work is not already underway, TfL should review its key areas of resource risk, and identify a plan to mitigate and manage these, starting with engineering resource.”
- 4.5 Agreed. The PMO will work with TfL’s Project Management teams to ensure resourcing challenges are fully understood and will develop an action plan to mitigate any resourcing risks that are identified.

5 IIPAG Members

- 5.1 The contracts with two IIPAG members ended on 31 January 2019. They both took part in Sub-programme reviews carried out for submission to the Programmes and Investment Committee on 6 March 2019. Since the meeting of the Committee in December 2018, a new member has been recruited and started on 20 February 2019. IIPAG expects to recruit one more member specialising in Information Technology.

6 Effectiveness of the First and Second Lines of Project Assurance Integrated Assurance Plans

- 6.1 Project Assurance continues to review and update the Integrated Assurance Plans with project teams and sponsors every quarter as part of its Continuous Assurance process.

IIPAG Recommendation Tracking

- 6.2 The Project Assurance team continue to track progress made against IIPAG’s recommendations as part of its Continuous Assurance. There are no new unagreed IIPAG recommendations this quarter.
- 6.3 Seventy-one IIPAG recommendations were closed in the last quarter. Overdue recommendations reduced from 21 to 19, however a number of these are delayed as a result of teams awaiting Business Planning outcomes. The Project Assurance Team will continue to focus efforts on closing overdue recommendations. Revised dates for closing each of the 19 overdue recommendations have been agreed with Project Assurance and none of those are overdue on the revised target dates. Project teams have also been advised to provide more realistic dates going forward.
- 6.4 The September 2018 IIPAG Quarterly Report highlighted eight recommendations that it considered to be not agreed. A detailed status report for the eight recommendations is included in Appendix and all are now closed to IIPAG’s satisfaction or have been superseded by subsequent reviews.

7 IIPAG Review Implementation Update

- 7.1 The Committee has previously received a separate update on the progress being made to implement the recommendations made by TC Chew in his 2017 review of IIPAG.
- 7.2 The outstanding actions against those recommendations include recruitment and establishing a TfL-IIPAG Memorandum of Understanding (MoU). The IIPAG Quarterly Report provides an update on recruitment, with five new members now appointed. TfL arranged for an introductory meeting of those new IIPAG members with the TfL Commissioner and Chairs and Deputy Chairs of the Programmes and Investment Committee and the Audit and Assurance Committee on 11 February 2019.
- 7.3 The MoU will continue to be developed with IIPAG in the coming months as the new model for IIPAG is established.

List of appendices to this report:

Appendix 1: Status of IIPAG Recommendations referred to in IIPAG's September 2018 Quarterly Report

Appendix 2: IIPAG Quarterly Report (March 2019)

List of Background Papers:

None

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Appendix 1 – Status of IIPAG Recommendations referred to in IIPAG’s September Quarterly Report

	Project Name	Recommendation	Management Response	IIPAG view (Q3 IIPAG report)	Status (18 February 2019)
1	Major Stations Sub-Programme	No further Supplemental Agreements or CAP arrangements are put in place until a detailed review of them has been undertaken which identifies any benefits that may have accrued from them and sets out their risks and disadvantages.	CAP is embedded in TfL standard forms of NEC3 contract. Any future Supplemental Agreements in this programme will consider the benefits that will materialise before seeking approval. This approach has been reviewed by IIPAG.	Information provided by project team for sub-programme review. Three of four claims now settled and the last one is going through adjudication process, No further information required.	Recommendation Closed
2	Major Stations Sub-Programme	The mechanism for escalating risks associated with claims is clarified and communicated to ensure that it provides appropriate information at all levels in TfL.	A general TfL Dispute Management process is available on the Commercial Toolkit. However a specific strategy for each program will be developed as disputes arise. This may need to remain confidential and have restricted circulation to avoid prejudice.	Information provided by project team for sub-programme review. Three of four claims now settled and the last one is going through adjudication process, No further information required.	Recommendation Closed

	Project Name	Recommendation	Management Response	IIPAG view (Q3 IIPAG report)	Status (18 February 2019)
3	Major Stations Sub-Programme	No further Supplemental Agreements or CAP arrangements are put in place until a detailed review of them has been undertaken which identifies any benefits that may have accrued from them and sets out their risks and disadvantages	<p>The benefits of the Supplementary Agreements are summarised below:</p> <ol style="list-style-type: none"> 1. compensations events to date are agreed; 2. specific contentious issues are identified and plan of action agreed; and 3. contractors are incentivised using KPIs to deliver to set milestones beneficial to passengers. <p>Any Supplemental Agreement would have the advantages and disadvantages set out, including the risk opportunities and threats.</p>	Agreed with IIPAG members this is duplicate of recommendation 1 above.	Recommendation Closed
4	Fiveways Junction A23/A232	That the Project Team provides the evidence to support its view that the current scheme is the appropriate option to select.	The Project Team feels that sufficient evidence has been provided as part of the IAR that supports the view that the current scheme is the appropriate option to select.	Information provided by project team for December update agreed as sufficient with IIPAG members	Recommendation Closed

	Project Name	Recommendation	Management Response	IIPAG view (Q3 IIPAG report)	Status (18 February 2019)
5	Access Network and WAN Services	There should be an independent review of the capex costs included in this contract. TfL's costs to manage this contract effectively should be estimated and also be subject to independent review.	TfL have no issue with sharing the Financial Model that underpins the preferred bidder's tender and capex cost broken down, the purpose of such a review is unclear.	The contract has been awarded so points no longer relevant.	Recommendation Closed
6	Cycle Superhighway 10	HSPB should consider the wider options for access to the rest of the Cycle Superhighway network from the West of London, for example considering whether routes might need to be linked such that there are fewer routes in more central areas.	Alignment of CS10 runs along 2 strategic cycling corridors identified in the Strategic Cycling Analysis (June 2017). Opportunity for further routes in future to link other key destinations. Future Cycle Routes programme submitted to Healthy Streets Portfolio Board 5 Oct 2017.	Information provided by project team for December update agreed as sufficient with Chair of IIPAG	Recommendation Closed

	Project Name	Recommendation	Management Response	IIPAG view (Q3 IIPAG report)	Status (18 February 2019)
7	Rotherhithe Canary Wharf Crossing	IIPAG recommends that the option selection is deferred until greater certainty can be provided of the likely cost and programme of the navigable bridge and a comparison can be made on a more informed basis of the business case underlying both options	Substantial work has gone in to the options analysis work based on benchmarking data to determine the preferred option. However, a reference design is required to establish a preferred bridge design and to narrow the cost range of the scheme. This will be subject to consideration by IIPAG and by the Healthy Streets Portfolio Board.	Superseded by last Integrated Assurance Review (September 2018) and more recent recommendations made by IIPAG.	Recommendation Closed
8	Rail and Underground Step Free Access	Any works not directly necessary for the SFA scheme be funded and managed outside of the SFA Programme.	Funding: Not agreed. We have committed to fund the wider Accessibility Works as part of the Whole Journey approach to accessibility.	IIPAG agrees with TfL's response.	Recommendation Closed.

Independent Investment Programme Advisory Group – Quarterly Report (March 2019)

This paper will be considered in public

1 Summary

- 1.1 This is the first full quarterly report following the change of IIPAG membership. It provides an update on establishing the new IIPAG and our future work plan, and our recommendations on strategic and systemic issues based on the work we have undertaken to date. At this early stage of our work, we also identify some systemic issues which are not the subject of current recommendations, but which we will keep under review.
- 1.2 This report also covers management progress in closing actions on IIPAG recommendations.

2 Recommendations

- 2.1 IIPAG recommends that those governing and assuring projects and sub-programmes should be provided with information which shows clearly how the EFC, spend vs budget, spend vs delivery, and expected completion dates have evolved over the life of the projects and sub-programmes. Project Assurance /Programme Management Office should advise on what information should be routinely provided.
- 2.2 IIPAG recommends that, to the extent that work is not already underway, TfL should review its key areas of resource risk, and identify a plan to mitigate and manage these, starting with engineering resource.

3 Progress with IIPAG

- 3.1 Further to the update in the last IIPAG Quarterly Report, a further IIPAG member, who is a qualified civil engineer, has been recruited to IIPAG. There are now 5 IIPAG members: Alison Munro (Chair), Jonathan Simcock, Kenny Laird, Joanne White and Simon Collins. We expect to recruit one further member, probably specialising in information technology.
- 3.2 A workshop involving IIPAG and key members of the TfL Board was held in February to ensure an understanding of the Board's requirements and expectations from IIPAG, and to discuss areas of focus for IIPAG. This will help shape IIPAG's work programme for 2019/20 and ensure that IIPAG is adding as much value as possible.

4 IIPAG work since last Quarterly Report

- 4.1 The new IIPAG team has been familiarising itself with TfL's business, and members have undertaken a number of sub programme reviews and Project Assurance Reviews (PARs) as detailed below. IIPAG has been impressed by the quality of people and professionalism in TfL, and the generally high quality of project management. Whilst it is early days for coming to a comprehensive view on strategic and systemic issues, there have been a number of recurring themes from the reviews to date.
- 4.2 Coming fresh to the sub-programmes and projects, IIPAG has frequently found it difficult to get a clear view of the history of a programme's or project's EFC, why it has changed, how the EFC compares with relevant budgets, and especially in the case of sub-programmes, how expenditure is tracking against delivery. This information is important for understanding whether there are any significant trends, how well the programme or project is being managed to budget, and whether there are issues in the past that may have current relevance. It is information that should be available to decision makers as well as for assurance reviews. IIPAG recognises that the method for reporting this information is unlikely to be exactly the same for sub-programmes and projects. IIPAG therefore recommends that Project Assurance/ Programme Management Office should consider and define what information should be provided to decision makers and assurers for sub-programmes and projects.
- 4.3 A recurring theme in nearly all reviews has been resourcing. The single biggest issue that has been raised with us is engineering resource, with concerns expressed that shortages will threaten future project and programme delivery, especially teams' ability to take on new work. In some cases we observed a disconnect between the project team's view of requirements for engineering resource and the view of the central resource owners. There were issues about the overall quantum of engineering resource, the need for some very specific specialisms, and the allocation process. Other areas of shortage that have been highlighted are transport modellers, planners, and document controllers. In addition some projects appear to face a high degree of churn, with potential loss of corporate memory and established stakeholder relationships. IIPAG recognises the constraints imposed by TfL's overall financial position, and that the organisation is still in a state of transition with the Transformation Programme, so the allocation process is still bedding in. Nevertheless IIPAG recommends that, to the extent that work is not already underway, TfL should review its key areas of resource risk, and identify a plan to mitigate and manage these, starting with engineering resource.
- 4.4 A number of other systemic issues have been noted by IIPAG, and while there are no immediate recommendations in these areas, we will continue to keep them under review:
- How to ensure that value for money considerations are consistently and continuously addressed in project development and delivery, and in the

specification of technical standards

- The reporting of delivery confidence, and how to ensure robust assessments of schedule.
- The management of political and strategic considerations alongside more quantifiable value for money.
- The scope for engaging the supply chain to a greater extent in identifying innovative and vfm solutions
- Ensuring over-arching long term strategies are comprehensively in place to guide current decisions
- In respect of sub-programmes, clarity about the expectations and requirements for programme management vs portfolio management
- How to ensure that the assurance process is proportionate and prioritised on high risk areas.

5 Work plan for 2019/20

5.1 IIPAG's budget for 2019/20 is the same as in 2018/19, at £395,000. IIPAG's work in 2019/20 will be to provide third line assurance and strategic advice in the following areas:

- Sub-programme reviews for 22 sub-programmes
- PARs 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 4LM
- One-off reviews of strategic and systemic issues, including benchmarking.

5.2 IIPAG is considering further how a more risk based approach can be applied to third line assurance in respect of projects and sub-programmes, and also how IIPAG's work is integrated with and complements other assurance activities. Further details will be provided in due course. IIPAG will prepare quarterly reports and attend PIC and AAC, and will attend most Executive governance meetings – Investment Committee, and the London Underground and Surface Transport Investment Boards.

6 Reviews and Actions

6.1 IIPAG has been involved in a total of seven sub-programme reviews and nine Project Assurance Reviews since its last report (11 December 2018). These are listed in Table 1 below:

Sub-Programme Reviews	Project Assurance Reviews
Surface Technology	Power SCADA
LU R&E Fleet	Track Delivery Partner Contract Award
LU R&E Signalling & Control	Bakerloo Line Extension
Tech & Data	CS10
Air Quality Management	CS9
DLR Rolling Stock Replacement	Cycle Future Routes 2&5
Major Station (refresh from October)	Liveable Neighbourhoods programme
	ULEZ Extension
	CrossRail 2

Table 1: IIPAG Involvement in Assurance Reviews

6.2 Figure 1, below, sets out the number of recommendations that are Closed, not yet due (or no date noted) or Overdue (from original baseline date) in the recommendations tracker maintained by Project Assurance.

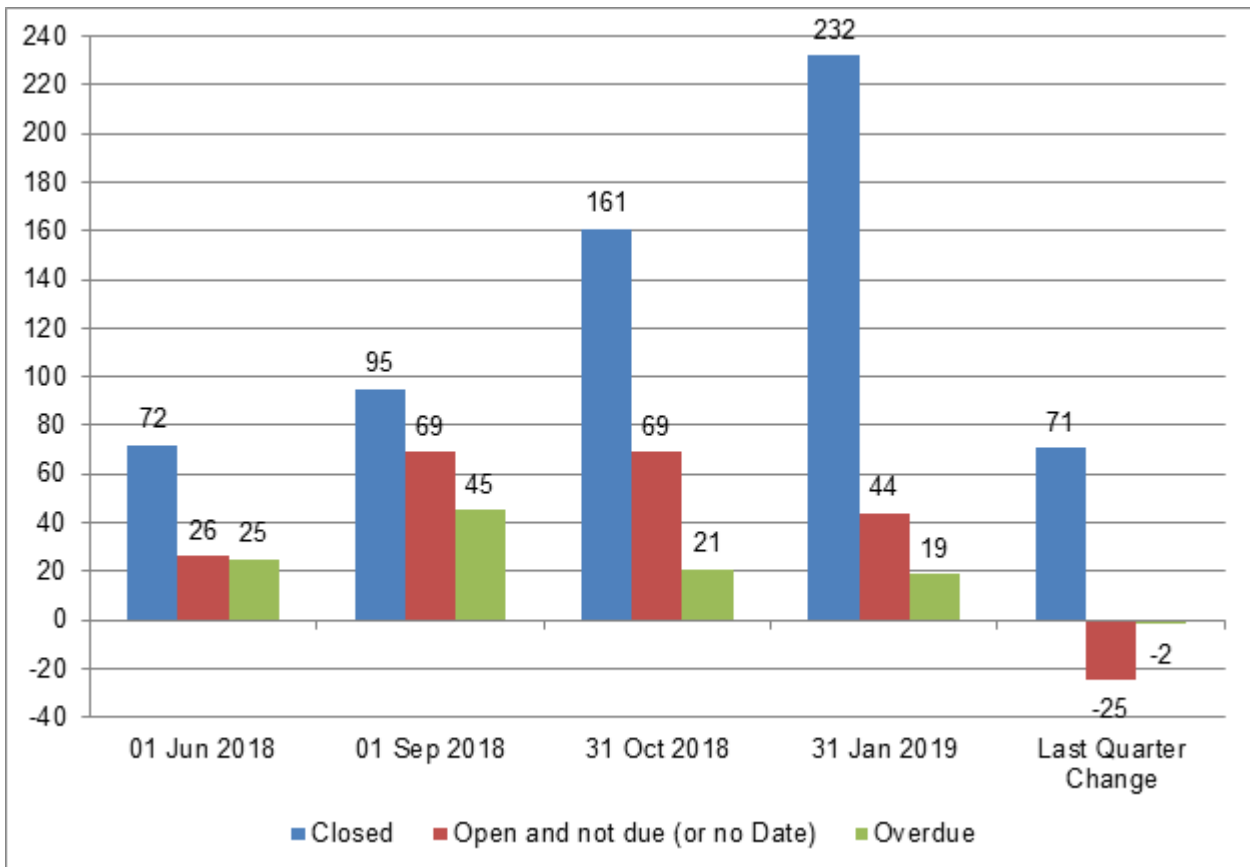


Figure 1: Status of IIPAG Recommendations

6.3 The total number of recommendations has increased from 251 to 295 between 1 November 2018 and 31 January 2019, with a total of 44 new recommendations made.

6.4 There has been a small decrease in the number of overdue recommendations from 21 to 19 in the last quarter. 71 IIPAG recommendations have been closed out in the quarter.

6.5 The previous IIPAG Quarterly Report from September 2018 highlighted 8 recommendations that we considered not to be agreed. Project Assurance has worked with the sponsor and delivery teams to provide an up to date commentary on each, which is included in the Management Response to this report. These have now all been closed out. There are no further unagreed IIPAG recommendations.

List of appendices to this report:

None

List of Background Papers:

None

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Audit and Assurance Committee



Date: 14 March 2019

Item: Risk and Assurance Quarter 3 Report 2018/19

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 in Quarter 3 of 2018/19, 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 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.**

3 Background

- 3.1 This is the third quarterly report to the Audit and Assurance Committee on 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 Since the last Audit and Assurance Committee meeting, we have rewritten TfL's Enterprise Risk Management Procedure, which is intended to provide a consistent approach to managing risk in TfL. A copy of this can be found, for information, in Appendix 1. The update includes:
 - (a) Aligning the procedure to TfL's Enterprise Risk Policy; and
 - (b) Standardising the language in line with ISO 31000:2018 Risk.

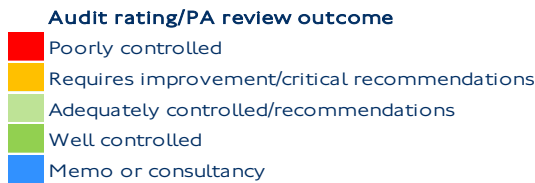
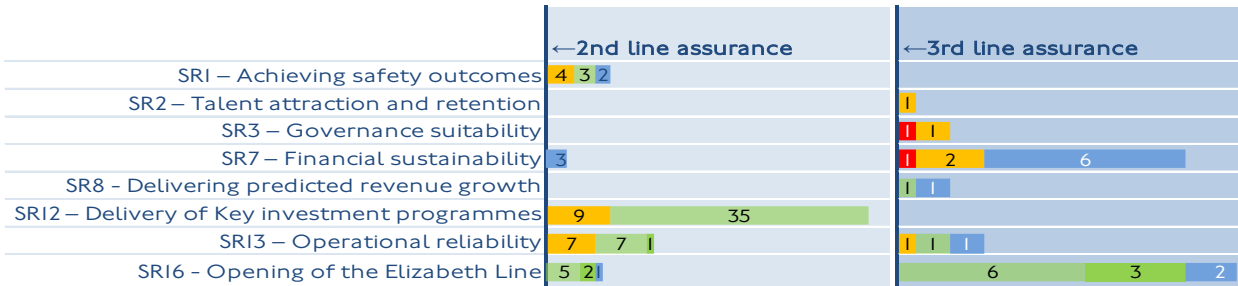
Management – Guidelines

- (c) Introducing the Enterprise Risk Management Framework (ERMF), the Enterprise Risk Assessment Matrix (ERAM), the concept of risk tolerance and appetite, clear risk escalation guidelines and updated governance and assurance arrangements.
- 4.2 We have been carrying out updates to TfL's Level 0, Level 1 and Level 2 risks. Two new Level 0 risks have been identified:
- (a) SR17 – TfL Protective Security; and
 - (b) SR18 – Transformation.
- 4.3 Work is ongoing to review all Level 0 risks quarterly, and identify, assess and mitigate Level 1 risks. A list of the Level 0 and Level 1 risks is included in Appendix 2.
- 4.4 The Executive Committee has recently begun reviewing Level 0 strategic risks periodically. They contribute their concerns on each risk before the meeting, which are then collated and presented back to the Committee as 'word clouds'. These provide a platform for discussions around immediate concerns regarding TfL's strategic risks and, where required, agreeing actions to address these.
- 4.5 TfL's panels and committees continue to have risk led discussions around selected Level 0 risks, relevant to each panel and committee as agreed and outlined in Appendix 2. It is intended that all risks will have been discussed at least once by the relevant committee or panel by the September/October 2019 cycle of meetings.

5 Audit and Assurance

- 5.1 In TfL, assurance is delivered in accordance with the 'three lines of defence' model, as follows:
- (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.

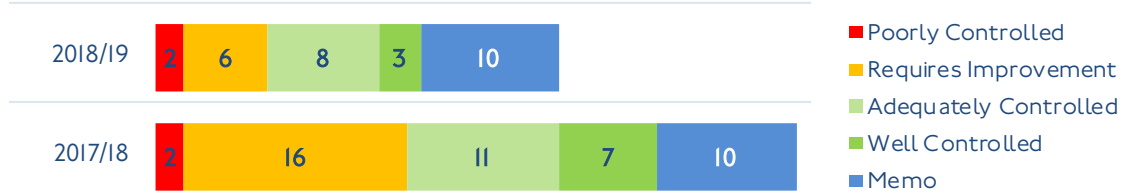
- 5.3 We are working with the business on mapping the control activities for each of TfL's Strategic Risks against the sources of assurance, using the three lines of defence model. This will help ensure that assurance activity is effectively targeted in the future.
- 5.4 The table below maps the outcomes 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



Internal Audit

- 5.5 The Internal Audit plan for 2018/19 forms part of the integrated assurance plan that was approved by the Audit and Assurance Committee on 6 March 2018. Schedule 1: Internal Audit Q3 summary includes highlights from work done during the quarter, an overview of progress with the delivery of the audit plan, a summary of the reports issued and conclusions and information on overdue audit actions. The chart below summarises the reports issued during the first three quarters of 2018/19, together with comparative figures for 2017/18:

Audit ratings to Q3



- 5.6 Although progress with the delivery of the audit plan increased from 32 per cent in Q2, to 50 per cent during Q3, we remain behind target, and do not expect to deliver the full 2018/19 plan. The anticipated increase in delivery during Q3 did not materialise at the rate expected; and resourcing within the Internal Audit team remains an ongoing challenge.

- 5.7 Delivery of the plan has been impacted by a significant number of vacancies (average 75 per cent of anticipated resources), in the Internal Audit team in the year to date. Whilst we have had some success filling roles in recent months, there remain five vacancies in Internal Audit, all but one of which are within the Technology, Information and Security (TIS) audit team. We are currently recruiting to fill three of these roles. We have been covering for the resourcing shortfall in the TIS team through a co-sourcing contract with an external provider for specialist Internal Audit services. This arrangement expires at the end of March 2019, and will be replaced with a new longer-term arrangement during Q1 2019/20.
- 5.8 The rate of audit delivery has increased recently, and we anticipate 70 per cent delivery of the audit plan at the end of Q4. We expect to fill the remaining headcount vacancies soon and therefore anticipate our ability to deliver the plan will improve in 2019/20. Other factors that have affected plan delivery include:
- (a) The audit delivery from our third party co-source partner was below expectations. Only two, out of six audits, will be complete when the current arrangement expires at the end of Q4; and
 - (b) Delay in the opening of Crossrail, has led to the deferment of six audits in Q3. We are currently engaging with key stakeholders within Crossrail, who are completing - Enterprise Risk Management activities. Once this has concluded, we will work to identify appropriate audits, which will also take account of the outcome of the KPMG Governance and Finance reviews.

Mayoral Directions

- 5.9 There were three Mayoral Directions received in the quarter, none of which has have led to a change in the audit plan. These relate to:
- (a) Legally challenging a third runway at Heathrow;
 - (b) London Food Strategy; and
 - (c) January 2019, Fare Changes.

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 months. The six-period trend shows a downward trend in the number of actions closed on time compared to the Q2. We note however, that the results are skewed slightly, due to the relatively small numbers of actions.
- 5.11 The action management trend indicates that the overall number of actions recorded in the table in Schedule 1, as overdue for more than 100 days has reduced. These relate to the following audits:

Surface Transport

(a) 16 417 PCIDSS (CPOS) (1x Priority 2):

This is a long running issue to identify and then agree a technical solution with Barclaycard and various third parties. The Director of Compliance, Policing, and On-street Operations (CPOS) has previously attended the committee meeting in September 2018, to discuss this issue. A technical solution is agreed, and evidence needed to support closure, has been received. The Committee is asked to note that this action is now closed.

Pan-TfL- General Counsel

(b) 16 410 Controls over disclosure of personal information to external agencies (2x Priority 2):

The overdue actions from this audit relate to TfL's information sharing arrangements with police forces and the Home Office and specifically; the need to create new procedures to document arrangements for the sharing of certain personal data by TPH with the City of London Police and, separately, the Home Office as well as the need to review and update existing procedures covering information sharing by EOS (now CPOS) with the Met.

The Privacy team drafted the new procedures for TPH in 2017. The Home Office procedure is agreed and signed. The CoLP procedure is outstanding. The issue has been escalated, and in the meantime, no data is being routinely shared by TPH (for very serious / high-risk incidents; a decision is made on a case-by-case basis).

The residual compliance risk is very low. The procedures are subsidiary to overarching agreements ('Information Sharing Protocols') which are in place, and compliant with the GDPR.

The Committee is asked to note that it is proposed that the outstanding actions be regarded as closed.

Surface Transport

(c) 16 129 Data Privacy and Protection – Surveillance Cameras – LSTCC and LSTOC (1x Priority 2)

(d) 2016 16 138 Data Privacy & Protection - Surveillance Cameras CentreComm (1x Priority 2)

(e) 16 140 Data Privacy & Protection - Surveillance Cameras Bus Operations (1x Priority 2)

All three of the actions relate to the Privacy and Data Protection team working in conjunction with the defined business areas to ensure completion of the self-assessment questionnaire, development of associated action plans, and ongoing monitoring of implementation. This work has been completed, and the Committee is asked to note that the action is now closed.

London Transport Museum

(f) 18 119 LTM New Web Shop (1x Priority 3)

This issue relates the need to complete quarterly reviews of users with access to a key payment system. We have received evidence to demonstrate that an appropriate control is in place, and the Committee is asked to note that action is now closed.

Changes to audit plan

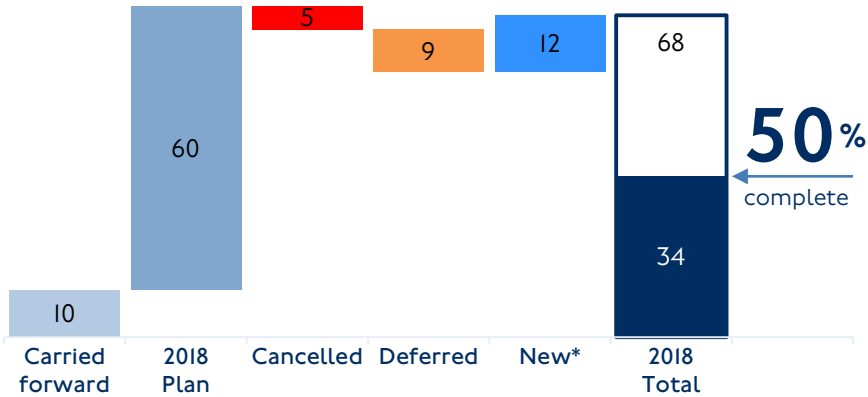
- 5.12 There were ten changes to the plan during the quarter. We deferred six audits and cancelled another two due to changing business priorities. Two new audits were added to the plan during the quarter.

Detailed audit reports

- 5.13 A full list of audit reports issued during the quarter can be found as Appendix 3. Audits in progress at the end of Q3 can be found in Appendix 4, work planned to start in Q4 can be found in Appendix 5, the work planned to start in Q4 can be found in Appendix 6, and details of changes to the audit plan can be found in Appendix 7.

Schedule I: Internal Audit Q3 summary

Audit plan (to Period II end)



Reports

- Our report on Single Sourcing Governance (LU) was concluded as poorly controlled. We identified 5 priority I issues related to:
 - Management of conflicts of interest and segregation of duties
 - Data transparency and poor record management
 - non-compliance with commercial processes
 - Avoiding controls for cumulative value of Purchase Orders
 - Single sourcing rationale

Work in progress / planned to start

- Significant audits that were in progress at the end of Q3 include:
 - Single sourcing in Surface Transport
 - Safeguarding assurance (TfL)
 - Cybersecurity strategy and operating model
 - Use of personal data within HR
- Significant audits due to start in Q4:
 - Safeguarding assurance (TfL)
 - Effectiveness of the new safety complaints process: *start of fieldwork delayed due to system upgrade*
 - Business Services process design

Reports

8 issued Q3

4 issued Q4 to PII

Audit ratings by Directorate – rolling 13 period view

	PC	RI	AC	WC	M/C*
Crossrail			8	4	3
CCT		3			2
Finance		2	2	1	3
Gen. Counsel					
HR		2			
LU	1				5
Major Projects					
Surface		2	1		1
TfL Engineering					
TfL Strategy					
Pan TfL	1				1
TOTAL	4.8%	21.4%	26.2%	11.9%	35.7%

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

Action management (to Period II end)

Overall TfL performance

Measure	#	%	6-period trend
Closed on time*	12	22%	
Extended*	23	42%	

18 overdue

66 open

By Directorate

Directorate	Overdue	Closed on time*
Crossrail		50%
CCT	1 1	25%
Finance	1	6%
Gen. Counsel	2 2	50%
HR	3 4	40%
LU		0%
Major Projects		
Surface	2 1 1	0%
TfL Engineering		
TfL Strategy		
Pan TfL		

*based on actions due in the last six periods

Integrated Assurance

- 5.14 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 the same system of audit conclusions and priority ratings for issues as the Internal Audit team.
- 5.15 A summary of work carried out by Integrated Assurance can be found in Schedule 2: Integrated Assurance Q3 summary.

Project Assurance

- 5.16 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. Projects with an EFC over £50m are also subject to (third line) input from the IIPAG. The IIPAG Quarterly Report is included separately on the Committee Agenda. Reports from Project Assurance Reviews (PARs) are considered alongside the Authority request at the sub-programme board or operating business board depending on the size of the project.
- 5.17 Project Assurance also conducts reviews of the sub-programmes to inform their annual request for Authority at the Programmes and Investment Committee.
- 5.18 Project Assurance reviews do not carry an overall conclusion in the same way as audit reports. However, particular issues raised may be designated as critical issues. The Project Assurance team follows up on all recommendations to ensure they've been addressed.
- 5.19 A summary of the work of Project Assurance during Q3 can be found in Schedule 3: Project Assurance Q3 summary.

Schedule 2: Integrated Assurance Q3 Summary

Audit plan (to Period 10 end)



Work complete

We delivered 13 audits in quarter three and are currently projected to complete 79% of the annual plan by the end of March. Milestones have been set for work that will extend into April to minimise the impact on the 2019/20 programme and risk owners have been consulted.

One audit was concluded as poorly controlled. The audit of station Staircase Pressurisation Functional Testing found an absence of a systems maintenance regime. Pressurised staircases provide safe routes for the fire brigade to access and fight a fire.

There were five audits rated as requires improvement, relating to:

- Testing of LU Station Emergency Lighting
- Inspection of Earth Structures
- Maintenance of Water Systems to Control

Legionella Bacteria

- Asset Management System Data Changes
- Management of HSQE issues at Plumstead, Crossrail construction site. Earth structures and asset data changes had previously been concluded as poorly controlled when last audited.

Work coming up

- In quarter four we will carry out audits of TransPlant rolling stock maintenance (previously poorly controlled), TfL management of asbestos, management of LU Platform Train Interface risk and LU Track Fault Management.

Reports

Audit ratings by Directorate – last 13 periods

Directorate	PC	RI	AC	WC	M/C*	Total
Crossrail		2	5	2	2	11
CCT					1	1
Finance		1	1			2
Gen. Counsel						
HR						
LU	1	10	16	1	2	30
Major Projects			1			1
Surface			1		2	3
TfL Engineering						
TfL Strategy						
Pan TfL		1	1		1	3
TOTAL	2.0%	27.5%	49.0%	5.9%	15.7%	

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



Action management (to Period 10)

Overall TfL performance

Measure	#	%	6-period trend
Closed on time*	61	39%	
Extended*	41	26%	

44 actions overdue
26 due this period

by Directorate

Directorate	Overdue	Closed on time*
Crossrail		100%
CCT		
Finance	3 (0-30 days), 13 (31-99 days), 1 (100+ days)	25%
Gen. Counsel		
HR		
LU	2 (0-30 days), 3 (31-99 days)	51%
Major Projects		
Surface	1 (0-30 days), 9 (31-99 days)	25%
TfL Engineering	1 (0-30 days), 2 (31-99 days), 9 (100+ days)	19%
TfL Strategy		
Pan TfL		

*based on actions due in the last six periods

Reviews undertaken this quarter continue to highlight the budget pressures experienced by TfL.

Sub- Programme Reviews

	Recommendations (Critical Issues)	Commentary
Four Lines Modernisation Sub Programme	15(0)	The Four Lines Modernisation is a comprehensive upgrade of the systems on the Circle, District, Hammersmith & City and Metropolitan lines. Signalling go live date for Signalling Migration Area 0.5 delayed from October 2018 to March 2019. As part of ongoing First Line Assurance deep dive of sub-programme led by PMO and sponsor is planned. Project Assurance and IIPAG will also be part of review team. Output will provide better visibility to the Investment Committee and the PIC., of any financial, schedule, risk and cultural issues
Surface Assets Sub Programme	12(0)	Sub-programme includes maintenance and renewal of surface assets; highways, street lighting drainage, bridges, traffic signals, bus & coach stations, bus stops & shelters and river assets, as well as larger renewal projects including replacement Woolwich Ferry and the Structure and Tunnel Improvement Programme. Business Planning outcomes and reduction in funding mean that a credible funding plan will need to be developed to allow for realistic planning and to avoid abortive costs

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Overdue Recommendations

There are open recommendations for each of the sub programme reviews, but none is currently overdue.

Project Reviews

Project Assurance has completed 24 project reviews in Q3. IIPAG participated in nine of these. Eight Critical Issues were identified.

	Critical Issue	Action Being Taken
Old Street Roundabout	The revenue and operational impacts of the design on buses, assets, other operations and London Underground must be calculated and agreed by the relevant departments.	The project team will work on producing this information during the next stage of the project and will update the business case accordingly. Meanwhile, the business case currently assumes a neutral impact on the cost of maintaining .assets and a £300k/annum operational impact to buses for additional bus services.

	Critical Issue	Action Being Taken
Barking Riverside Extension	The required Financial Authority must be in place before approval to award the contract.	Financial Authority was in place before approval to award the contract. Recommendation closed.
South Kensington Station Development	A credible timetable must be established for the evaluation of the tenders before approval is granted.	A timetable has been developed to assess tenders, defining activities and persons responsible. Project will report affordability to Commercial Approvals Meeting and, as a minimum, Client Board, before letting of contract. Recommendation closed.
	Following the tender evaluation the affordability must be confirmed including robust scope and estimate to fulfil the required planning conditions.	The contract for Detailed Design and Works will not be awarded until affordability; including an acceptable risk level allocation can be demonstrated. Project Assurance are monitoring by continuous assurance.
Rotherhithe Canary Wharf Crossing	TfL Project Assurance has made a number of detailed observations on the option selection which must be addressed. The choice of preferred option must fully reflect the evidence presented for each option.	Option selection is not complete yet and will be assured again before the submission of TWAO in late 2019.
Blackhorse Lane Tram Bridge Replacement	The EFC has more than doubled since contract award in Feb 2018. The Financial Authority must be confirmed before awarding the Phase 2 contract.	Financial Authority approved Dec 2018. Recommendation closed.
	A contract management plan must be produced with clear KPIs and a schedule of monthly performance reviews before phase 2 contract award.	The contract management plan has been produced and will be approved prior to the phase 2 contract award. Recommendation closed.
Surface Intelligent Transport System	The full tender suite must be approved by Commercial and Legal and reviewed by Project Assurance before the tender is issued.	Full tender suite was approved and reviewed before the tender was issued. Recommendation closed.

Customer Feedback

5.20 At the end of every audit (including internal audits and integrated audits), we send a feedback form to the principal auditee requesting their views on the audit process and the report. A summary of the responses to the questionnaire, together with the comparative figures for the previous quarter is included as Appendix 7.

6 Fraud

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: Fraud 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.

TfL Risk & Assurance - Fraud Team Quarter 3 report 20 18/19

Fraud investigation

During Q3, 15 new cases were opened and 10 cases were closed. In total there have been 44 new cases during 2018/19 up to the end of Q3. This compares to 19 new cases in the same period of 2017/18, a 132%. Increased collaboration between the Fraud Team and Revenue protection / Commercial teams has been one of the key drivers in the increased volume of new referrals.

Fraud prevention

Q3 saw an increased level of pro-active fraud awareness and prevention activities. A series of "Fraudathon", fast-track risk identification workshops took place across TfL within Risk & Assurance and other directorates. A 'convicted fraudster' delivered a presentation to General Counsel staff highlighting how weak controls enabled him to commit significant fraud at the company in which he worked. Subsequently he delivered a presentation to staff within the Finance Accounts Payable team.

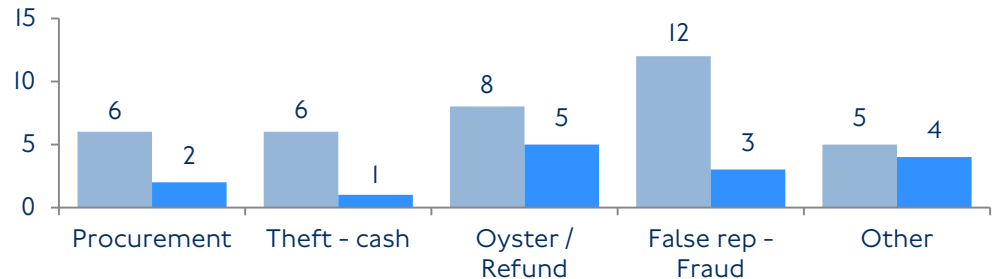
The Fraud Team attended and presented at a series of team meetings within the Contact Centre to discuss financial crime and re-enforcing key messages. A representative from the Fraud Team joined the pan-TfL steering group for 'Fare Evasion & Fraud'. The group meets monthly basis to discuss progress and recommendations for reducing revenue loss attributed to fraud and fare evasion. Concessionary fares fraud forms a key element of current activities.

Cases by directorate

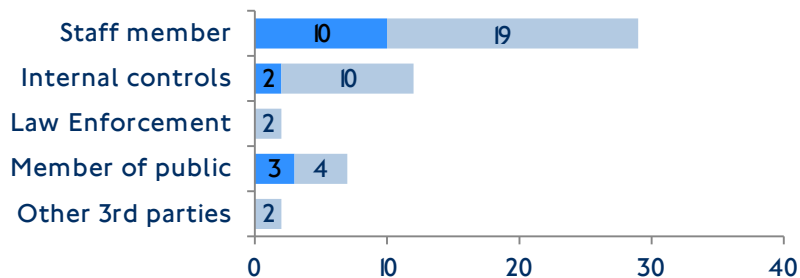
Investigations	B/F	New	Closed	C/F
LU	21	6	5	22
Surface Transport	9	3	3	9
CCT	5	6	1	10
Crossrail	2	0	1	1
Total	37	15	10	42

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Cases by type New and Brought Forward



Cases by source New and Brought Forward



Significant closed cases

Fraudulent issue of replacement Oyster cards and obtaining refunds

A Customer Service Assistant (CSA) had been taking cash values remaining on replacement oyster cards. The CSA was arrested, pleaded guilty at Crown Court and was sentenced to 20 months imprisonment.

Suspected dual working/timesheet fraud

Following a report that a number of contractors had been working full time for both Crossrail and another company, three contractors were terminated. Three part-time contractors, who were provisionally identified as working for both companies were later found to be doing so in accordance with their part-time status and were retained.

7 Risk and Assurance Strategy

7.1 At the September meeting of the Committee we shared our Risk and Assurance Directorate Strategy, which sets out our approach to updating our processes, systems and ways of working through five work streams, as follows:

- (a) culture and behaviours;
- (b) governance framework;
- (c) integration, collaboration and communication;
- (d) capability and people development; and
- (e) delivery processes and systems.

7.2 Work on delivering the Strategy is continuing. Key areas of focus during the quarter have included the following:

- (a) ongoing work on developing our audit processes and audit report formats;
- (b) developing the Enterprise Risk Management Procedure applicable across TfL;
- (c) we have made substantial progress with our project to replace the AutoAudit audit management system [and a contract for a new system was signed in early March 2019];
- (d) a Counter Fraud, Bribery and Corruption Strategy is under development and will be presented to the TfL Executive Committee shortly; and
- (e) we have been working on development and implementation of a competency framework for the Directorate.

8 Resources

8.1 At the beginning of the financial year, the Directorate was carrying a substantial number of vacancies and we have been working to fill those over the course of the year.

8.2 Our Head of Project Assurance and Head of Fraud both left at Christmas to take up new opportunities outside TfL. Following competitive recruitment processes we have filled both roles through internal promotions.

8.3 In addition to the Internal Audit resourcing shortfall, described in para 5.7 above, at the date of this report there was one vacancy in each of the Enterprise Risk team and the Project Assurance team, and two vacancies in the Fraud team. Recruitment is in progress to fill these posts. .

9 Control Environment Trend Indicators

- 9.1 Single sourcing risk indicators are still under development. The Commercial team estimates, that a set of indicators will be available for reporting, to the Committee, at its next meeting on 10 June 2019. The Q3 indicators, are attached as Appendix 8.

List of appendices to this report:

Appendix 1 – Enterprise Risk Management Procedure
Appendix 2 – Level 0 and Level 1 Risks
Appendix 3 – Internal Audit reports issued in Q3 2018/19
Appendix 4 – Work in Progress at the end of Q3 2018/19
Appendix 5 – Work Planned for Q4 2018/19
Appendix 6 – Changes to the audit plan at the end of Q3 2018
Appendix 7 – Customer Feedback Form – Summary of Responses Q3
Appendix 8 – Control Environment Trend Indicators

List of Background Papers:

Audit reports, Project Assurance reports.

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PR0633 Procedure

Enterprise Risk Management in TfL

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1 Purpose

This procedure describes Transport for London's (TfL) Enterprise Risk Management (ERM) process and requirements to ensure that risk management is understood by staff and carried out in a consistent and effective manner within TfL. This procedure supports TfL's Risk Management Policy P021.

2 Scope

This Procedure applies to all business activities in TfL.

3 Enterprise Risk Management

3.1 Risk Principles

A risk is an uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives in negative (threats) or positive (opportunities) terms.

In TfL, we distinguish between the following types of risk:

- Strategic risks – any risk to the achievement of TfL's strategic objectives affecting one or more business areas. Examples include risks related to the delivery of the Mayor's Transport Strategy (MTS) or to TfL's Corporate Strategy.
- Operational/asset risks – any risk caused by or impacting on operational activities within a business area. Examples include risks related to the management of assets or business performance.
- Programme and project risks – any risk to the achievement of programme or project objectives. This is governed by the integrated projects and programme methodology (TfL Pathway) and supported by the TfL Programme Management Office (PMO).

Effective risk management increases the likelihood of achieving our objectives, strategic or otherwise. It supports decision making, leads to improved performance and should be part of how we approach business planning, project management and day to day operations.

To ensure risk management is efficient and effective, it should adhere to the following 'ABCD' principles:

Adding Value	Best Practice	Collaborative	Dynamic & Integrated
<ul style="list-style-type: none"> • Supports business in achieving objectives • Provides Board and ExCo with confidence that risks are being managed 	<ul style="list-style-type: none"> • Alignment with ISO 31000:2018 • Benchmarking against external organisations 	<ul style="list-style-type: none"> • Business involvement in design and implementation • Co-operation across business silos to manage risks 	<ul style="list-style-type: none"> • Agile/flexible approach based on business needs • Integrated in existing processes and meetings where applicable

3.2 Enterprise Risk Management Framework (ERMF)

The ERMF (see figure below) provides a structured and consistent approach to risk management across TfL. The framework covers three essential elements of risk management:

- The ENABLERS to good risk management, including good decision making and risk management methodology;
- The HIERARCHY of risks throughout TfL which enables consistent classification, escalation and de-escalation of risks; and
- The GOVERNANCE AND ASSURANCE (see section 3.8 for details) arrangements related to risk management.

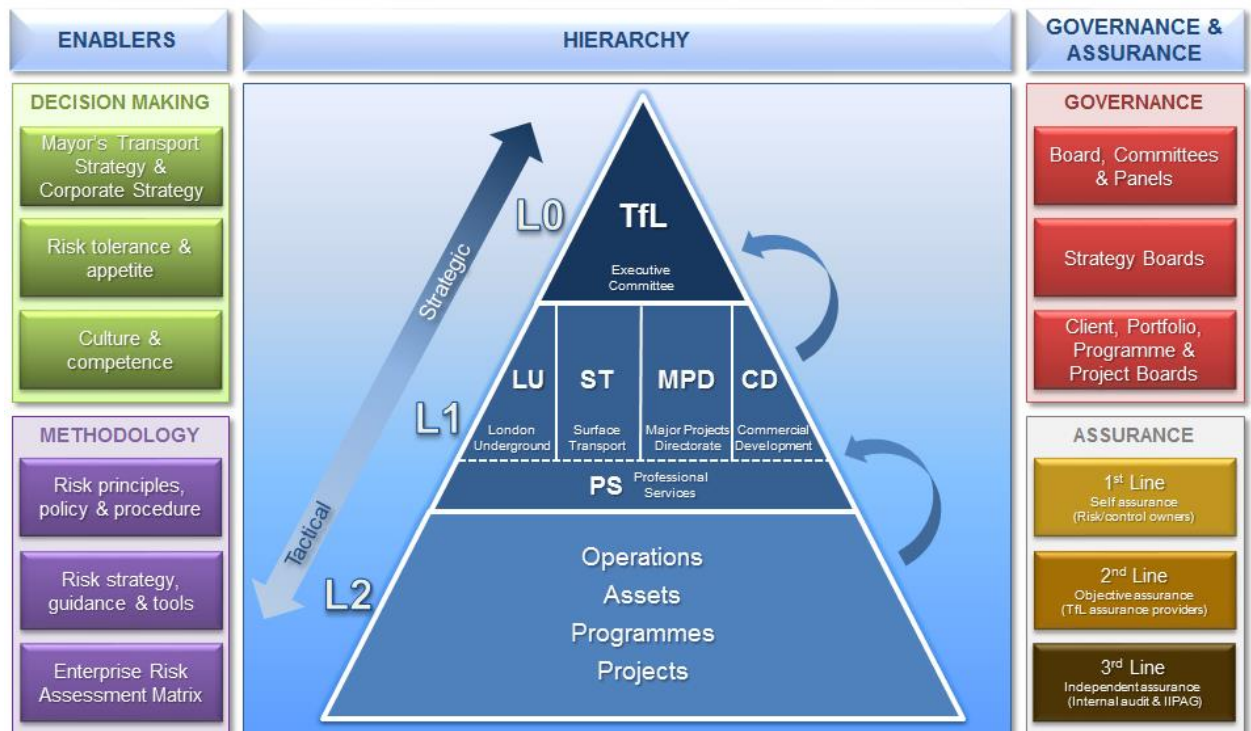


Figure 1: TfL's Enterprise Risk Management Framework (ERMF)

Level 0 risks relate to pan-TfL strategic risks affecting 2 or more business areas.
Level 1 risks relate to strategic risks affecting 1 business area (e.g. LU, ST, etc.)
Level 2 risks relate to tactical project, programme, asset or operational risks.

Refer to the [ERM SharePoint site](#) for further guidance on the ERMF.

3.3 Enterprise Risk Management Process

We follow the ISO 31000:2018 eight step process for managing risk across all areas of TfL. See figure below:

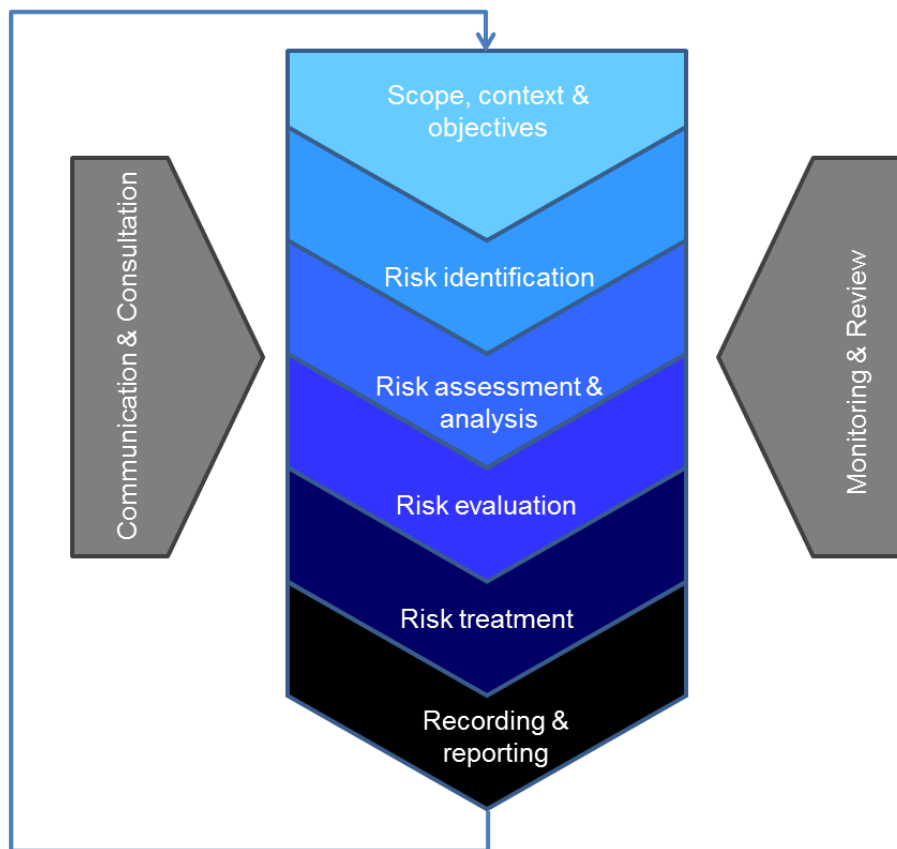


Figure 2 - Risk Management Process

3.3.1 Scope, Context and Objectives

Establishing the scope, the context and criteria helps to customise the risk management approach, enabling effective risk assessment and appropriate risk treatment. It involves defining the scope of the process and understanding the external and internal context.

3.3.1.1 Scope

TfL has a defined scope of its risk management activities. Organisational objectives at each level (L0, L1 and L2), are captured and aligned to the MTS and TfL's Corporate Strategy at a strategic level (L0 and L1), and to business plans and budgets at a tactical level.

3.3.1.2 External and internal context

The external and internal environment within which TfL operates should be taken into account when establishing the context for management of risk. TfL's stakeholders are diverse and include the central government, the Mayor, the local authorities and Boroughs, as well as local residents, visitors and other customers of TfL service. It is important to identify all external stakeholders and understand their impact on the organisation, and any impact TfL's activities may have on them.

3.3.1.3 Objectives

The MTS provides the overall strategic direction for all transport related activities across London and the business plan sets TfL's long term objectives. Each area of the business identifies specific objectives and deliverables, which are aligned to the wider organisational strategy. Risk management should address all risks that could impact on the achievement of critical objectives.

3.3.2 Risk Identification

This step in the risk management process identifies and describes the risks (threats and opportunities) that might prevent or help TfL to achieve organisational objectives. Risk identification must be carried out with the full involvement of the key stakeholders in the business to ensure the relevant perspectives and expertise is represented.

A variety of techniques to identify risks may be used: risk workshops, brainstorming, assumption analysis, SWOT (Strengths, Weaknesses, Opportunities and Threats) and PESTLE (Political, Economic, Social, Technological, Legal and Environmental) analyses.

A well-defined risk description should contain the following:

Event – an uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives. A risk event can have multiple causes and consequences and can affect multiple objectives.

Cause – a situation that gives rise to a risk event.

Effect/ impact/ consequence– the result of the risk occurring.

3.3.3 Risk assessment and Analysis

The purpose of risk assessment and analysis is to provide an input to risk evaluation, helping to decide on whether risk needs to be treated and how, and on the most appropriate risk treatment strategy and methods.

The [Enterprise Risk Assessment Matrix \(ERAM\)](#) provides a consolidated and consistent approach to assessing the probability and impact of all identified risks.

The ERAM is a semi-quantitative risk assessment scheme consisting of probability and impact ranges. There are five levels for both probability and impact: 1: Very Low, 2: Low, 3: Medium, 4: High and 5: Very High.

The ERAM covers four impact categories; Health, Safety and Environment (HSE), Customers & Stakeholders, Finances and Stakeholder Confidence.

All strategic (L0 and L1) risks must be assessed against all four impact categories. Scoring each impact category helps in determining whether the risk is within acceptable corporate tolerance levels. Controls and mitigation actions should aim to reduce the exposure of risks scored outside of corporate tolerance.

Project risks are assessed according to the methodology described in the TfL Pathway process for integrated projects and programmes. Programmes and projects should undertake quantified analysis on cost and time on a regular basis as well as using the ERAM categories. Several matrices with differing cost and schedule impact ranges have been set up in Active Risk Manager (ARM) to account for programmes and projects based on their estimated final cost (EFC).

For further details please refer to the [ERAM guidance](#) available on SharePoint.

3.3.3.1 Quantification

Strategic risks should be quantified, if appropriate and where data is available, to determine TfL's financial risk exposure (£). Whenever possible, impact assessments should be quantified using a three-point estimate (this has been built into the L0, L1 risk strategic template and is available in ARM). The scoring rationale and assumptions should be clearly articulated as they contribute to the accuracy and reliability of the model.

Where appropriate, L2 operational risks should be quantified. The assessment should be captured on ARM alongside the scoring rationale and assumptions.

Project risks should be quantified according to the TfL Pathway process.

3.3.4 Risk Evaluation

The purpose of risk evaluation is to support decisions and determine whether additional mitigating actions may be required. Assessing whether a risk sits outside of acceptable corporate risk tolerance levels (see section 3.4) is one way of deciding whether to prioritise specific mitigating actions on a risk.

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Various options can be selected following risk evaluation such as: “do nothing”, consider risk treatment options, undertake further analysis to better understand the risk, maintain existing controls or terminate the risk.

The outcome of risk evaluation should be recorded, communicated to interested parties and validated at appropriate levels of the organisation.

Decisions should take account of TfL’s objectives and the consequence to any stakeholders who may be impacted by the changes made following risk evaluation.

3.3.5 Risk Treatment

The purpose of risk treatment is to select and implement options for addressing risk (see risk evaluation).

Risk treatment involves an iterative process of: formulating and selecting risk treatment options, planning and implementing risk treatment, assessing the effectiveness of that treatment, deciding whether the remaining risk is acceptable and, if not, identifying and implementing further treatment(s).

Selecting the most appropriate risk treatment option(s) involves balancing the potential benefits against costs and effort.

Options for treating risk may involve one or more of the following:

- avoiding the risk by deciding not to start or continue with the activity that gives rise to the risk (**Terminate**). Consider whether it is possible to achieve the same objectives in a different way or change the objectives and/or deliverables to close the risk (avoid the source of risk);
- removing the risk source, addressing the probability or the impact (**Treat**);
- share/ transfer the risk (e.g. through contracts, buying insurance) (**Transfer**). Legal or statutory requirements can limit, prohibit or mandate the transfer of certain risk;
- retaining the risk by informed decision (**Tolerate**); tolerate the risks that are within tolerance level or have been already reduced to “as low as reasonably practicable”, or where a cost-benefit analysis does not justify the cost of further risk mitigation;
- taking or increasing the risk in order to pursue an opportunity (**Take**);
- do nothing with the opportunity and monitor it regularly (**Monitor**);
- opportunities that cannot be actively addressed can perhaps be ignored, with no special measures being taken to address them (**Ignore**).

Risk treatment options are not necessarily mutually exclusive or applicable in all circumstances. Risk treatments, even if carefully designed and implemented, might not produce the expected outcomes and could produce unintended consequences.

Risk treatment can also introduce new risks that need to be managed. Even if there are no treatment options available or if treatment options do not sufficiently reduce the risk exposure, the risk should be captured and kept under ongoing review.

3.3.6 Recording and Reporting

The risk management process and its outcomes should be documented and reported through appropriate mechanisms to ensure risk management activities and outcomes are communicated at various levels of TfL and to inform the decision making processes.

Different reports are produced for different stakeholders who may require specific information (see section 3.7 Risk Reporting).

3.3.7 Communication and Consultation

Communication and consultation with appropriate external and internal stakeholders should take place within and throughout all steps of the risk management process.

The purpose of communication and consultation is to assist relevant stakeholders in understanding their risks, to enhance the decision making process and to identify and assign any actions required. Communication seeks to promote awareness and understanding of risk, whereas consultation involves obtaining feedback and information to support decision-making.

3.3.8 Monitoring and Review

Monitoring and review should take place in all stages of the risk process. Ongoing monitoring and reviews of the risk management process and its outcomes are planned and responsibilities clearly defined. The purpose of monitoring and review is to assure and improve the quality and effectiveness of the risk management process and outcomes.

3.4 Risk Tolerance and Appetite

According to the Institute for Risk Management (IRM), **risk appetite** is defined as 'the amount and type of risk that an organisation is willing to take in order to meet their strategic objectives while **risk tolerance** is defined as 'the amount and type of risk that an organisation is willing to tolerate in order to meet their strategic objectives'.

TfL's Executive Committee has agreed a number of risk tolerance and appetite statements. These have been mapped against TfL's four ERAM impact categories:

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Risk impact categories	Tolerance statements	Appetite statements
Health, Safety & Environment	Very low tolerance for jeopardising safety	Significant appetite for positive environmental impact
Customer / Stakeholder	Low tolerance for impairment of performance of core services Low tolerance for impairment of customer experience Low tolerance for employee / employer discord	Significant appetite for building capability and competence
Finance	Very low tolerance for impairment of financial sustainability Low tolerance for capital delivery shortfalls	Significant appetite for extending revenue generation
Stakeholder Confidence	Very low tolerance for falling below high performing organisation standards	Significant appetite for relevance and willingness to innovate Significant appetite for positive social and economic impact

TfL have implemented the following HM Treasury levels of risk tolerance:

- Risk averse – a preference to avoid risk or keep it as low as reasonably practicable;
- Risk neutral – a preference to take a balanced approach to risk;
- Open to risk – a willingness to take more risk to pursue greater rewards.

Using this categorisation, TfL is **averse** to HSE and Finance risks and **neutral** to Customer/Stakeholder and Stakeholder Confidence risks.

This has been built into the Level 0 and Level 1 strategic risk template as a risk decision making tool to show when a risk is within our outside tolerance in any of the four impact categories based on the probability and impact assessments.

Risks placed in the 'red' areas after the assessment in the Probability Impact Diagram (PID) below are considered outside of tolerance. Effort should be made to reduce the risk exposure to an acceptable target level through effective controls and/or mitigation actions unless a rationale is provided for accepting the risk at the current high level.

Risk impact categories	Risk tolerance category	Probability Impact Diagram (PID)
HSE	Averse	
Customer / Stakeholder	Neutral	
Finance	Averse	
Stakeholder Confidence	Neutral	

3.5 Risk Management Tools

3.5.1 Active Risk Manager (ARM)

TfL has adopted the use of ARM from Sword Active Risk, a web browser based specialist risk management tool, to record risks and maintain a risk register.

The use of ARM is mandated across all areas of TfL. For Level 0 and 1 risks the use of the Strategic Risk template is also required. The information from the template can be extracted and uploaded directly on ARM.

ARM allows users from different locations and departments to enter risk data into one shared risk repository.

The use of ARM and access to the tool is controlled by the TfL ARM Administrator and supported by [ARM Administrators](#) nominated to represent all areas of TfL.

Depending on the type of access required, the Administrators will give specific user rights.

Detailed good practice in the use of ARM can be found in:

- E-learning module
- Software tutorial
- The Active Risk Manager Best Practice Guidance Manual

3.5.2 Strategic Risk Template

L0 and L1 risks are captured on ARM and in the “TfL Strategic Risk Template” for reporting purposes. The template should be used for risk identification and follow up reviews, and once completed can be included in specific reports.

3.5.3 SharpCloud Visualisation

L0 and L1 risks are captured in ARM and also visualised in SharpCloud, a web based visualisation tool. It provides a visual representation of the impact and likelihood of strategic and business risks together with their existing controls and additional actions designed to reduce the risk further. Risk relationships and interdependencies (such as aggregation and correlation) can be added to identify and demonstrate the interconnectedness of L0 and L1 risks.

The Head of Enterprise Risk and Senior Risk Managers are the administrators for SharpCloud. Other senior managers across the organisation can be granted ‘read only’ access to the tool, as required.

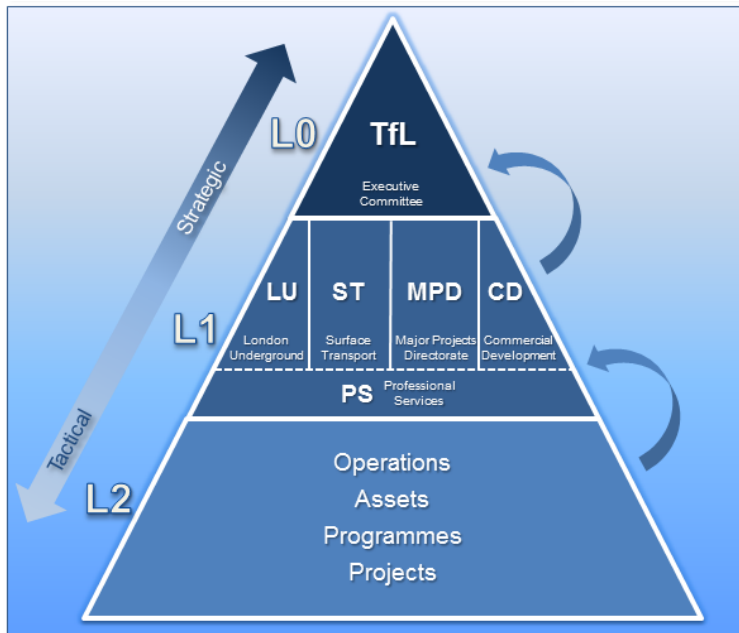
3.5.4 @RISK

@RISK is an add-in to Microsoft Excel that allows undertaking a quantitative cost risk analysis using Monte Carlo simulation. By sampling different possible inputs, @RISK calculates thousands of possible outcomes for any scenario, and the chances they are likely to occur. The outputs of the analysis are used to inform the cost estimate and the amount of risk provision required for a programme/project. The tool is used mainly by the project risk team, and access is granted via the IM service portal following the approval by a Senior Risk Manager.

3.5.5 Primavera Risk Analysis (PRA)

PRA is a Monte Carlo risk analysis tool with a built-in risk register. PRA integrates directly with project schedules and predicts the likelihood of a project being delivered on time and on budget. The tool allows the input of project uncertainty and project risks linking them to a project schedule and simulating the impacts and likely project outcomes. It uses distribution graphs to determine confidence levels of project schedules. The PRA tool is used mainly by the project risk team and access to the tool is granted via the IM service portal following the approval by a Senior Risk Manager.

3.6 Risk Escalation



The table below explains the risk escalation process/ link, between L2, L1 and L0 risks to ensure that risks are managed at the appropriate level in TfL.

Levels	Criteria and process
L1 to L0	<p>The risk is to be escalated if:</p> <ul style="list-style-type: none"> • The risk is strategic in nature and affects more than one business area (ie pan-TfL). • The risk is outside of corporate tolerance in two or more impact categories. • The relevant business area Board (for example ST Policy, Strategy and People Leadership Group and the LU Executive) agrees that the risk should be escalated. • The risk is presented at an ExCo meeting for review and acceptance.
L2 to L1	<ul style="list-style-type: none"> • This is a strategic business risk which impacts the achievement of a business area's objective. • The risk is outside of corporate tolerance in one or more impact category. • The risk is proposed to the relevant business area Board for review and acceptance.

If the risks are accepted to be managed at the relevant levels of escalation, new ownership needs to be agreed for the risk to be reviewed accordingly.

3.7 Risk Reporting

Bespoke reports (manual and automated) are produced at various levels of the organisation for different audiences. The type of reports, frequency and audience are summarised in the table below. Additional reports can be produced when required.

Most of the risk reports extracted from ARM are fully automated and can be customised further using filters.

For project risk reporting and content please refer to Pathway or contact the Professional Manager for risks and opportunities.

Level	Report	Frequency	Type of report	Audience
0	Annual Accounts	Annual	<ul style="list-style-type: none"> - Short introduction and a summary - List of strategic risks 	External to TfL
0	Quarterly report	Quarterly	<ul style="list-style-type: none"> - Narrative report - All strategic risks on a two-page template - Individual strategic risks on a four-page detailed risk template 	Audit and Assurance Committee
0	Executive Committee periodic updates	Periodic	<ul style="list-style-type: none"> - Narrative report as required - All strategic risks on a two-page template - 'Word clouds' per strategic risk as required 	Executive Committee
0	All Committees / Panels	Quarterly	<ul style="list-style-type: none"> - Individual strategic risks on a one-page risk template - Narrative report by exception 	Committees/ Panels members
0	Report for insurance	Ad-hoc	Narrative report	External and Internal
1	Level 1 annual business risk report	Annual	A consolidated report of the quarterly reports with key actions	Managing Directors
1	Quarterly Business risk report	Quarterly	<ul style="list-style-type: none"> - All business risks on a one-page report - Each L1 risk in the strategic risk template format 	Strategy boards across directorates
2	Quarterly level 2 reports extracted from ARM	Quarterly	Risk report template from ARM	TfL Operational teams

2	Periodic level 2 programme and projects report	Periodic	Project and programme template	TfL Project and Programme teams
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3.8 Governance and Assurance

There are a number of Committees and Panels in TfL with responsibility for risk oversight. The Audit and Assurance Committee (AAC) plays a significant role in reviewing TfL's strategic risks, as well as setting corporate risk tolerance and appetite. All L0 risks have been assigned to an appropriate panel/committee¹ for further oversight. The risk owner/responsible risk manager is required to provide an update to the panel/committee on how the risk is being managed.

TfL has developed a [Three Lines of Defence Assurance Model](#) outlining assurance activities. The lines of defence are:

1st Line (Self/ local)

The risk owner/responsible manager review and assess the effectiveness of the control design and operation. This self-assessment is known as the '1st line of defence'.

2nd Line (Objective)

TfL assurance teams provide an objective view of the 1st line assurance. This is known as the '2nd line of defence'. Examples of the 2nd line assurance teams include: Integrated Assurance, Project Assurance, HSE, Engineering and Compliance, On Street and Policing teams.

3rd Line (Independent)

Both the Internal Audit function and the Independent Investment Programme Authority Group (IIPAG) provide independent assurance against activities. This is known as the '3rd line of defence'.

3.9 Roles and Responsibilities

Group or Role	Key Risk Responsibilities
TfL Board	Own the Enterprise Risk Management Framework (ERMF) for the organisation
	Delegate to the Audit and Assurance Committee the responsibility for implementing the risk management framework
	Review recommendations on risk tolerance and appetite

¹ Level 0 risks have been assigned to; Audit and Assurance Committee, Safety, Sustainability and HR Panel, Finance Committee, Programmes and Investment Committee, and Customer Service and Operational Panel.

Group or Role	Key Risk Responsibilities
Audit and Assurance Committee (AAC)	Own the ERMF on behalf of the Board
	Review and approve risk policy, procedure, and risk tolerance and appetite
	Take the lead for ensuring the framework is effectively implemented and managed across TfL
	Actively monitor risk tolerance and appetite and make necessary recommendations to the TfL Board
	Review the pan-TfL Strategic Risk Register
	Review and provide assurance on the effectiveness of L0 risks and the associated internal controls
Executive Committee (ExCo)	Act as the principal owner of the TfL Strategic Risk Register on behalf of the Board
	Review and endorse the ERMF
	Visibly support and promote risk management
	Endorse the risk policy, procedure, tolerance and appetite
	Review the pan-TfL Strategic Risk Register
	Promote a 'risk aware culture' to facilitate timely identification and/or mitigation of risks and realisation of opportunities
	Ensure that risk management forms part of all major projects and business change initiatives
Managing directors/ L1 Boards	Review and approve the L1 Business Risks
	Recommend L1 risks for escalation to the ExCo
MPD PMO	Review, approve and monitor programme and project risk authorities and risk management strategies/ plans
	Maintain the Pathway Risk Management Handbook for Projects, Programmes and Delivery Portfolios
Portfolio and Client Boards	Review project and programme risk profiles and mitigation strategies, and approve draw down of risk budgets as appropriate
Internal Audit	Enhance and protect organisational value by providing risk-based and objective 3 rd line assurance, advice and insight, Develop and maintain, in discussion with the Executive Committee, an integrated audit plan to provide assurance over the management of TfL's strategic risks, and submit this, at least annually for review and approval.
Integrated Assurance	Provide a 2 nd line management system audit resource for TfL.
	Provide consultancy services, applying risk and assurance principles.
	Develop assurance maps based on TfL's strategic risks and controls.

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Group or Role	Key Risk Responsibilities
Project Assurance	Review capital projects across the investment programme and issuing reports with recommendations to decision makers,
	Manage the interface between TfL and the Independent Investment Programme Advisory Group (IIPAG),
	Provide regular snapshot reports to the chief Finance Officer and the Programmes and Investment Committee.
Risk Owner	Responsible for monitoring risks and executing risk responses when appropriate,
	Help in defining the risk response plans and in performing risk analysis for their risks.
Control owner	Oversight of the control to make sure it is effective,
	Update and review the control,
	Inform the risk owner of any changes.
Action owner	Responsible for implementing mitigation actions and providing regular progress reports to the risk owner.
Enterprise Risk Management Team	Develop and implement the ERMF across TfL,
	Monitor and analyse strategic risks and provide updates to the TfL Board, ExCo, Panels and Committees,
	Have oversight of and monitor all risk management activities across TfL,
	Ensure TfL's risk management policy and procedure are aligned to the organisational strategic objectives.

4 Person accountable for this document

Name	Job title
Nico Lategan	Head of Enterprise Risk

5 Definitions

Term	Definition	Source
Action Owner	The manager responsible for managing the risk treatment. The action owner is not always (will be in some cases) the risk owner.	ISO Online Browsing Platform
Cause/ risk source	Element which alone or in combination has the potential to give rise to <i>risk</i> .	ISO 31000: 2018
Consequence / impact	Outcome of an <i>event</i> affecting objectives. A consequence can be certain or uncertain and can have positive or negative direct or indirect effects on objectives. Impacts can be expressed qualitatively or quantitatively, and can escalate through cascading and cumulative effects.	ISO 31000: 2018

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Term	Definition	Source
Context	<p>Defining the external and internal parameters to be taken into account when managing risk, and setting the scope and risk criteria for the risk management policy.</p> <p>External context - external environment in which the organization seeks to achieve its objectives.</p> <p>Internal context - internal environment in which the organization seeks to achieve its objectives.</p>	ISO GUIDE 73:2009
Control	<p>Measure that modifies a risk.</p> <p>Controls include any process, policy, device, practice, or other actions which modify risk.</p>	ISO GUIDE 73:2009
Control owner	<p>The manager responsible for managing the risk controls. This includes ensuring that the controls outlined are implemented and is doing what it was designed to do – manage the risk.</p> <p>The control owner is not always (but may be in some cases) the risk owner.</p>	ISO Online Browsing Platform
Corrective action	<p>Action to eliminate the cause of a detected non-conformity (a non-conformity is defined as a deviation from a specific procedure, standard, stated process, or system requirement).</p>	ISO Online Browsing Platform
Event	<p>An event could be one occurrence, several occurrences, or even a non-occurrence (when something doesn't actually happen that should have happened). It can also be a change in circumstances.</p> <p>An event can have one or more occurrences, and can have several causes and several <i>consequences</i>.</p> <p>An event can also be something that is expected which does not happen, or something that is not expected which does happen.</p> <p>Events always have causes and usually have consequences. Events without consequences are referred to as near-misses, near-hits, close-calls, or incidents.</p>	ISO 31000: 2018
Frequency	<p>Number of events or outcomes per defined unit of time.</p> <p>Frequency can be applied to past events or to potential future events, where it can be</p>	ISO GUIDE 73:2009

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Term	Definition	Source
	used as a measure of likelihood /probability.	
Likelihood/ Probability	In risk management terminology, the word “likelihood” is used to refer to the chance of something happening, whether defined, measured or determined objectively or subjectively, qualitatively or quantitatively, and described using general terms or mathematically (such as a probability) or a frequency (over a given time period).	ISO GUIDE 73:2009
Overall control effectiveness rating	<p>This is a measure that defines how effectively the risk management controls are managing the risk.</p> <p>The measurements used are:</p> <ul style="list-style-type: none"> • Well controlled - Nothing more to be done except review and monitor the existing controls. Controls are well designed for the risk, are largely preventative and address the root causes. • Adequately controlled - Most controls are designed correctly and are in place and effective however there are some controls that are either not correctly designed or are not very effective. Some more work to be done to improve operating effectiveness. • Requires Improvement - Some controls are designed correctly and are in place and effective however there are some controls that are either not correctly designed or are not very effective. There may be an over-reliance on reactive controls. Additional work to be done to improve operating effectiveness • Poorly controlled - Significant control gaps or no credible control. Either controls do not treat root causes or they do not operate at all effectively. 	
Preventive action	Action to eliminate the cause of a potential nonconformity or other undesirable potential situation. A non-conformity is defined as a deviation from a specific procedure, standard, stated process, or system requirement.	ISO Online Browsing Platform
QRA (Quantitative Risk Assessment)	Techniques which allow the risk associated with a particular activity to be estimated in absolute quantitative terms rather than in relative terms such as high or low	ISO Online Browsing Platform
Review	Activity undertaken to determine the suitability, adequacy and effectiveness of the subject matter	ISO Guide 73:2009

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Term	Definition	Source
	to achieve established objectives. Review can be applied to a risk management framework, risk management process, risk or control.	
Risk	Effect of uncertainty on objectives. An effect is a deviation from the expected. It can be positive, negative or both, and can address, create or result in opportunities and threats. Objectives can have different aspects and categories, and can be applied at different levels. Risk is usually expressed in terms of <i>risk causes</i> , <i>potential event</i> and its <i>consequences</i> .	ISO 31000: 2018
Risk aggregation	Combination of a number of risks into one risk to develop a more complete understanding of the overall risk. Similar risks in different parts of the organisation combined to form one larger strategic risk.	ISO Guide 73:2009
Risk analysis and assessment	Process to comprehend the nature of risk and to determine the level of risk. Risk analysis provides the basis for risk evaluation and decisions about risk treatment. Risk analysis includes risk estimation.	ISO Guide 73:2009
Risk appetite	The amount and type of risk that an organisation is willing to take in order to meet their strategic objectives.	IRM guidance
Risk correlation	Positive correlation: if 'Risk A' occurs, 'Risk B' is more likely to occur. Negative correlation: if 'Risk A' occurs, 'Risk B' is less likely to occur. These are totally separate risks.	
Risk description	Structured statement of risk usually containing three elements: the risk cause / source, the risk event and the risk consequences.	ISO GUIDE 73:2009
Risk evaluation	The purpose of risk evaluation is to support decisions and determine whether additional mitigating actions may be required.	ISO GUIDE 73:2009
Risk Identification	Process of finding, recognizing and describing risks. Risk identification involves the identification of risk sources, events, their causes and their potential consequences. Risk identification can involve historical data, theoretical analysis, informed and expert opinions, and stakeholder's needs.	ISO GUIDE 73:2009
Risk management	Coordinated activities to direct and control an organization with regard to risk.	ISO GUIDE 73:2009

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Term	Definition	Source
Risk management framework	A risk management framework is a set of components that support and sustain risk management throughout an organization.	BS ISO 31000: 2018
Risk management policy	Statement of the overall intentions and direction of an organization related to risk management.	ISO GUIDE 73:2009
Risk management process	Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.	ISO GUIDE 73:2009
Risk management policy	Statement of the overall intentions and direction of an organization related to risk management.	ISO GUIDE 73:2009
Risk matrix	Tool for ranking and displaying risks by defining ranges for consequence and likelihood.	ISO GUIDE 73:2009
Risk owner	Person or entity with the accountability and authority to manage a risk	ISO GUIDE 73:2009
Risk register	Record of information about identified risks.	ISO GUIDE 73:2009
Risk reporting	Form of communication intended to inform particular internal or external stakeholders by providing information regarding the current state of risk and its management	ISO GUIDE 73:2009
Risk tolerance	The amount and type of risk that an organisation is willing to tolerate in order to meet their strategic objectives	IRM guidance
Risk treatment	<p>Process to modify risk. Risk treatment can involve:</p> <ul style="list-style-type: none"> • avoiding the risk by deciding not to start or continue • with the activity that gives rise to the risk • taking or increasing risk in order to pursue an opportunity • removing the risk source • changing the likelihood • changing the consequences • sharing the risk with another party or parties (including contracts and risk financing) • retaining the risk by informed decision. <p>Risk treatments that deal with negative consequences are sometimes referred to as “risk mitigation”, “risk elimination”, “risk prevention” and</p>	ISO GUIDE 73:2009

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Term	Definition	Source
	<p>“risk reduction”.</p> <p>Risk treatment can create new risks or modify existing risks.</p>	
Stakeholder	<p>Person or organization that can affect, be affected by, or perceive themselves to be affected by a decision or activity.</p> <p>NOTE A decision maker can be a stakeholder. The term “interested party” can be used as an alternative to “stakeholder”.</p>	ISO GUIDE 73:2009

6 Abbreviations

Abbreviation	Meaning
AAC	Audit and Assurance Committee
ARM	Active Risk Manager
CD	Commercial Development
EFC	Estimated Final Cost
ERAM	Enterprise Risk Assessment Matrix
ERM	Enterprise Risk Management
ERMF	Enterprise Risk Management Framework
ExCo	Executive Committee
HSE	Health, Safety and Environment
IIPAG	Independent
ISO	International Standards Organisation
L0, L1, L2	‘Level Zero’, ‘Level One’ and ‘Level Two’ risks
LU	London Underground
MPD	Major Projects Directorate
MTS	Mayor’s Transport Strategy
PESTLE	Political, Economic, Societal, Technological, Legal and Environmental
PID	Probability Impact Diagram
PMO	Project Management Office
PRA	Primavera Risk Analysis
PS	Professional Services
QRA	Quantitative Risk Assessment
QCRA	Quantitative Cost Risk Analysis
QSRA	Quantitative Schedule Risk Analysis
ST	Surface Transport
SWOT	Strengths, Weaknesses, Opportunities and Threats
TfL	Transport for London

7 References

Document	Title or URL
ISO 31000:2018	Risk management principles and guidelines
ERM Policy	Enterprise Risk Management Policy
TfL Pathway	Project Risk Management Handbook
ERMF	Enterprise Risk Management Framework and Guidance
ERAM	Enterprise Risk Assessment Matrix and Guidance
Cyber security Governance, Risk and Compliance	Cyber security Governance, Risk and Compliance
Health, Safety and Environment	Assessing and managing our HS&E risks

8 Document history


Issue no.	Date	Changes	Author
A1 Policy	October 2012	New Operational Risk Policy document - draft	T. Akanni
A2 to A5	January 2013	Draft revisions and updates to Operational Risk Management Policy and Work Instruction	T. Akanni/ K Reid
A6	May to Aug 2014	Consolidation and revision of risk policy and work instruction documents	C. Lynton
A7	December	Minor changes from ISO to British standard and removal of legacy PMF statement	C. Lynton
A8	February 2019	Full review and update to reflect the updated ISO 31000:2018 and the new Enterprise Risk processes including the ERMF and ERAM.	N. Lategan

9 Attachments

9.1 TfL's Enterprise Risk Assessment Matrix (ERAM)

TfL's Enterprise Risk Assessment Matrix (ERAM)					
THREAT ASSESSMENT MATRIX	1. Very Low	2. Low	3. Medium	4. High	5. Very High
Health, Safety & Environment	Minor health issue or Minor injuries or Minor localised environmental harm	Minor health issue with potential for regulatory action or Minor injuries with potential for regulatory action or Minor localised / short term environmental harm with potential for regulatory intervention	Moderate health issue leading to regulatory action or Major injuries leading to regulatory action or Moderate environmental harm leading to potential regulatory action	Significant health issue leading to adverse regulatory outcome or Single fatality leading to adverse regulatory outcome or Significant long-term/ large scale environmental harm leading to adverse regulatory outcome	Life changing/Multiple health issues leading to prosecution or Multiple fatalities leading to prosecution or Major long-term/ large scale environmental harm leading to prosecution
Customer & Stakeholder	Small number of customers/stakeholders affected with minimal disruption to service delivery or impact to assets	Minor impact to: • service delivery • assets; or • delivery of the MTS	Moderate impact to: • service delivery • assets; or • delivery of the MTS	Major impact to: • service delivery • assets; or • delivery of the MTS	Catastrophic failure or gross negligence resulting in an inability to deliver multiple services and/or a total loss of assets or inability to deliver significant elements of the MTS
Finance	<£1m	£1m to <£5m	£5m to <£10m	£10m to <£50m	≥£50m
Stakeholder Confidence	Negative feedback from customers or stakeholders via the Customer Service Centre, media outlets, Twitter or blogs	Short term negative media coverage	Negative media coverage resulting in loss of confidence with regulator or stakeholder intrusion	Ongoing negative media coverage resulting in loss of confidence with significant regulator or stakeholder intrusion	Extensive ongoing negative media coverage resulting in major loss of confidence with significant regulator or stakeholder intrusion or loss of licence to operate
	1. Very Low	2. Low	3. Medium	4. High	5. Very High
Probability	<5%	5% to <25%	25% to <50%	50% to <80%	≥80%
Frequency	Less than once in 20 years	Less than once in 5 years	Between once in 5 and once in 2 years	More than once in 2 years	Once or more per year

9.2 Strategic Risk Template



TRANSPORT FOR LONDON

TfL Confidential

RISK DETAILS

RISK ASSESSMENT

ASSESSMENT RATIONALE

Risk Level:

Risk Owner (Accountable):

Responsible Manager:

Risk Title:

Stakeholder:

Risk Description:

IMTS / Corporate Strategy:

Panel / Committee oversight:

Objective:

Overall Control Effectiveness Rating:

Risk ID (ARM):

Doc Version:

Last update:

HSE

5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1

Probability

Impact

CUSTOMER / STAKEHOLDER

5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1

FINANCE

5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1

STAKEHOLDER CONFIDENCE

5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1

CURRENT Assessment

Score:

Probability:

HSE:

Customer/Stakeholder:

Finance (fm):

Stakeholder Confidence:

Overall Risk Rating:

TARGET Assessment

Score:

Key Risk Indicator: Location:

PRE-RISK EVENT

POST-RISK EVENT

CAUSES

Title	Description	Owner	Control Effectiveness:	Assurance:
			Decision	Operational
				Int/2nd/3rd line

ACTIONS

Title	Description	Owner	Start Date	Due Date	Status

CONSEQUENCES

Title	Description	Insurance	Types	Excess	Quantified Financial Impact
					Minimum
					Most Likely
					Maximum

CONTROLS (corrective)

Title	Description	Owner	Control Effectiveness:	Assurance:
			Decision	Operational
				Int/2nd/3rd line

ACTIONS

Title	Description	Owner	Start Date	Due Date	Status



Appendix 2

Level 0 TfL Strategic Risks				
#	Risk	Owner	Manager	Mayor's Transport Strategy / Corporate Strategy
SR1	Achieving safety outcomes	Gareth Powell	Jill Collis	MTS: Healthy streets and healthy people
SR2	Talent attraction and retention	Tricia Wright	Hannah Delves	CS: People
SR3	Governance and controls suitability	Howard Carter	Andrea Clarke	MTS: All MTS outcomes
SR4	Major cyber security incident	Vernon Everitt	Shashi Verma	MTS: Healthy streets and healthy people
SR5	Technological or market developments	Vernon Everitt	Michael Hurwitz	MTS: All MTS outcomes
SR6	Loss of external stakeholder trust	Vernon Everitt	Matt Brown	MTS: All MTS outcomes
SR7	Financial sustainability	Simon Kilonback	Sarah Bradley	CS: Finance
SR8	Inability to deliver predicted revenue growth	Graeme Craig	Ken Youngman	MTS: New homes and jobs
SR9	Ability to meet changing demand	Simon Kilonback	Shashi Verma	MTS: New homes and jobs
SR10	Catastrophic event	Nigel Holness	Nick Dent	MTS: Healthy streets and healthy people
SR11	Significant technology failure	Vernon Everitt	Shashi Verma	MTS: A good public transport experience
SR12	Delivery of key investment programmes	Stuart Harvey	Nick West	MTS: New homes and jobs
SR13	Operational reliability	Nigel Holness	Peter McNaught	MTS: A good public transport experience
SR14	TfL's environmental impact	Alex Williams	James Ingram	MTS: Healthy streets and healthy people
SR15	Resilience to climate change and extreme weather	Alex Williams	Lilli Matson	MTS: All MTS outcomes
SR16	Opening of the Elizabeth Line	Mark Wild	Howard Smith	MTS: New homes and jobs
SR17	TfL Protective Security	Gareth Powell	Siwan Hayward	MTS: Healthy streets and healthy people
SR18	Transformation	Andrew Pollins	Ben Graham	CS: People

Level 1 London Underground Strategic Risks				
#	Risk	Owner	Manager	Mayor's Transport Strategy / Corporate Strategy
LU-01	LU Industrial relations	Nigel Holness	Nick Dent	CS: People
LU-02	LU Staff attraction and retention	Tricia Wright	Rebecca Shah	CS: People
LU-03	LU Operational reliability	Nigel Holness	Peter McNaught	MTS: A good public transport experience
LU-04	LU Revenue forecasts	Tanya Coff	John Miller	CS: Finance
LU-05	LU Cost savings	Tanya Coff	John Miller	CS: Finance
LU-06	LU Catastrophic incident - internal	Nick Dent	Richard Jones	MTS: A good public transport experience
LU-07	LU Catastrophic incident - external	Nick Dent	Richard Jones	MTS: A good public transport experience
LU-08	Significant operational cyber security risk (threat) to core LU control system	Nigel Holness	Shashi Verma	MTS: A good public transport experience
LU-09	LU safety framework ineffective	Jill Collis	Marian Kelly	MTS: Healthy streets and healthy people
LU-10	LU Data loss, misuse or breach of GDPR	John Tucker	Julian Hall	CS: Finance
LU-11	Elizabeth Line revenue assumptions incorrect	Tanya Coff	David Knight	CS: Finance
LU-12	Inability to deliver R&E programmes and projects	Caroline Sheridan	Mark Bell	All MTS themes: All MTS outcomes

Appendix 2

Level 1 Surface Transport Strategic Risks				
#	Risk	Owner	Manager	Mayor's Transport Strategy / Corporate Strategy
ST-01	Financial Sustainability	Patrick Doig	Oliver Gearing	CS: Finance
ST-02	Inability to deliver Bus Network Savings	Claire Mann	Colette Farrer	MTS: A good public transport experience
ST-03	Inability to deliver the Investment Programme	Nick Fairholme	David Sockett	MTS: All MTS outcomes
ST-04	Inability to maintain Highway Infrastructure asset base	Ben Plowden	Garry Sterritt	MTS: Healthy streets and healthy people
ST-05	Physical terrorist attack on Surface Transport network	Siwan Hayward	John Strutton	MTS: Healthy streets and healthy people
ST-06	Inadequate response to/ recovery from a significant incident	Glynn Barton	Nick Owen	MTS: Healthy streets and healthy people
ST-07	Disruption to quality of service due to planned or unplanned events	Glynn Barton	Nick Owen	MTS: A good public transport experience
ST-08	Inability to attract, recruit, engage, develop and retain talent in key competencies	Tricia Wright	Pete McCurry	CS: People
ST-09	Continued declining bus patronage	Claire Mann	Alex Phillips	MTS: A good public transport experience
ST-10	Disruptive technology undermines core business	Michael Hurwitz	Mike Beevor	All MTS themes: All MTS outcomes
ST-11	Achieving health, safety and environmental outcomes and performance	Jill Collis	Ian Gaskin	MTS: Healthy streets and healthy people
ST-12	Major cyber security incident	Shashi Verma	Simon Reed	MTS: A good public transport experience
ST-13	Re-let of vehicle licensing and IT solutions contract	Helen Chapman	Jacques Bouwer	MTS: Healthy streets and healthy people

Level 1 Commercial Development Strategic Risks				
#	Risk	Owner	Manager	Mayor's Transport Strategy / Corporate Strategy
CD-01	Inability to deliver predicted revenue growth	Graeme Craig	Ken Youngman	MTS: New homes and jobs

Level 1 Professional Services Strategic Risks				
#	Risk	Owner	Manager	Mayor's Transport Strategy / Corporate Strategy
Work is in progress to identify and agree the Level 1 risks across the Professional Services areas.				

Level 1 Major Projects Directorate Strategic Risks				
#	Risk	Owner	Manager	Mayor's Transport Strategy / Corporate Strategy
Work is in progress to identify and agree the Level 1 risks across the Major Projects Directorate.				

Transport for London Audit and Assurance Committee

Internal audit reports issued in Q3 2018/19

Appendix 3

Grouped by Strategic Risk

- Eight reports issued during the quarter

Strategic risk	Directorate	Audit title	Objective	Issued period	Last action date	Conclusion	Current status	P1	P2	P3
Financial sustainability	City Planning	EC Grant Agreement Cost Certification Old Oak Common	To certify costs in respect of EU funding for Old Oak Common	9		Memo	Complete	0	0	0
	Finance	Payroll	To provide assurance on the adequacy and effectiveness of key controls within payroll	8	11/11/2019	Requires Improvement	Follow-up	3	1	0
	LU	Management of Fraud Risk in London Underground	To provide assurance that fraud risks are being managed across all areas of LU and that there is an awareness of fraud amongst personnel	9		Consultancy	Complete	0	0	0
	Pan TfL	Single Sourcing Governance Assurance (LU)	To ensure that the procurement process used for single sourcing is managed effectively including the frequency and legitimacy of single sourcing, and the robustness of the approval process.	7	31/05/2019	Poorly Controlled	Follow-up	5	3	0
	Surface Transport	Project Alloyed	To certify costs in respect of EU funding for Project Alloyed	9		Memo	Complete	0	0	0
LTM	LT Museum	LTM New Web Shop	To review the adequacy and effectiveness of controls in place within the London Transport Museum (LTM) web shop.	7	31/03/2019	Requires Improvement	Follow-up	1	0	3

Transport for London Audit and Assurance Committee

Strategic risk	Directorate	Audit title	Objective	Issued period	Last action date	Conclusion	Current status	P1	P2	P3
Operational reliability	LU	Workforce Planning Project Lessons Learned	To provide Lessons Learned for the Workforce Planning Project	8		Memo	Complete	0	0	0
	Surface Transport	Management of Nominally Accumulated Customer Hours (NACHs) 4G modelling project	To provide assurance that the controls for the management of the NACH's 4G modelling project to deliver Lost Customer Hours are effective	9	31/05/2019	Requires Improvement	Follow-up	0	3	1
Total								9	7	4

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Work in progress at the end of Q3 2018/19

Appendix 4

Grouped by Strategic Risk

- 19 audits were in progress at the end of Q3

Strategic risk	Directorate2	Audit title	Objective	Current status
Achieving safety outcomes	Pan TfL	Safeguarding Assurance (TfL)	To provide assurance on the adequacy and effectiveness of controls in place over safeguarding across TfL.	Report issued P12
	Surface Transport	ST Supplier Assurance (rail)	To provide assurance over the effectiveness of Surface Transport's arrangements for 'Supplier Assurance' throughout the contract life cycle are in line with ORR regulations	Reporting
Delivery of key investment programmes	Finance	Re-tender of Professional Services Framework- (Commercial Services)	To provide assurance that the Procurement of the Professional Services Framework (Commercial Services) is carried out in an efficient and effective manner	In Progress Memo due P13
	Pan TfL	Building Information Modelling Governance	To provide assurance on the effectiveness of the implementation of Building Information Modelling	Report due P13

Transport for London Audit and Assurance Committee

Strategic risk	Directorate2	Audit title	Objective	Current status
Financial sustainability	Finance	Governance and Financial Controls for the use of Framework suppliers (4Rail)	To provide assurance that the controls over the framework are effective and are used in accordance with TfL requirements	Draft Report
	Finance	2018/19 mid-year Scorecard review	To determine the accuracy of the new performance measures in the 2018/19 Quarter 2 TfL Scorecard	Report issued P12
	Finance	Governance and Financial Controls for the use of Framework suppliers (CPC project services)	To provide assurance that the controls over the framework are effective and are used in accordance with TfL requirements	Draft Report
	Surface Transport	Congestion Charging	To provide assurance on the adequacy and effectiveness of financial and business controls in place within Congestion Charging	Report issued in P12
	Surface Transport	Single Sourcing Governance Assurance (ST)	To ensure that the procurement process used for single sourcing is managed effectively, including the frequency and legitimacy of single sourcing, and the robustness of the approval process	In Progress
Governance and control suitability	Finance	Business Expenses	To review processes and controls over business expenses	Follow-up Report issued P12
	TfL Pension Fund	Pension Fund Trustee Board Effectiveness Review	To provide assurance over the effectiveness of the TfL Pension Fund's Trustee Board.	Reporting Report due P13
	HR	Use of Personal Data within HR	To assess the adequacy and effectiveness of controls in place within HR for managing personal data requests generated by the People Analytics team, whilst maintaining compliance with the General Data Protection Regulation (GDPR)	Follow-up Report issued P10

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Strategic risk	Directorate ²	Audit title	Objective	Current status
Inability to deliver predicted revenue growth	Commercial Development	Telecoms Commercialisation Project –Supplier Selection Questionnaire and Invitation to Tender development	To provide assurance over the project, procurement and financial controls in place for the TCP Project	Report issued P ₁₂
Loss of external stakeholder trust	Finance	Procurement for Energy for London: Supplier Selection Questionnaire Phase 1	To provide assurance that the processes employed for the procurement of the framework contract for the GLA’s EfL scheme, are in accordance with approved procedures and are open, fair and transparent	Report issued P ₁₀
	Finance	Procurement of Energy for London: Supplier Selection Questionnaire - up to Contract Award Phase 2	To provide assurance that the procurement process for the Energy for London project is managed effectively	In Progress
Major cyber security incident	Customers, Communication & Technology	Cybersecurity Strategy and Operating Model	Evaluate to assess whether the model is designed appropriately to meet strategic objectives and industry best practice	Draft Report
	TfL Pension Fund	Pension Data - Access Security	To provide assurance on the adequacy and effectiveness of security controls over access to pension data	Reporting
Opening of the Elizabeth Line	LU	Archiving Process	To review the archiving process before and after transfer of documents to TfL	Report issued P ₁₀
Operational reliability	LU	Workforce Planning Project Lessons Learned Phase 2	To provide a detailed Lessons Learned Summary for the Workforce Planning Project	Reporting
Total				19

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Transport for London Audit and Assurance Committee

Work planned to start in Q4 2018/19

Appendix 5

Grouped by planned period

- There are 20 audits planned to start in Q4

Strategic risk	Directorate	Audit title	Objective	Planned period
Achieving safety outcomes	LU	Principal Contractor Arrangements	To provide assurance that the workstream to revise management arrangements regarding LU acting as Principal Contractor has been effective and that arrangements are being assured via 2nd line of defence activities	10
Financial sustainability	LU	Pro-Lite Grant Review	To certify costs in respect of EU funding for Pro-Lite	
	Customers, Communication & Technology	IT Software Licence Management Governance	To assess the framework and process controls in place to manage risks associated with software licensing across TfL	11
	Finance	Governance and Financial Controls for the use of Framework suppliers	To provide assurance that the controls over the framework are effective and used in accordance with TfL requirements	
Governance and control suitability	TfL Pension Fund	Pensions Risk Framework	To provide assurance on the adequacy and effectiveness of the Pension risk framework	11
LTM	LT Museum	IT Risk Management: LTM IT Transition Project	To provide assurance that there are effective arrangements in place to ensure that key IT Risks (transitional/ Non-transitional) are appropriately identified, and mitigated; and to provide assurance that there is clear accountability for ongoing management of IT risks in line with the LTM risk appetite	
	LT Museum	Safeguarding: Nib Report follow up	To provide assurance that actions from the 2017 Safeguarding audit and Nib recommendations have been implemented	

Transport for London Audit and Assurance Committee

Strategic risk	Directorate	Audit title	Objective	Planned period
Achieving safety outcomes	Surface Transport	London Overground Safety Assurance Arrangements	To provide assurance on the effectiveness and timeliness of safety assurance arrangements	12
		Bus Safety Update Programme	To provide assurance on the deliverables within, and management of, the Bus Safety Update Programme	
	Pan TfL	Effectiveness of the new safety complaints process	To provide assurance that the new complaints process is effective and efficient	
Delivery of key investment programmes	Finance	Re-tender of the Project & Programme Management Services Framework (PSF)	To provide assurance that the Procurement of the Re-tender of the Project and Programme Management Services Framework (PSF) is carried out in an open fair and transparent manner	
	Finance	Re-tender of the Transport Planning and Impact Monitoring (TPIM)	To provide assurance that the Procurement of the Re-tender of the Transport Planning and Impact Monitoring Framework (TPIM) is carried out in an open fair and transparent manner	
	Surface Transport	Healthy Streets Portfolio	To provide assurance over the controls over small project spend	
Financial sustainability	City Planning	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	
	Transformation	Business Services E2E Processes	To advise on the adequacy of the 'End to End' (E2E) process designs by reviewing the proposed processes and suggesting improvements where necessary, in order to facilitate the achievement of Business Services' objectives.	

Transport for London Audit and Assurance Committee

Strategic risk	Directorate	Audit title	Objective	Planned period
Governance and control suitability	Surface Transport	Cycle Hire	To provide assurance over the operation of key business and financial controls following signing of a new contract and implementation of the revised back office and governance arrangements between Serco and Cubic from July 2017.	12
	Surface Transport	Ultra-Low Emissions Zone	To provide assurance over the preparation for go live.	
Inability to deliver predicted revenue growth	Commercial Development	Telecoms Commercialisation Project - ITT to Contract Award	To provide assurance over the project, procurement and financial controls in place for the TCP Project	
Financial sustainability	Finance	Operating Leases	To provide assurance over TfL's approach to identifying operating leases within contracts in preparation for the inception of International Accounting Standard 17 in 2019	13
	Finance	Expenditure Controls	Provide assurance on the adequacy and effectiveness of revised cost controls.	
Total				20

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Transport for London Audit and Assurance Committee

Changes to the 2018/19 audit plan

Appendix 6

- There were ten changes to the plan during Q3. Two new assignments were added, an additional eight were either cancelled or deferred to 2019/20.

Ref	Audit title	Status	Audit Comments
18 134	Pro-Lite Grant Review	New	Review and approval of project expenditure relating to EU grant award
18 032	Workforce Planning Project Lessons Learned Phase 2	New	To provide a detailed Lessons Learned Summary for the Workforce Planning Project Related to interim report 18 030 Workforce Planning Project Lessons Learned Phase 1
18 609	Governance and Financial Controls for the use of Framework suppliers	Cancelled	The scope of this work has been covered through other audits
18 008	Bus Contracting Process	Cancelled	The operating business is completing work to review and benchmark the Bus Contracting Strategy. The review will report on the options resulting from the benchmark exercise. Report is to be published by the end of March 2019.
18 505	Demobilisation and transfer of staff to TfL	Deferred	Deferred following the delay in completion of the Crossrail Project. A revised plan of working in respect of Crossrail is under development
18 014	Crossrail - Management and close out of commercial contracts	Deferred	
18 010	Crossrail - Network Rail allocation and validation of costs	Deferred	
18 009	Crossrail - Rolling stock assurance	Deferred	
18 013	Crossrail - Organisational Governance	Deferred	
18 400	The Strategic Approach to Cloud Computing Governance	Deferred	Deferred following changes in the delivery and scope timeline of the associated project.

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**Risk and Assurance Audit Teams Customer Feedback Form Summary of Responses for 2018/19
Quarter 3**

Appendix 7

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 = 17 (Q2 =24)

Customer Feedback Forms Returned: Q3 = 14 (Q2 = 11)

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

Other comments including suggested improvements and areas of good performance:

Planning & Timing: I was very new to my role and new to [my business area]. Most of the issues picked up were starting to be addressed anyway as they were obviously areas that needed to be addressed and improved. Having an audit after I has been in my role for a longer period of time may have been more beneficial to the department in the long run.

Planning: There was sufficient cognisance of the impact from the ongoing business transformation workstreams on the audit timing, with a balanced collaborative view ultimately taken on audit timings.

Conduct: Constructive suggestion to forego unnecessary fieldwork as the key issues were agreed upfront by all parties.

Conduct: The audit team conducted themselves in a professional and positive manner at all times.

Conduct: Very good review of how the standard applied and was adopted in projects and Civil Engineering works. A very difficult query would be to ascertain those areas where the standard was unknown / not used. I am not sure how that could have been achieved.

Advice and Assurance: The audit has highlighted areas of concern to the business which I hope will be taken seriously and resolved.

Advice and Assurance: The audit findings & recommendations will be key in improving the [processes in place].

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Control Environment – Trend Indicators

Audit indicators – rolling average								
	Q1 17/18	Q2 17/18	Q3 17/18	Q4 17/18	Q1 18/19	Q2 18/19	Q3 18/19	Trend
Poorly Controlled	2.0%	3.9%	3.6%	5.4%	7.2%	3.6%	6.4%	
Requires Improvement or Poorly Controlled	32.0%	32.4%	32.7%	29.2%	20.8%	23.6%	25.5%	
Finance								
Invoices submitted by SMEs paid within 10 days ¹	92.4%	92.6%	92.0%	90.3%	92.2%	93.0%	92.6%	
Invoices paid within terms (BVPI8)	98.0%	97.9%	97.7%	97.7%	97.3%	98.0%	98.3%	
Value of total payments in quarter	Data unavailable				£221.6m	£230m	£221m	-
Cumulative monies <u>Owed</u> to TfL arising from debit balances held by leavers	Data unavailable				0.00002%	0.00002%	0.00008% ₂	
Cumulative monies <u>recovered</u> arising from debit balances held by leavers	Data unavailable				42.0%	50.0%	51.0%	
Cumulative <u>outstanding</u> monies owed	Data unavailable				58.0%	50.0%	49.0%	

¹ TfL must aim to pay all Small or Medium Enterprise vendors (SME) within 10 working days (from the invoice receipt date, to the supplier receiving payment)

² The increased percentage is due to salaries payable for quarter 3 is down £9M due to reduced headcount.

Commercial								
	Q1 17/18	Q2 17/18	Q3 17/18	Q4 17/18	Q1 18/19	Q2 18/19	Q3 18/19	Trend
Expenditure where PO issued retrospectively ³	2.8%	3.3%	1.1%	1.1%	4.1%	2.0%	2.6% ⁴	
Expenditure outside of approved agreements ⁵								
No Purchase order	44.0%	44.0%	42.0%	44.0%	45.0%	42.0%	41.9%	
Expenditure within approved agreements ⁶								
Purchase order	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0% ⁷	
Outline Agreements ⁸	Data unavailable				10.8%	24.2%	21.3%	
Single sourced	Under development - estimate April 2019**						-	
Technology								
Internal system availability	99.87%	98.68%	99.48 %	99.50%	100.00%	99.97%	99.78%	
Information Governance								
Number FOI requests	2317	2869	3100	3053	3034	2973	2903	
On time FOI responses	82.10%	85.50%	88.90%	91.20%	91.7%	92.3%	93.3%	

³ Includes GLA spend

⁴ The slight increase in percentage is largely contributed by Alstom, Cardinal Tower and British Transport Police in Period 7.

⁵ Expenditure made off contract - further defined as being without a PO. This is all spend through the system excluding GLA

⁶ Spend made against a purchase order

⁷ All spend against a contract is made through a purchase order, therefore this measure will always be 100%

⁸ The percentage of purchase orders that reference an outline agreement

Date: 14 March 2019

Item: Integrated Assurance Plan 2019/20

This paper will be considered in public

1 Summary

- 1.1 The purpose of this paper is to present the 2019/20 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 (R&A) 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 2019/20, and highlights areas where there will be second line of defence audit or review activity carried out by other assurance teams.
- 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 is likely to have an 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, 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 also shared the draft plan with the Independent Investment Programme Advisory Group (IIPAG) and identified a number of areas where we will work collaboratively to deliver our work.
- 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 25 March 2019;
 - (b) the LTM Risk and Audit Committee on 25 April 2019; and
 - (c) the TfL Pension Fund Audit Committee on 13 March 2019.
- 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 putting together the plan, we have taken into account the level of resource available within the Internal Audit team. The volume of possible audits identified during the planning process significantly 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 assurance and contractor compliance 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. Projects with an Estimated Final Cost over £50m are also subject to (third line) input from the IIPAG. 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.
- 6.4 Project Assurance also conducts reviews of the sub-programmes to inform their annual request for Authority at the Programmes and Investment Committee.
- 6.5 Risk and Assurance is continuing to develop relationships with teams delivering assurance in other parts of TfL to ensure that provision of assurance is as integrated and efficient as possible.

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. 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 (MTS). These include the following:
 - (a) Vision Zero – Whilst there are a number of audits of safety related areas within our plan, and this is a key focus of the 2nd line assurance work carried out by our Integrated Assurance team, we are not, at this stage, planning any specific audit work on Vision Zero. However, this will be an area of focus for the future once the formal Vision Zero programme has become more fully established;
 - (b) Cost Savings – TfL is working relentlessly 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 also as an important consideration in other relevant audits. We will also be working closely with our Fraud 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. Assurance of project delivery is a significant element of this IAP, and will primarily be delivered through the work of the Project Assurance team and IIPAG;
 - (d) Brexit – At the time of writing there is still considerable uncertainty concerning the outcome of Brexit negotiations and potential impacts on TfL. TfL has established a Brexit Working Group, specifically focused on

the risks associated with 'no deal' Brexit, which is attended by a member of the R&A Risk team. However, no specific audit work is planned in relation to Brexit;

- (e) Delivery of Air Quality Initiatives – Specific audit work in relation to the introduction of the Ultra-Low Emission Zone (ULEZ) is included in this plan, and is also an area of focus for Project Assurance and IIPAG; and
- (f) Crossrail – Following the delay to the opening of Crossrail last year, it will be important to ensure that TfL learns the appropriate lessons about what went wrong and ensures that similar issues cannot recur either in Crossrail or other major TfL project and programmes. Further detail can be found in below.

7.4 Although the IAP is structured around TfL's current strategic risks, there are a number of risks (listed below), for which Internal Audit does not have specific work allocated in the 2019/20 audit plan. In some cases however, the work that we are carrying out covers more than one risk. For example, our work in relation to SR8: Inability to deliver predicted growth will also provide assurance against SR12: Delivery of key investment programmes. For some other risks, the Integrated Assurance and Project Assurance teams will deliver second line assurance, for example SR10: Catastrophic event or SR12: Delivery of key investment programmes.

- (a) SR9: Ability to meet changing demand;
- (b) SR10: Catastrophic event;
- (c) SR12: Delivery of key investment programmes; and
- (d) 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 is a key area of focus within TfL. We have a small number of engagements covering the operating effectiveness of the HSE management systems, and Principal Designer control frameworks. In addition, we will complete advisory work in relation to the implementation of the pan-TfL security programme.

7.7 The Integrated Assurance team will deliver the majority of the work in this area, focused on the control environment at the second line of defence; this will include reviewing the effectiveness of safety management controls.

Revenue and financial control – (SR7: Financial Sustainability, SR3: Governance and Controls Suitability, SR8: Inability to deliver predicted growth)

7.8 Protection of its revenue streams and delivery of new revenue streams are critical to TfL achieving its business plan.

- 7.9 Ensuring effective governance over commercial activities is critical to TfL achieving value for money supplier services, whilst demonstrating appropriate controls to ensure open, fair, transparent and ethical procurement processes.
- 7.10 A number of audits in the plan will focus on cost controls. This includes controls over cost estimating and forecasting, overtime and higher duty pay, concessionary travel, and cost escalation.
- 7.11 The majority of our work will relate to the activities of the Commercial and Commercial Development directorates. This will cover key elements of the directorate's revenue raising activities, including a focus on the adequacy of governance frameworks relating to procurement and supplier assurance. Other engagements will focus on control effectiveness relating to low value works, and the use of mini competitions; as well as some real-time assessments of notable procurements, and holistic third party supplier assurance reviews.
- 7.12 We will also provide assurance over the outturns on TfL's scorecard indicators that are used to assess TfL's overall performance over the year.

Technology – (SR04: Major Cyber security Incidents, SR11: Significant Technology Failure)

- 7.13 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. This will include reviewing how TfL obtains assurance that its contractors and partner organisations have effective arrangements in place for preventing security incidents from happening and dealing with them when they do.
- 7.14 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)

- 7.15 The Integrated Assurance team will deliver the majority of the work in this area focused on the control environment at the second line of defence; this will include reviewing the effectiveness of controls over specific assets, or systems managed or maintained by TfL. A number of audits will focus on the supplier's quality management systems and the effectiveness of assurance regimes across the contractual boundary, where suppliers provide assets, materials or services through contracted arrangements. There is additional contingency in the plan to support with resource, where change to supplier, performance or material means additional assurance is required.

Project delivery – (SR12: Delivery of key investment programmes)

- 7.16 Effective and efficient project delivery is a key factor for TfL's delivery of its Business Plan and the Mayor's Transport Strategy.
- 7.17 The Project Assurance team carries out a programme of second line assurance reviews of major projects and of the 20 TfL sub-programmes. The work completed by Project Assurance is supplemented by reviews carried out by the IIPAG, who act as a third line of defence assurance provider for TfL's

Investment Programme. Further information on the work of IIPAG can be found below.

Crossrail – (SR16: Delivery of the Elizabeth line)

- 7.18 Following the delay to the opening of Crossrail, two reviews have been carried out by KPMG covering Commercial/ Financial matters, and Governance. The latter report has made a number of recommendations aimed at strengthening governance in Crossrail, including risk management, and audit and assurance arrangements. One key recommendation is the reestablishment of a Crossrail Audit and Assurance Committee; scheduled to meet for the first time in its reconstituted form on 25 March 2019.
- 7.19 Against this background, work is ongoing to develop a programme of audit and assurance work for Crossrail. Within TfL, this will include audits in relation to readiness for running the Elizabeth Line, and transition of activities into TfL. In addition, it is likely that TfL Internal Audit will carry out a programme of audits relating to the delivery of the Crossrail programme for the Crossrail Audit and Assurance Committee.

Transformation – (SR18: Transformation)

- 7.20 Assurance and advisory work will also cover Transformation workstreams with a focus on the design adequacy of the internal control environment, and the operating effectiveness of selected transformed business areas, with a particular focus on the achievability of planned cost savings.

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 2017/18 and 2018/19, the audits incorporated in this 2019/20 plan, and indicative audits for 2020/21.

9 Resources

- 9.1 The total budgeted headcount of the Risk and Assurance directorate (comprising Internal Audit, Integrated Assurance, Project Assurance, Enterprise Risk, Fraud and Business Operations teams) is 66.
- 9.2 The Internal Audit team incorporates a range of skill sets including qualified auditors/accountants, experienced project and contract managers, a technology specialist, and a data analyst.
- 9.3 Internal Audit's budgeted headcount is 22 but there are currently five vacancies, most significantly in the Technology, Information and Security audit team. To mitigate the staffing issue we are in the process of putting in place a new co-sourcing arrangement with an external provider.

Second line assurance teams

- 9.4 The Integrated Assurance team has a budgeted headcount of 13 staff, although there are currently a small number of vacancies.
- 9.5 The Project Assurance team also has a budgeted headcount of 13. Its resources are supplemented by the use of External Experts (approximately eight FTE).

IIPAG resources and plan

- 9.6 Over the past few months, the membership of IIPAG has been refreshed with a new Chair, Alison Munro, and four new IIPAG members who bring a wealth of experience in major project and programme delivery, assurance, railways, civil engineering projects and commercial matters. It is the intention to appoint one further member with IT expertise.
- 9.7 IIPAG's budget for 2019/20 is the same as in 2018/19, at £395,000. IIPAG's work in 2019/20 will be to provide third line assurance and strategic advice in the following areas:
- (a) sub-programme reviews for 21 sub-programmes;
 - (b) IARs 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.
- 9.8 The new IIPAG is considering further how a more risk based approach can be applied to third line assurance in respect of projects and sub-programmes, and also how IIPAG's work fits into the broader programme of assurance, including the work of Project Assurance and Internal Audit. Further details will be provided in due course. IIPAG will prepare quarterly reports and attend the Committee and the Programmes and Investment Committee, and will attend relevant Executive governance meetings – Investment Committee, and the London Underground and Surface Transport Investment Boards.

List of appendices to this report:

Appendix 1 – Integrated Assurance Plan 2018/19

Appendix 2 – Integrated Assurance Plan 2018/19 – Cyclical audit areas

List of Background Papers:

None

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Transport for London Audit and Assurance Committee

Rolling Integrated Audit Plan (2019/20):

Appendix I

There are **73** internal audits planned for delivery in 2019/20, of which 26 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				Various	-
		Principal Designer (CDM) Arrangements - London Underground	To provide assurance on the effectiveness of arrangements governing LU acting as Principal Designer, including review of effectiveness of 2nd line of defence activities	P1	London Underground	HSE	25
		Occupational Health	To provide assurance on the adequacy and effectiveness of the current operating model and level of service provided to the organisation	P2		Safety	30
		Operating Effectiveness of the HSE Management System	To provide assurance on the adequacy and effectiveness of the HSE Management system	Q3			30
		Principal Designer (CDM) Arrangements - Surface Transport	To provide assurance on the effectiveness of arrangements governing ST acting as Principal Designer, including review of effectiveness of 2nd line of defence activities	P3	Surface Transport	HSE	25

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Strategic Risk No.	Strategic Risk	Audit Title	Objective	Planned Period	Directorate/ Sponsor	Business Unit	Est. Budget (Days)
SR02	Talent attraction, engagement and retention	Nominee Passes	To provide assurance on the adequacy and effectiveness of controls in place for nominee passes	P3	Human Resources	Human Resources	25
		Cultural Change	To provide assurance on the expected cultural benefits of transformation	Q2			40
		TfL Safeguarding Effectiveness	To provide assurance on the effectiveness of safeguarding controls	Q3			30
SR03	Governance and controls suitability	Third Party Supplier Review - Novacroft	To provide assurance over the adequacy and effectiveness of key controls	Q2	Customer Communications Technology	Customer Experience	35
		Third Party Supplier Review - Journeycall	To provide assurance over the adequacy and effectiveness of key controls	Q2			35

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Strategic Risk No.	Strategic Risk	Audit Title	Objective	Planned Period	Directorate/ Sponsor	Business Unit	Est. Budget (Days)
SR03	Governance and controls suitability	Procurement of the Professional Services Framework (PSF) - Multi-Disciplinary Services	To provide assurance that the procurement of the Multi-Disciplinary Services Framework is managed effectively in accordance with approved procedures	P1	Finance	Commercial	40
		Adequacy of Commercial Governance and Controls for works below £250,000 threshold	Provide assurance on the adequacy of Commercial governance and controls for works below £250,000 threshold	P2			40
		Procurement Governance	To assess the adequacy of commercial governance for procurements	P3			40
		Governance and Use of Mini-competitions in Framework Contracts - ST	Provide assurance that mini-competitions in framework contracts are conducted in a fair, open and transparent manner	Q2			30
		Re-tender of the Recruitment Services Framework	To provide assurance that the procurement of the Recruitment Services Framework is managed effectively in accordance with approved procedures	Q2			40

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Strategic Risk No.	Strategic Risk	Audit Title	Objective	Planned Period	Directorate/ Sponsor	Business Unit	Est. Budget (Days)
SR03	Governance and controls suitability	Governance and Use of Mini-competitions in Framework Contracts - LU	Provide assurance that mini-competitions in framework contracts are conducted in a fair, open and transparent manner	Q3	Finance	Commercial	30
		Governance and Use of Mini-competitions in Framework Contracts - Professional Services	Provide assurance that mini-competitions in framework contracts are conducted in a fair, open and transparent manner	Q3			30
		Risk Management Framework	To provide assurance on the adequacy and effectiveness of the Risk Management Framework ¹	Q4	General Counsel	Risk & Assurance	20
		Management Information Reporting Suite	To provide assurance on the design of MPD's management information reporting suite	PI	Major Projects	Major Projects	25
		Payments to Local Authorities using the Borough Portal	To provide assurance on the effectiveness of the management of the borough portal	P2	Surface Transport	Surface Transport	25
		Bus Operations Model	To review the effectiveness of the Bus operating model	Q2		Bus Operations	30

¹ Work to be carried out by independent third party (co-source partner)

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Strategic Risk No.	Strategic Risk	Audit Title	Objective	Planned Period	Directorate/ Sponsor	Business Unit	Est. Budget (Days)
SR04	Major cyber security incident	Network and Information Systems (NIS) Regulations - London Underground	To provide assurance on the effectiveness of the governance and internal controls designed to ensure compliance with NIS guidelines	PI	Customer Communications Technology	London Underground	30
		Network and Information Systems (NIS) Regulations - Surface Transport	To provide assurance on the effectiveness of the governance and internal controls designed to ensure compliance with NIS guidelines	PI		Surface Transport	30
		Data Privacy and Protection – Marketing Data Security	To evaluate the adequacy of security governance and controls relating to marketing data	Q2		Marketing	25
		Vulnerability & Threat Management	To provide assurance that the plans and implementation of steps to minimise the vulnerability of IT systems from attack are adequate, efficient, and cost effective	Q2		Technology & Data	40
		Network and Information Systems (NIS) Second line Assurance Regime	To provide assurance over the adequacy of the NIS governance framework designed to provide assurance at the second line of defence	Q3		Technology & Data	25

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Strategic Risk No.	Strategic Risk	Audit Title	Objective	Planned Period	Directorate/ Sponsor	Business Unit	Est. Budget (Days)
SR04	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	-
		Cyber Security Assurance (Pan-TfL)	<p>To measure compliance to mandatory cybersecurity policies</p> <p>To evaluate the adequacy governance and testing regimes designed to support effective, and timely response to non-compliance</p>	Q3	Customer Communications Technology	Technology & Data	45
SR05	Technological/ Market developments	Delivery of Innovation	Provide assurance that the governance and strategy for prototyping new ideas (proof of concept model) is efficient and cost effective	Q3		25	
SR06	Loss of external stakeholder trust	Governance of Correspondence and Case Work Management	Provide assurance on the adequacy and effectiveness of controls in place for correspondence received and the following case work management ²	Q3		News and External Relations	30

² Including Mayor's Questions and Stakeholder Correspondence

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Strategic Risk No.	Strategic Risk	Audit Title	Objective	Planned Period	Directorate/ Sponsor	Business Unit	Est. Budget (Days)
SR07	Financial Sustainability	Software Licence Management	Assess the framework and process controls in place to manage risks associated with software licensing across TfL.	Q2	Customer Communications Technology	Technology & Data	25
SR07	Financial sustainability	Fraud Audit of TfL Contact Centre	To provide assurance on the adequacy and effectiveness of fraud controls in place within the contact centre.	Q3	Finance	Customer Experience	35
		Use of Whole Life Costings in Procurements (T&D)	Adequacy and effectiveness of the process for procuring new technology	Q4		Technology & Data	25
		City Planning Estimating and Forecasting Process	To provide assurance on the adequacy and effectiveness of the estimating and forecasting process	Q4		City Planning	25
		TfL Scorecard	Provide assurance that the year-end outturns on the scorecard indicators are being reported accurately	PI		Finance	25
		Delivery of the Major Accommodation Property Programme (MAPP)	Provide assurance on the forecast financial savings and whether financial benefits forecast are being achieved	P2		Commercial Development	30

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Strategic Risk No.	Strategic Risk	Audit Title	Objective	Planned Period	Directorate/ Sponsor	Business Unit	Est. Budget (Days)
		Governance of Foreign Vendor Invoices	To provide assurance on the adequacy and effectiveness of controls in place for processing foreign vendor invoices	P3		Business Services	35
SR07	Financial sustainability	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	P1	Finance	Finance	35
		Use of Consultants	To provide assurance on the adequacy and effectiveness of controls in place for the use of consultants	Q2		Commercial	30
		Delegated Project Authority Controls	To provide assurance on the adequacy and effectiveness controls to ensure project related spend (DPA) is authorised in accordance with TfL's Scheme of Authorities	Q2		Finance	30
		Management of the ONE Facilities Management (FM) Contract	Provide assurance on the effective management of the ONE FM contract.	Q2		Commercial Development	35
		Effectiveness of the ULEZ Scheme	To provide assurance on the adequacy and effectiveness of controls in place for ULEZ	Q4		General Counsel	Licensing, Regulation and Charging

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Strategic Risk No.	Strategic Risk	Audit Title	Objective	Planned Period	Directorate/ Sponsor	Business Unit	Est. Budget (Days)
SR07	Financial sustainability	Ill Health Retirees Process	To provide assurance on the adequacy and effectiveness of controls in place for employees retiring due to ill health	P2	Human Resources	Pensions	30
		TfL Ambassadors	To provide assurance on the adequacy and effectiveness of controls in place to manage TfL Ambassadors	Q2	London Underground	London Underground	25
		TfL Fare Evasion Programme – Governance and Performance Management	To provide consultancy engagement support to set up the programme, review governance arrangements and performance management.	Q2	Surface Transport	Compliance, Policing and On Street	40
		Budget Planning and Forecasting (ST)	To review the adequacy and effectiveness of the ST budget planning and forecasting processes	Q3		Finance	25
		Cost escalation in projects	To review the effectiveness of cost controls in projects and programmes	Q4		Projects & Programme Delivery	30
		Project Driven Cost Certification	To certify costs in respect of EU funding for Project Driven	Q4		Innovation	25

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Strategic Risk No.	Strategic Risk	Audit Title	Objective	Planned Period	Directorate/ Sponsor	Business Unit	Est. Budget (Days)
SR07	Financial sustainability	Concessionary Travel	To provide assurance on the adequacy and effectiveness of controls in place for concessionary travel	Q3	Customer, Communications Technology	Technology & Data	30
SR08	Inability to deliver predicted revenue growth	Governance over the JC Decaux advertising contract	Provide assurance that robust contract management controls are in place to ensure accurate reporting of income	Q2	Customer Communications Technology	Marketing	30
		Delivery of the Roadside Advertising Strategy	Provide assurance on the adequacy of the Roadside Advertising Strategy	Q3			30
		Governance over the Global advertising contract	Provide assurance that robust contract management controls are in place to ensure accurate reporting of income	Q4			30
		Strategy for Delivering the Mayor's Housing Targets	Provide assurance on the adequacy of the strategy to deliver the Mayor's affordable housing target and future revenue	P2	Finance	Commercial Development	35
		Governance of Over Site Development (OSD) sites	To provide assurance on the strategy for optimising revenue from the delivery of OSD sites	P2			25

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Strategic Risk No.	Strategic Risk	Audit Title	Objective	Planned Period	Directorate/ Sponsor	Business Unit	Est. Budget (Days)
SR08	Inability to deliver predicted revenue growth	Management of Property and Lease Renewals	Provide assurance that the management of vacant properties is efficient and effective.	P2	Finance	Commercial Development	40
		Commercial Development Project and Programme Portfolio governance	To provide assurance on the adequacy of the governance in place to deliver commitments in the business plan	P3			45
		Delivery of the Build to Rent (BtR) Strategy	Provide assurance on the adequacy of the strategy to ensure cost effective delivery of the BtR homes.	P3			35
		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	P4			30
		Right Financial Solution (RFS) Project	To provide assurance that adequate controls are in place to support delivery of financial benefits for the RFS project	Q2			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)
SR08	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	Q2	Finance	Commercial Development	30
		Consulting Projects	To provide assurance that the strategy for delivering income from Consultancy projects is viable	Q2	Strategy	Strategy	25
SRII	Significant technology failure	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	Q2	Customer Communications Technology	Technology & Data	25
		Technology Governance in respect of 'Shadow IT' ³	To assess the effectiveness of the technical governance framework, over projects delivering IT solutions, which are managed outside of, and without the knowledge of the IT department; includes procurement	Q2			25

³ Such as IT projects managed outside of, or without the knowledge of the IT organisation

Transport for London Audit and Assurance Committee

Strategic Risk No.	Strategic Risk	Audit Title	Objective	Planned Period	Directorate/ Sponsor	Business Unit	Est. Budget (Days)
SR11	Significant technology failure	The strategic approach to cloud computing governance	Review the adequacy of arrangements designed to govern use of cloud computing, including policies and procedures, architectural design, and security controls	Q2	Customer Communications Technology	Technology & Data	30
		Assurance Regime for Ticket System Failure	Adequacy and effectiveness of controls for implementing changes to the ticketing system	Q3			35
		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	Q3			30
		IT Disaster Recovery and Operational Resilience	Provide assurance over TfL's ability to withstand and recover from disruptive IT events	Q4			25
		Decommissioning Oracle	To provide assurance on the organisations readiness to decommission Oracle	PI	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)
SRI2	Delivery of key investment programmes	Project Assurance and Integrated Assurance will deliver a portfolio of assurance reviews at the second line of defence				Various	-
		IIPAG will deliver a portfolio of assurance reviews at the third line of defence					
SRI3	Operational reliability	Engineering Operating Model	To provide assurance on the operating effectiveness of the Engineering model implementation	P3	London Underground	Engineering	35
		Building Information Modelling Governance	To provide assurance on the effectiveness of the implementation of Building Information Modelling in asset operations and management	Q4			35
		Bus Contracting Process	To review the key controls around changes to the bus contracting model to support the introduction of electric vehicles	Q4	Surface Transport	Bus Operations	30
		Integrated Assurance will deliver a portfolio of assurance reviews at the second line of defence				Various	-

Transport for London Audit and Assurance Committee

Strategic Risk No.	Strategic Risk	Audit Title	Objective	Planned Period	Directorate/ Sponsor	Business Unit	Est. Budget (Days)
SRI4	TfL's Environmental Impact	IT Hardware Decommissioning	To review the effectiveness of the end-to-end decommissioning process for IT equipment	Q3	Customer Communications Technology	Technology & Data	30
		Taxi Delicensing	To provide assurance on the adequacy and effectiveness of controls to manage the Taxi delicensing scheme	P2	General Counsel	Licensing, Regulation and Charging	25
SRI6	Opening of the Elizabeth Line	Portfolio of audits delivered by Internal Audit at third the line of defence				Crossrail	-
SRI7	Protective Security	Pan-TfL Security Programme Assurance Regime	To provide assurance over the design adequacy of governance and control frameworks – real-time	Q3	Surface Transport	Compliance, Policing and On-Street	30
SRI8	Transformation	Transformation	To provide assurance on the adequacy and effectiveness of controls in place for Transformation including consideration of the achievability of predicted cost savings <i>(detailed scope to be determined)</i>	P3	Customer Communications Technology	Transformation	30
LTM	LTM	Allocation of work to be delivered by Internal Audit at the third line of defence with the precise focus to be agreed with the LT Museum				London Transport Museum	90

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Integrated Assurance Plan 2019/20 – Cyclical audit areas

	2017/18 Actual	2018/19 Actual	2019/20 (Plan)	2020/21 (Indicative)
Financial Controls				
Procure to Pay Accounts Payable Accounts Receivable	CPAF Review	Single Sourcing (ST)	Whole life Costings in Procurements (T&D)	SAP application control
	Procurement Controls	Single Sourcing LU	Single Sourcing (Professional Services)	Business Services Financial Control
Payroll	Payroll controls - leavers	Payroll controls - general	Allowances, Overtime and Higher Duty Pay process	Counter fraud audit investigations
Fixed Assets				
Cash		Cash Forecasting		
Revenue	Ticket Revenue Controls		Fraud audit of Contact Centre Fraud awareness (Surface)	
Insurance				
General Accounting	Traffic Enforcement Financial Controls	Congestion Charging Financial Controls	Project accounting	
	Construction Industry Scheme	Cycle Hire Financial Controls	Delegated Project Authority	
'Hygiene' Audits	Movers/ leavers	Business Expenses		Declarations of interest
Risk Management				
Risk Management	Fraud Risk Management (LU)		Strategic Risk Management	
Legal/ statutory compliance	Data Protection – GDPR		Taxi delicensing	
	Data Protection – Surveillance Cameras – LU		Networks and Information Systems (NIS) - LU	
	Controls over disclosure of information		Networks and Information Systems (NIS) - Surface	
Internal Governance	Compliance with Scheme of Authorities	TfL Scorecard	TfL Scorecard	TfL Scorecard
Human Resources				
HR Processes	Agency Temporary Workers	Safeguarding (TfL)	Nominee Passes	Bullying and Harassment/ Grievance policies
			TfL Safeguarding Effectiveness	
			Cultural Change	

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Audit and Assurance Committee



Date: 14 March 2019

Item: Crossrail KPMG Review Update

This paper will be considered in public

1 Summary

- 1.1 This paper provides an overview to the Committee of the KPMG governance and commercial/cost reviews into Crossrail. It also provides an update of the actions being taken by Crossrail Sponsors (TfL and the Department for Transport (DfT)) and Crossrail Limited (CRL) in response to the recommendations made by KPMG in its reports.

2 Recommendation

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

3 KPMG reviews

- 3.1 On 25 January 2019, TfL published two KPMG reviews of Crossrail; one on Governance, and one on Finance and Commercial. These independent reviews looked at all aspects of the Project, from the formation and effectiveness of the Sponsor and CRL Boards to the function of CRL in delivering the railway. The reports included detailed findings and over 80 recommendations for CRL and Crossrail Sponsors to consider and to action, to ensure that there was the right level of scrutiny and oversight in place as the project enters the final phase.
- 3.2 These reports were summarised and discussed at the TfL Board on 30 January 2019. At that stage it was made clear that a number of actions had already been taken. This included the appointment of a new Chair and Deputy Chair to the CRL Board, as well as enhancing the CRL Executive and project representative. These changes have been key to strengthening governance and assurance on the project.
- 3.3 Following the conclusion of the KPMG reviews, Sponsors and CRL have been working together on a prioritised action plan, taking steps to implement further recommendations across all aspects of the project. Sponsors have approved further strengthening of the project representative team to give greater scrutiny of CRL's delivery of stations and bring about more effective challenge, particularly on CRL's cost and commercial position. Sponsors are also working to appoint an independent member to the Sponsor Board, and discussions have taken place between the Sponsors and CRL regarding expectations of CRL's internal assurance processes which will be key in ensuring a robust cost and schedule to deliver the remainder of the project.

- 3.4 In addition, CRL has strengthened its internal project controls and risk functions as well as introducing a new visualisation management process to increase oversight of delivery and progress. Sponsors have also discussed with CRL the structure and content of its periodic reporting, ensuring that there is greater clarity of progress reported, risk identification and management, and other areas that may require action or mitigation. These changes, once fully implemented by CRL, will ensure greater transparency and provide the CRL Board and Sponsors with better oversight of project delivery.
- 3.5 With regards to KPMG's findings and recommendations on CRL's audit and remuneration functions, CRL is re-establishing its Audit and Assurance Committee and is merging its Nominations and Remuneration Committees. Both of these Committees report directly to the CRL Board – the Terms of Reference for which are currently being finalised. The first meeting of the Audit and Assurance Committee is scheduled for the end of March 2019.
- 3.6 The CRL Audit and Assurance Committee will be responsible for approving audits related to the delivery of the Crossrail Project. The KPMG governance report also notes that the TfL Audit and Assurance Committee will continue to be responsible for audits falling within TfL's remit (i.e. related to the operation of the Elizabeth line). As part of the remuneration function, it is proposed that Sponsors will approve Key Performance Indicators (KPIs) that underpin CRL's performance related pay.
- 3.7 On arrangements related to transition of governance responsibilities from CRL to TfL, the KPMG report does not include any specific recommendations on this matter. However, this is being considered as part of TfL's Transition Close Out document and is covered in the Crossrail Transition Update paper.
- 3.8 Sponsors are continuing to work with CRL to ensure any further actions as a result of the KPMG recommendations are implemented as soon as possible. This will ensure that CRL is in the best position to deliver the railway and the Sponsor Board and Crossrail Board are able to provide effective challenge, scrutiny and oversight of the Crossrail Project.
- 3.9 Separately, TfL is also reviewing how lessons from the Crossrail Project can be applied to the rest of the investment portfolio. This includes Crossrail 2, which has already incorporated many of the principles in its assurance process, recently reviewed by the Independent Investment Programme Advisory Group.

List of appendices to this report:

None

List of Background Papers:

TfL Board Papers on 30 January 2019

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Audit and Assurance Committee



Date: 14 March 2019

Item: Crossrail Transition Update

This paper will be considered in public

1 Summary

- 1.1 The purpose of this paper is to provide the Committee with an update on Crossrail transition arrangements; the transfer of functions, activities and accountabilities from those supporting Crossrail delivery to those supporting Elizabeth line operations. These are largely back office functions currently carried out by Crossrail Ltd (CRL) which need to be transferred to and continued by TfL. Updates have not previously included the transfer of governance arrangements, except in relation to these functions being transferred.

2 Recommendation

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

3 Crossrail Update

- 3.1 Since the last transition update to the Committee, CRL has been establishing its new leadership team under Mark Wild. The CRL leadership team has been conducting a top down and bottom up planning exercise to finalise the strategy and detailed delivery plan for completing construction and bringing the railway into passenger service.
- 3.2 The delays to the public opening of the Elizabeth line and the subsequent financial agreement reached with DfT and the GLA have significantly changed the resourcing plan within the project. In recognition of the extent of work still to be completed CRL is currently increasing its resourcing. During 2018, CRL undertook extensive demobilisation of its workforce in the expectation that the central section of the Elizabeth line would open in December 2018.

4 Crossrail Transition Update

- 4.1 It has been agreed by the Crossrail Integration Steering Group to wrap up and suspend the current transition arrangements until a more appropriate time, following confirmation of the new delivery plan to complete the railway. Transition has always used CRL's Master Operating Handover Schedule (MOHS) and associated CRL demobilisation plans as its starting point for the transfer of functions and activities into TfL. There has then been a consistent approach of collaborative challenge between CRL and TfL owners to assess and agree the most appropriate time for transitions.

- 4.2 As part of the wrap up governance process a Close Out and Future Assumptions document is to be agreed with the relevant stakeholders. This document captures previous governance arrangements for functions and activities transferred from CRL to TfL. It also sets out the current high-level assumptions for future transitions from CRL to TfL.
- 4.3 Following the concerns of this Committee regarding the transfer of governance arrangements, the Transition Close Out document is to recommend that future CRL transitions are approved to ensure these are taking place at an appropriate time in the project. In the meantime, governance arrangements are being enhanced within the project based on KPMG review recommendations. Further plans for the future transfer of governance arrangements from CRL to TfL will be considered once a revised programme has been produced.
- 4.4 A review of the current transition risks has been undertaken with the owners. Due to the current status of the transition arrangements many of these risks are now considered closed. The remaining risks are being deferred or transferred. Deferred risks will be suspended as they remain specific to transition arrangements and will be captured in the Close Out and Future Assumptions document. Transferred risks are those risks which remain active and require ongoing monitoring and management. These are being moved from transition to an appropriate live project and/or governance framework for ongoing management.
- 4.5 The remaining risks are also being assessed in line with the TfL Enterprise Risk Assessment Matrix. Based on the risk scores it will be decided by the TfL Enterprise Risk team if these should be captured in TfL's Active Risk Management system as part of its strategic risk management process.
- 4.6 All functions to have transitioned from Crossrail to TfL will remain in place as these have already been successfully embedded. A limited External Affairs function including stakeholder engagement will be remobilised to support CRL as it completes construction and delivery of the railway. Updates to the CRL website are currently confined to the 'Near You' section, which provides local communities with notices of planned works at specific sites along the route.
- 4.7 In December 2018 the Crossrail project team based at 25 Canada Square moved to the CRL office at Westferry Circus and the TfL office at Endeavour Square in Stratford.
- 4.8 At the same time as the office moves, all CRL user emails and data were migrated to TfL's OneLondon domain. The migration was very successful with minimal disruption to users.
- 4.9 CRL IT continues to host and support ongoing systems and applications critical to the project. These systems and applications will be digitally archived and transferred to the TfL Information Governance team when completed.

List of appendices to this report:

None

List of Background Papers:

None

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Audit and Assurance Committee



Date: 14 March 2019

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 2018 to 31 January 2019. 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 2018 to 31 January 2019 (the latest reporting period). There were no declarations by Members during this period.
- 4.2 A total of 193 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 136 offers were declined and 57 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
Mike Brown MVO	Commissioner	35	10	25
Graeme Craig	Director of Commercial Development	41	5	36
Stephen Field	Director of Pensions and Reward	27	4	23
Lester Hampson	Property Development Director	13	5	8
Simon Kilonback	Chief Finance Officer	13	3	10
Sam Mullins	LTM Director	11	4	7

- 4.3 Table 2 shows the figures provided in previous reports since October 2018 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 83.3 to a low of 55. The number of offers received and accepted in the latest period (November 2018 to January 2019) fall within that range but are higher than the previous reporting period and the similar period in 2017/18 (December 2017 to January 2018). 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

	01/12/17- 31/01/18	01/02/18- 30/04/18	01/05/18- 31/07/18	01/08/18- 31/10/18	01/11/18 – 31/01/19
Period reported to Committee	2 months	3 months	3 months	3 months	3 months
Total offers	110	237	249	167	193
Total declined	78	201	185	137	136
Total accepted	32	36	64	30	57
Monthly average					
Total offers	55	79.3	83	56	64.3
Total declined	39	67	62	46	45.3
Total accepted	16	12	21.3	10	19

List of appendices to this report:

Appendix 1 – Gifts and Hospitality Register, Members and Senior Staff 1 November 2018 to 31 January 2019.

List of Background Papers:

Corporate Gifts and Hospitality Register

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**Gifts and Hospitality - TfL Board Members and Senior Officers
1 November 2018 - 31 January 2019**

Name of Officer	Offer Status	Donor/Provider of Gift/Hospitality	Detail of Gift/Hospitality	Reason for Accepting Gift / Hospitality	Date of Event/Hospitality
Adams Simon	Accepted	Gardiner and Theobald	Dinner	Networking	12/12/2018
Adams Simon	Accepted	Nichols Group	Festive Event	Networking	17/01/2019
Brown Matt	Accepted	Railway Children Charity	Railway Children Charity Event	Continuing charitable work relationship with TfL	30/11/2018
Brown Mike	Accepted	A. W. Pidgley CBE, LCCI President	London Chamber of Commerce & Industry President's Dinner	Networking opportunity	07/11/2018
Brown Mike	Accepted	Socia	Socia Board Dinner	Networking	22/11/2018
Brown Mike	Accepted	Royal British Legion	Festival of Remembrance, Royal Albert Hall	Representative for TfL	10/11/2018
Brown Mike	Accepted	Sir Peter Hendy, Chair of Network Rail	Railway Ball	Guest of Sir Peter Hendy	30/11/2018
Brown Mike	Accepted	Amanda Clack, Head of Strategic Consulting, CBRE Ltd	Seb Coe's Foundation - In-Conversation Lunch	Networking opportunity	11/12/2018
Brown Mike	Accepted	Lord Mayor	London Government Dinner	Networking	10/01/2019
Brown Mike	Accepted	David Brown, Go-Ahead	Dinner	Networking	15/01/2019
Brown Mike	Accepted	Vincent Dignam, Business Performance & Transport Group Mgr, City of London	Future Fleet Forum Awards Dinner	Presenting Award and networking	23/01/2019
Brown Mike	Accepted	TheCityUK	TheCityUK Annual Dinner	Networking	30/01/2019
Brown Mike	Accepted	Confederation of Passenger Transport	CPT Annual Dinner (black tie)	Networking	31/01/2019
Cernoia-Russo Emanuela	Accepted	RBS/Giacomo Montrasio/Managing Director/Large Corporates	Business relationship meeting with RBS	Business Meeting	22/01/2019
Craig Graeme	Accepted	Fujitsu	London Transport Museum Dinner and Auction	Networking Event	06/11/2018
Craig Graeme	Accepted	Aspire	100 Property Club Dinner	Networking Event	11/12/2018
Craig Graeme	Accepted	Santander	Santander/TfL Team celebrations on the year's highlights and milestones ahead	Networking Event	12/12/2018
Craig Graeme	Accepted	Knightsbridge Association	Knightsbridge Association AGM & New Year Reception	Networking Event	14/01/2019
Craig Graeme	Accepted	WSP	Breakfast/Roundtable discussion re. Rail Overbuild in London	Networking Event	23/01/2019
Dix Michèle	Accepted	Major Projects Association	Annual Dinner and Drinks Reception	Talk about major projects including Crossrail 2	26/11/2018
Field Stephen	Accepted	Sackers - Legal Advisors to TfL Pensions Fund	London Transport Museum Dinner and Auction	Networking	06/11/2018
Field Stephen	Accepted	Andy Seed, Head of Partnerships, Workplace Savings, Zurich	Review Meeting followed by Lunch	Review Meeting	26/11/2018
Field Stephen	Accepted	Neil Lalley, Xafinity Punter Southall	Annual Review Meeting and Lunch	Review Meeting, Saving Retirement Scheme and Pensions Consultancy	13/12/2018
Field Stephen	Accepted	Sue Golton, SPS Conference	First SPS Conference of 2019 - Annual Bond Investment Strategies	Continuing Professional Development	10/01/2019
Hampson Lester	Accepted	Market Hall, Victoria evening event - local business preview	Local Business Preview Day	Relevant for guide on local business	08/11/2018
Hampson Lester	Accepted	U+I Public Private Partnership event	Breakfast meeting	Relevant for Property Development relationship building	15/11/2018
Hampson Lester	Accepted	Landsec	Landsec event: Christmas at Claridges	Previous employers of Lester, continuing relationships	12/12/2018
Hampson Lester	Accepted	Turner & Townsend lunch	Christmas lunch	Relationship building	14/12/2018
Hampson Lester	Accepted	Thames Plaza/Southend United	Dinner	Non-exec Director	18/12/2018

**Gifts and Hospitality - TfL Board Members and Senior Officers
1 November 2018 - 31 January 2019**

Judge Paul	Accepted	Brutton Group	Networking event	Making Contacts in Innovation Sector & Increasing DTUP Profile	03/12/2018
Kilonback Simon	Accepted	Goldman Sachs	Business Lunch with Goldman Sachs - Richard Gnodde/Denis Coleman/Elis Jones/Mark Sorrell and Zaid Khaldi	Business meeting	09/11/2018
Kilonback Simon	Accepted	HSBC	London Transport Museum Dinner and Auction	Supporting London Transport Museum	06/11/2018
Kilonback Simon	Accepted	TheCityUK	TheCityUK Annual Dinner	Member of TheCityUK	30/01/2019
Matson Lilli	Accepted	Fujitsu/Cellnex	London Transport Museum Dinner and Auction	Networking	06/11/2018
Matson Lilli	Accepted	Women in Transport	Annual celebratory event	Networking	05/12/2018
Miller Elspeth	Accepted	Experience Makers	Christmas Drinks	To meet the Founder Partners and hear about their plans for the year ahead	04/12/2018
Miller Elspeth	Accepted	GRE	Dinner with Anne Simmons (GRE)	Business meeting	06/11/2018
Mullins Sam	Accepted	DLA Piper	Opening of new headquarters	Networking with LTM stakeholder	07/11/2018
Mullins Sam	Accepted	National Portrait Gallery	Director's reception: Gainsborough's Family Album and Taylor Wessing	Networking in museums and arts sector	27/11/2018
Mullins Sam	Accepted	John Self	55 Society Lunch	Networking with transport stakeholders and LTM Friends	23/11/2018
Mullins Sam	Accepted	Royal Academy of Arts	Private viewing: Bill Viola / Michelangelo	Networking in museums and cultural heritage	22/01/2019
Murphy Helen	Accepted	WSP	CIHT Lunch	Networking	14/12/2018
Murphy Helen	Accepted	Mott MacDonald	Winter Reception	Networking	05/12/2018
Nielsen Simon	Accepted	Jacobs	Dinner at Awards Dinner	Shortlisted with consultant for award	26/11/2018
Plowden Ben	Accepted	British Land	London Transport Museum Dinner and Auction	Networking	06/11/2018
Plowden Ben	Accepted	Jacobs	NIPA Dinner	Networking	22/11/2018
Plowden Ben	Accepted	Centre for Cities and Arup	Urban Voices: the launch of the inaugural UK City Leader's Survey 2018 Reception	Networking	05/12/2018
Plowden Ben	Accepted	Steve Gooding, RAC Foundation	RAC foundation Winter Reception	Networking	10/12/2018
Powell Gareth	Accepted	Stephen Twigg MP, Mark Pawsey MP, Sir Edward Davey MP	The Livia Award for Professionalism & Service to Justice	Stakeholder	12/11/2018
Powell Gareth	Accepted	City of London	Dinner	Stakeholder	10/01/2019
Powell Gareth	Accepted	Confederation of Passenger Transport UK	Dinner	Stakeholder	31/01/2019
Read Adrenne	Accepted	Quinn Infrastructure Services	London Transport Museum Dinner and Auction	Networking, supporting and fundraising for the LTM	06/11/2018
Reid Stuart	Accepted	European Transport Safety Council	Overnight stay in Paris prior to presentation of TfL Vision Zero policy to European Transport Safety Council conference	Opportunity to represent TfL policy to audience of other city authorities and stakeholders and to compare with their plans and experience	14/12/2018
Turner Lucinda	Accepted	Arup	London Transport Museum Dinner and Auction	Networking	06/11/2018
Turner Lucinda	Accepted	Berkeley Homes	Breakfast meeting	Breakfast meeting and networking	05/11/2018
Turner Lucinda	Accepted	Future of London	Fizz 'n' Chips Christmas Drinks	A thank you for being involved with FoL and to celebrate the holiday season	04/12/2018
Verma Shashi	Accepted	Ed Thomas, KPMG	Global Infrastructure dinner	TfL and KPMG alliance opportunities	08/01/2019

Audit and Assurance Committee



Date: 14 March 2019

Item: Transformation Programme Update

This paper will be considered in public

1 Summary

1.1 This paper provides an update on the Transformation Programme. This paper is also being considered at the Finance Committee meeting on 11 March 2019.

2 Recommendation

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

3 Transformation Programme Background

3.1 The changes we are making are reducing operating costs and increasing sources of revenue to enable delivery of the Business Plan. Transformation has already delivered very substantial, recurring savings. In the past two years we have reduced year-on-year, like-for-like operating costs, and are on track to come in ahead of our target for this year too.

3.2 To date, in 2018/19, operating costs are £189m lower than budget with £137m of this from additional cost savings across all areas of the business. We are expecting the full year net cost of operations to be at least £250m lower than budget.

3.3 We are continuing with this programme which includes further reducing back and middle office costs over the next three years by 30 per cent and building our capability to raise revenue. This is critical in helping manage the financial headwinds described in the Business Plan as we target a net operating surplus by 2022/23.

4 Current Organisational Change Activity

4.1 As part of the latest phase, organisational change launched on 30 January 2019 with staff and trade unions in respect of the Finance and Commercial Senior Management Teams.

4.2 Subject to consultation, this proposed change would further integrate finance and commercial areas as they have critical and complementary roles in controlling costs. It would also align these areas with our new Business Services function which is accountable for delivering efficient, core transactional services across the organisation.

4.3 This involves 34 senior manager roles. The estimated reduction in management posts is 20 per cent, subject to consultation, with an estimated recurring annual

saving of £1.2m. This would enable further work to be undertaken later in the year that would aim to deliver a function that reduces its overall costs by 30 per cent.

5 Adapting our Approach to Change

5.1 We have reviewed our approach to managing change and are adapting it to learn from the past and mitigate future risks. This includes acting on feedback from staff, including results from the latest Viewpoint staff survey presented to the Board in January 2019.

5.2 To ensure we reduce the period of uncertainty and take our people with us, we are focussing on three priorities: how we improve the effectiveness of communication and engagement with staff; how we measure and manage the effect of change on diversity, inclusion, talent, health and wellbeing and management capability; and how we make better use of data to deliver and understand financial benefits.

5.3 We have produced a new toolkit that captures our people priorities and ensures we take a more focussed, holistic approach that will support our managers through transformation. This includes a new people impact assessment which will be used throughout the change process to ensure that decisions and conversations are fully informed by considerations of diversity, inclusion, staff wellbeing, talent retention, graduate and apprenticeship demand, and our priority to improve staff engagement.

5.4 We are developing a new TfL Leadership Foundation. This will include a new curriculum that will embed positive leadership behaviours that grow a values-based culture, make leadership more inclusive and create an environment that encourages both commerciality and innovation. It will also equip our leaders to deliver best practice in managing change. This will be run alongside more technical support over the next twelve months to effectively manage the process of change including leading meaningful consultation and effectively driving engagement with our people.

5.5 We are taking a more rigorous and structured approach to the control, management and reporting of people data and have revised our Equality Impact Assessment process to make it leaner, clarify accountabilities and responsibilities and improve the quality of decision making in line with our public sector equality duties.

6 Smart Working

6.1 There are significant benefits to moving towards Smart Working, primarily around providing staff with a modern and flexible working environment. It is also vital in supporting the consolidation of our office accommodation enabling a 30 per cent reduction in demand for desks by December 2019. Smart Working will also make us a more attractive employer and create improved work-life balance.

6.2 Smart Working pilots have been carried out in three areas, City Planning, Surface Projects and Programmes and Commercial Development, and a reduction in desk use of 30 per cent has been achieved. Staff have reported a change in working

styles, the ability to work more flexibly and satisfaction with working patterns has improved.

- 6.3 We are also starting to see change across the wider organisation with increased home working and staff using flexible break out areas. Feedback from staff in the pilot areas is being incorporated into a wider implementation plan from April 2019.

7 Developing our Business Services Function

- 7.1 This new function will achieve further cost reduction and revenue opportunities through simplification and structural integration 'across' end-to-end processes, subject to consultation.
- 7.2 We are conducting reviews of eight core business processes ¹ that sit across multiple functions including HR, Commercial and Finance. Current processes are being assessed against industry benchmarks. Initial assessments will be complete by mid-February 2019 and action plans put in place for improvement.
- 7.3 Internal Audit is providing assurance as we develop new processes to ensure effective controls remain in place.

List of appendices to this report:

None

List of Background Papers:

None

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¹ The core processes being reviewed include: Hire to Retire / Employee Payments, Master Data Management, Order to Cash, Source to Pay, Record to Account, Projects, Reporting, Service Management and Helpdesk

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Audit and Assurance Committee

Date: 14 March 2019

Item: Personal Data Disclosure to Police and Other Statutory Law Enforcement Agencies (2018)

This paper will be considered in public

1 Summary

- 1.1 This paper provides an annual update on the operation of TfL's policy on the disclosure of personal data to the police and other Statutory Law Enforcement Agencies (SLEAs).

2 Recommendation

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

3 Background

- 3.1 A revised policy on the disclosure of personal data to the police and other law enforcement agencies was approved at the Committee meeting on 9 March 2015, and it is now fully implemented. A high level report on the operation of the policy is provided to the Committee on an annual basis.
- 3.2 TfL holds a range of information about its customers and employees and in disclosing personal details to the police and other SLEAs 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 bodies¹ for the disclosure of personal information on customers and TfL employees. In accordance with the agreed policy, TfL 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. This paper provides the Committee with a summary picture of the data disclosed this year.

4 Operation of the Policy

- 4.1 The Information Governance team within our General Counsel directorate are responsible for the policy, advise 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 continues to be managed by the Partnerships and Policing team within our Compliance, Policing and On-Street Services (CPOS)

¹ Includes national security and other agencies with a statutory role in crime prevention and detection.

directorate in Surface Transport. This team deals with requests for personal data made to TfL by the police and other SLEAs with the following exceptions:

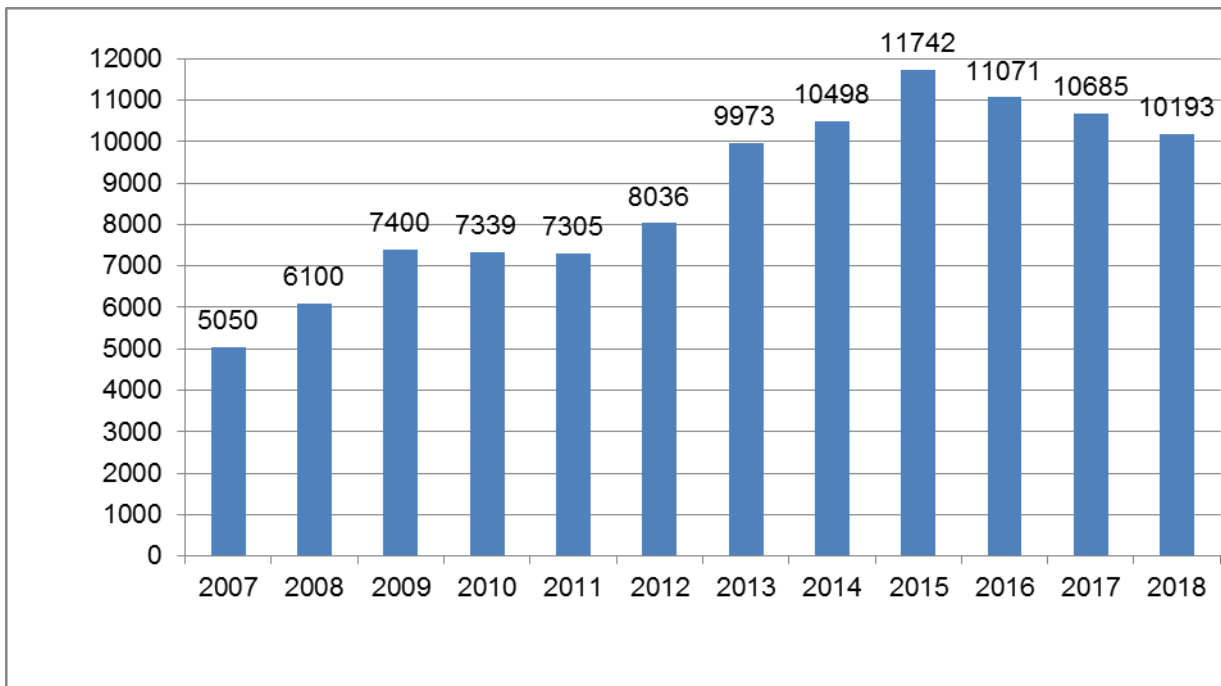
- (a) police requests for access to information, including CCTV images, held by London Underground Limited (LUL). These requests are processed directly by LUL (see section 8 below);
- (b) police requests for information on licensed drivers, held by our Taxi and Private Hire (TPH) Licensing team, for example for investigating allegations of sexual offences and other serious crimes. These requests are processed directly by TPH. A breakdown is included in section 7 below; and
- (c) Bus Operations, Road Network Compliance (CPOS) and London River Services may also respond directly to police and SLEAs requests, primarily for CCTV.

4.3 Since May 2012, we have also taken responsibility for responding directly to requests from non-police bodies that have a statutory role in crime prevention and detection (for example, the Driver and Vehicle Standards Agency, local authorities, HM Revenue and Customs, and the National Crime Agency). All departments follow our policy and procedures and are trained and audited by CPOS with practice overseen by Information Governance.

5 Overview Of Requests and Disclosures

- 5.1 Chart 1 shows the volume of all police and SLEA data requests made to TfL since 2007 for full calendar years (January to December). The total number of data requests made in 2018 is 10,193, a 3.4 per cent decrease from 2017. This current figure supports the recent trends of a year on year decrease in data requests.
- 5.2 There has been an overall rise in reported crime of 18.03 per cent on the rail network (up from 15,516 in 2017 to 18,314 in 2018) and a decrease of 6.81 per cent on the bus network (down from 15,968 in 2017 to 14,879 in 2018) for transport related crime in 2018. This increase in crime on the rail and Underground network has been driven by an increase in low level violent offences such as pushing, shoving and aggression between passengers, serious public order and theft. The bus network has seen a reduction in violence, sexual offences, theft and robbery in 2018 compared to 2017.
- 5.3 The Metropolitan Police Service (MPS) (who made 85 per cent of data requests received in 2018) recorded a 6.8 per cent reduction in bus-related crime between 2017 and 2018. The use by police of personal data held by TfL has been one of the key supporting factors in the reduction in offending on London's bus network and there continue to be clear benefits from using TfL data as an investigative tool.
- 5.4 The work we undertake with regard to processing data requests for the police and other SLEAs greatly contribute to the effective crime investigation, detection and prevention in London and supports the Mayor's Transport Strategy around criminal activity on the transport network.

Chart 1: Breakdown of request (by volume) from 2007 – 2018 received by CPOS



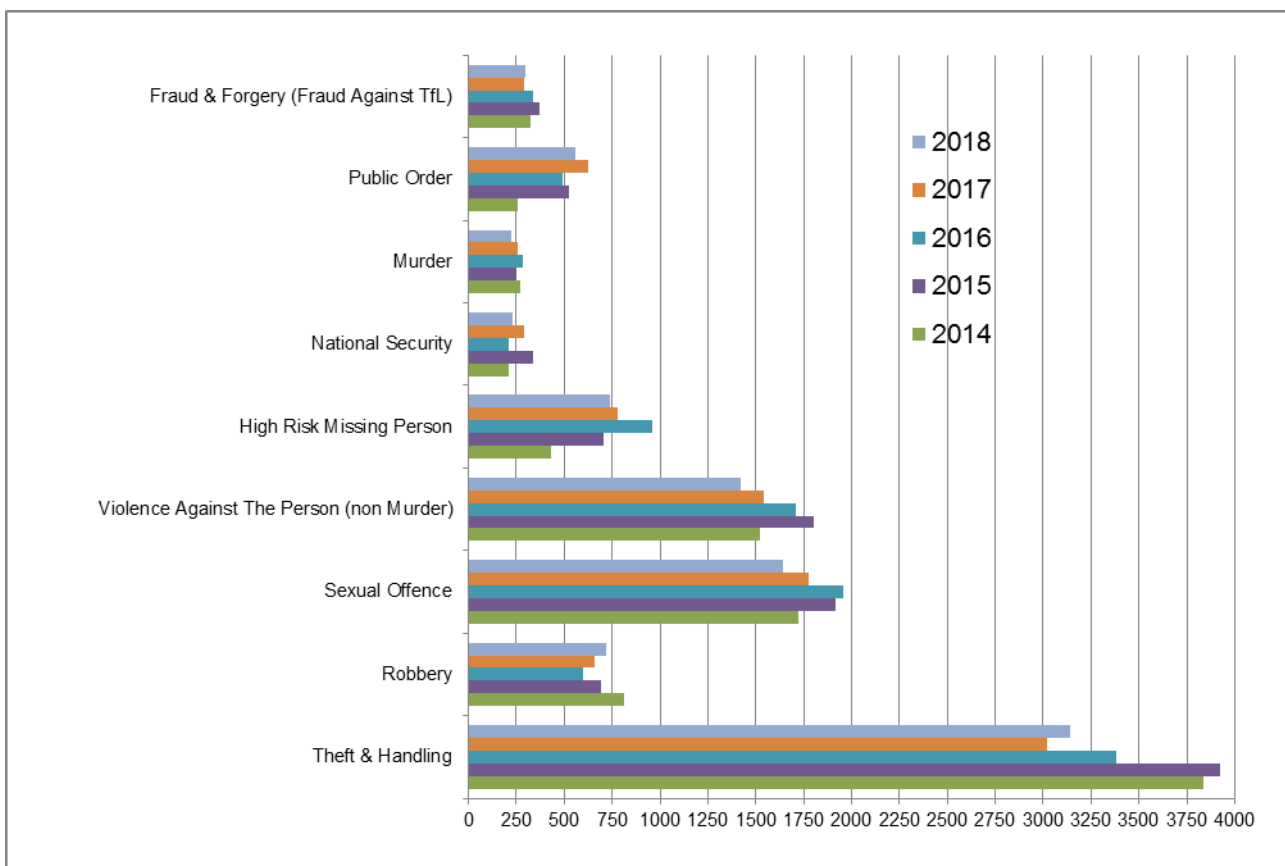
5.5 The MPS account for the majority of requests made to us. Table 1 below shows a breakdown of data requests by requesting agency (by percentage) for 2018, and is very similar to 2017.

Table 1: Data requests by requesting agency

SLEA	No of requests	2018 (%)	2017 (%)
MPS	8,642	85	86
BTP	846	8	7
Other police forces	282	3	3
National Security	230	2	3
Non-police bodies that have a statutory role in crime prevention and detection	123	1%	<1%
Bus Company (for personal injury / insurance claims)	47	<1%	<1%
City of London Police	23	<1%	<1%

5.6 Chart 2 below shows data requests by crime/incident type year to date. Categories with fewer than 150 in number are not shown.

Chart 2: Data request by crime type



6 Overview of Recent Improvements

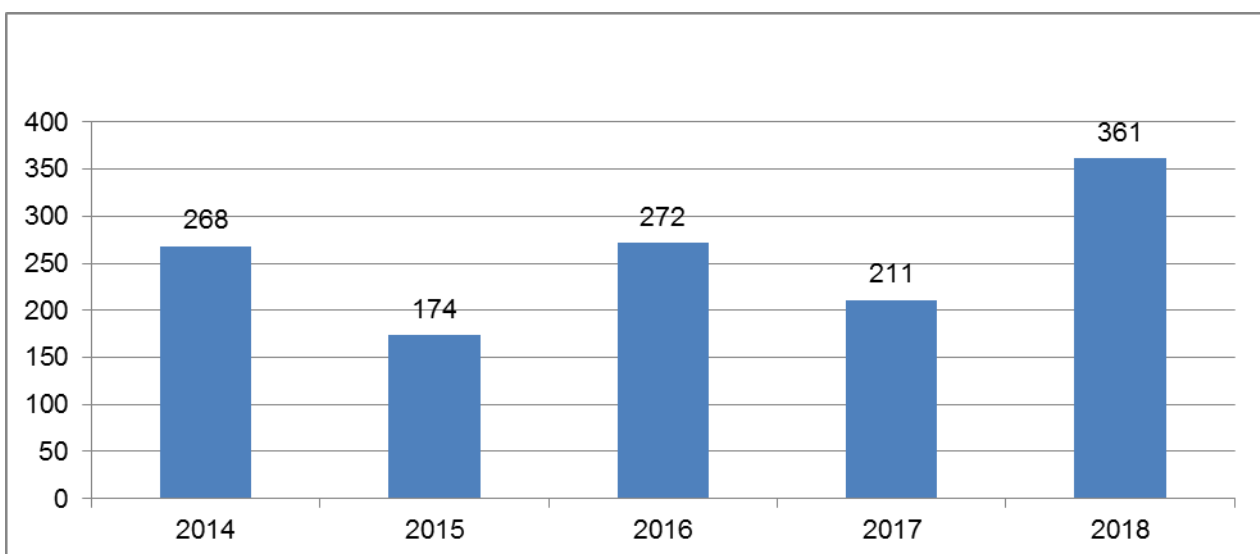
- 6.1 We continually review how best to manage current and projected levels of demand and guidance to the police and SLEAs has been issued and is routinely updated and published on each agency's intranet pages.
- 6.2 The purpose of such guidance is to provide clear advice on how data requests should be made and how they will be managed once received by us. This guidance provides a consistent and structured approach, in line with our policy and ensures that all disclosures are lawful, necessary and proportionate. The data requests are dealt with on a case by case basis, but in order to manage demand they are triaged when they are received, determining if and how they will be dealt with.
- 6.3 As a result of these changes and CPOS's close partnership working with the police, we are seeing fewer requests being rejected on the grounds that they are not clear, specific, proportionate or appropriate. Only one per cent of requests were rejected in 2018, compared to 19 per cent in 2011. This, combined with process improvement, has allowed the volume of police requests to be accommodated within existing staff resources.
- 6.4 The number of data requests received that specifically related to Contactless Payment Cards (CPC) totalled 1,038 for the year 2018, an increase of 33 per cent compared to 2017. This is largely due to an increase in CPC usage, which has grown to represent approximately 55 per cent of pay as you go payments are by CPC. We have seen a year on year growth of over 20 per cent in CPC usage.

- 6.5 In 2016, CPOS introduced a number of new crime type categories after trends were identified and the total data requests related to these categories for 2018 are as follows; 172 Child Sexual Exploitation investigations, 90 Hate Crime investigations and 13 Safeguarding investigations.
- 6.6 The 2018 figures saw a minor decrease of 5.2 per cent for requests concerning High Risk Missing Persons compared to 2017. We continue to put efforts into encouraging the police to make use of travel data to assist with their safeguarding and public protection investigations especially where there are potential child sexual exploitation issues. This is part of our wider work to improve the safeguarding of young people and vulnerable adults who travel on our network.
- 6.7 The option is always open for the police to request a Production Order through the Crown Court to obtain personal data in instances where TfL has refused to disclose data. The most common reason for requests to be rejected is that the volume of personal data requested is disproportionate and in 2018 there were three Production Orders received by TfL.

7 Personal Data Requests Relating to TPH Licensees

- 7.1 Police requests for information on licensed TPH drivers are processed directly by our TPH directorate and the data may be requested when a taxi or private hire licence holder is a suspect or witness to a crime.
- 7.2 Chart 3 below shows the volume of all police and law enforcement data requests made to TPH since 2014, when a central database of requests was established. There were 361 data requests made to TPH in 2018. The increase is largely as a result of new guidance issued to Private Hire Operators in early 2018 in relation to crime reporting. The new guidance assists PH operators with referring all complaints of alleged or suspected criminal conduct to the police for investigation.

Chart 3: TPH - Volume of Requests



- 7.3 The MPS accounted for the majority of requests made to TPH. Table 2 below shows a breakdown of data requests by requesting agency (by percentage) in 2018.

Table 2: Data requests by requesting agency

SLEA	No of Requests	2018 %	2017 (%)
MPS	243	80%	76%
Other police forces	42	14%	17%
City of London Police	9	3%	4%
National Crime Agency	7	2%	2%
Non-police bodies that have a statutory role in crime prevention and detection	4	1%	1%

- 7.4 Data was disclosed for 87 per cent of the requests and data wasn't held for 13 percent of requests. The breakdown of requests made regarding TPH drivers is shown below in table 3.

Table 3: Breakdown of requests regarding TPH drivers

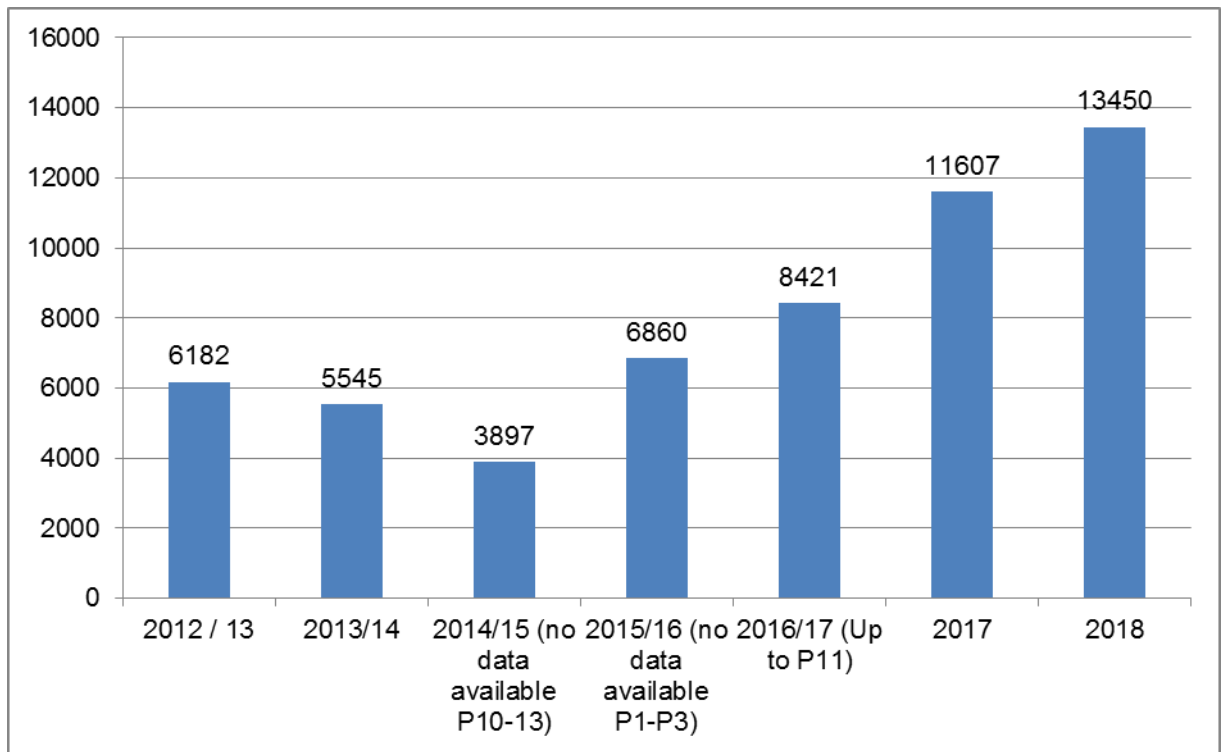
Type of Driver	No of Requests	2018 (%)	2017 (%)
Private Hire Vehicle	212	70%	71%
Black Cab (Taxi)	53	17%	24%
Knowledge of London Driver	0	0%	0%
No Details Available	40	13%	5%

- 7.5 The above statistics refer to both electronic and telephone data requests as there are two methods of data request being received. This can be via a dedicated data protection form or via telephone when compliance officers work with the police on exercises.

8 Requests Received by London Underground

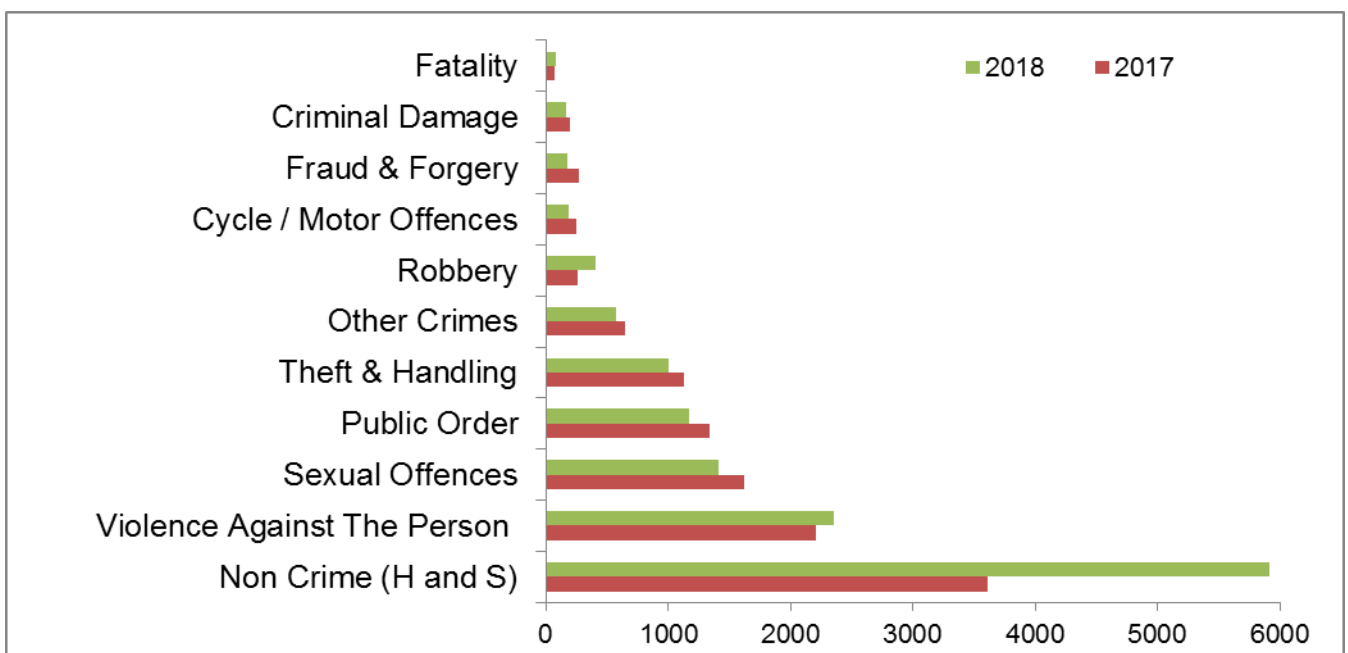
- 8.1 Police requests for personal data recorded by LUL's CCTV network are made directly to LUL utilising a service provided by the British Transport Police (BTP), who act as a data processor for LUL

Chart 4: Breakdown of Requests (by volume) from 2012/13 to 31 December 2018



8.2 During periods 10 to 13 of 2014/15 (7 December 2014 to 31 March) and period 1 to 3 of 2015/16 (1 April 2015 to 27 June 2015), there was no data captured due to the relevant data systems being updated and that is why the data totals are not consistent from year to year. Going forward, the LUL CCTV data requests will be recorded in a concise, timely and accurate manner in a calendar year format.

Chart 5: Breakdown of LUL CCTV Requests (by crime type) for calendar years 2017 and 2018



8.3 There has been a significant increase in the volumes of Non Crime data requests. This is due, in part to a drive by the LU Health and Safety team to encourage staff to report slips, trips and falls within the workplace.

9 Significant Incidents

- 9.1 We deal with a wide range of data requests from the police and other SLEAs ranging from very serious crimes such as murder, sexual offences and robbery to investigations relating to matters such as animal cruelty, bomb hoaxes and slavery. We do not receive a vast amount of feedback relating to the data that has been released to the police, however as below, there are occasions when good and useful feedback is received.
- 9.2 A prolific sexual offender had recently been released from prison and was subject to strict public transport travel conditions. The subject of interest was subject to a Sexual Harm Prevention Order (SHPO) and a data request was received from the BTP requesting travel information related to the individual as it was suspected that the SHPO was being breached. The relevant data was supplied to the police and in February 2019, the suspect was jailed for a period of 12 months for committing a sexual offence whilst subject to a SHPO. The officer in the case stated that the data provided by us was fundamental in bringing the perpetrator to justice.
- 9.3 A female was charged with several counts of Fraud by False Representation. This data enquiry was in relation to the Grenfell Tower disaster, in connection with which many data requests were received. The suspect claimed that she was a resident and was present on the night of the fire, and barely escaped with her life and also claimed to have lost her husband in the fire. The investigation into the female suspect centred on her movements before the fire and she was arrested and was found in possession of a TfL Freedom Oyster card. The subsequent report indicated that there was correlation with the mobile phone data for the suspect. The police were able to pinpoint the suspect's movements for days leading up to the fire as well as on the day of the fire itself. This data proved that the suspect was not present at the time of the fire, and in the weeks leading up to the fire had not used any of our transport services in the area of Grenfell Tower. This data was of immense value to the police and was used in evidence and ultimately led to the successful conviction of the suspect who was jailed for four and a half years.

10 Conclusion

- 10.1 TfL data released to the police and other SLEAs for the investigation, prevention and detection of crime on our network and across London continues to prove to be a vital crime prevention tool. As a result of this work, we continue to make a significant contribution to safety and security in London and there have been many examples of how our data has greatly contributed to the identification, apprehension and arrest of offenders who perpetrate crime on our network.

List of appendices to this report:

None

List of Background Papers:

None

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Audit and Assurance Committee

Date: 14 March 2019

Item: TfL Protective Security Update

This paper will be considered in public

1 Summary

- 1.1 This paper provides the Committee with an update on the development and progress of TfL's Protective Security Programme and the development of a new Strategic Risk (SR 17 – TfL Protective Security).
- 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 & 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 and information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.
- 1.3 Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.
- 1.4 The development and progress of the TfL Protective Security Programme is a key step in advancing towards a coherent, holistic, risk based and proportionate security strategy for TfL and building a stronger security culture across our workforce. The security programme covers physical, people and personnel security, it complements the cyber-security programme and recognises that within London Underground (LU) operations, security policy and practice is already well advanced. Although this paper emphasises preventative measures, the vital role played by Resilience and Business Continuity teams in planning for untoward incidents to reduce impact and casualties, building resilience and recovery and learning from incidents to support future prevention is equally important in the continuum of security.
- 1.5 A series of risk workshops were run with key stakeholders to articulate and complete the assessment of the Protective Security risks at Level 0 and Level 1 (Surface Transport). The causes and consequences of the risks have been outlined as well as preventative and corrective controls and actions. Examples of the key controls identified include: TfL Cyber Security Strategy, LU Security Plan and National Rail Security Programme. All the controls identified have been assessed as Partially Effective for both design and operation. Consequently, the overall control effectiveness rating of the Level 0 risk has been assessed as 'Requires Improvement'. Key actions have been identified to develop new controls and further strengthen the effectiveness of the existing controls. The risks will be reviewed and updated formally on a quarterly basis and reported to the Audit and Assurance Committee, ExCo (Security Improvement Programme), Policy, Strategy and People Leadership Group (Surface Transport).

2 Recommendation

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

3 Background

- 3.1 Protective Security in TfL is led by Gareth Powell, Managing Director of Surface Transport. Since Transformation, we have established an Operational Security and Crime Reduction Team in Compliance, Policy and On-street Services (CPOS), who provide advice and guidance and support across Surface operational teams, and to Head Office and professional service functions. The CPOS team works very closely with the Network Security Team in LU and the Cyber Security and Incident Response Team and Technology and Data.
- 3.2 Our work is guided by the Department for Transport (DfT), Centre for the Protection of National Infrastructure (CPNI), the Metropolitan Police Service (MPS), British Transport Police (BTP) and the Mayor's Office for Policing and Crime (MOPAC).
- 3.3 The security of the Rail and Underground networks is regulated by the DfT. The National Railways Security Programme sets mandatory requirements for railways, including the operators and infrastructure managers of London Overground and TfL Rail, for the security of stations, passenger trains, depots and railway infrastructure, personnel, training, communications and testing, exercising and reporting. These instructions were issued in May 2018 and the DfT have confirmed that TfL is in broad compliance. The LU Security Programme has been in place since 2003.
- 3.4 We have used the framework of the national rail security programme to inform our pan-TfL approach to protective security. We have also developed protective security strategic risks at TfL and Business Area level to help us manage the risks we face in a structured way by identifying the causes, consequences and existing controls in place. Key actions have been agreed to improve controls.
- 3.5 In light of the tragic attacks on Westminster and London Bridges, we have also provided updated guidance to the sponsors, designers and developers of schemes on the public highway, to support proportionate and risk based considerations of security measures as part of developing the streetscape and public realm. The Chief Coroner provided two recommendations to TfL as part of his Prevention of Future Deaths report by the Chief Coroner following the Westminster Bridge inquests last year. The recommendations concerned further work TfL could do to improve protective security on major roadways and bridges in the capital, in response to national advice and known threats; and a review of the height of railings and parapets on TfL's bridges. Good progress has already been made in these areas and a response was sent to the Chief Coroner on 26 February 2019.

4 Current Status

- 4.1 We currently face a range of security threats, from international terrorism, industrial espionage, hostile state actions through to organised crime and fraud. These threats are complex, volatile and enduring. They create risks for all aspects of our business, including safety, reliability of operations, customer and employee

confidence, finance and reputation. The largest challenge remains the threat of terrorism. Efforts to reduce the risk of terrorism contribute to reducing the risk of other crime.

- 4.2 Our strategy for security is to understand the threat to our business, assess our vulnerabilities and consider the risks and put proportionate measures in place that protect our customers, operations, assets and staff that delivers our vision for a safe, secure and reliable transport system for London.
- 4.3 We work closely with experts in the MPS, BTP, Security Services, MOPAC, CPNI, DfT and Home Office to inform our approach and activities. We are part of the London CONTEST Board (Counter-Terrorism Strategy Board) which co-ordinates organisations across London in the prevention of terrorism.
- 4.4 In line with the guidance published by the CPNI on Protective Security Management System and the DfT's regulatory security requirements for the railways, we have adopted an internal programme to build and strengthen our security culture.
- 4.5 The TfL Security Programme has two component parts – a basic level awareness raising and training for all employees, and a tailored risk assessment for local security action planning in each business area. It has been developed in consultation with LU Network Security and with MPS counter-terrorism security advisers.
- 4.6 An internal employee communications campaign commenced in October 2018 reminding all employees to wear their building pass, escort visitors and challenge staff without a pass on display. This supports the work being carried out by Facilities Operations to review and improve the access control systems for head office buildings.
- 4.7 A basic security training course is being launched through ezone (our on-line learning portal for staff) to help all head office employees understand protective security, the threats facing TfL, and simple security measures they can take.
- 4.8 The Risk assessment process for individual business areas will be progressed in four phases:

Stage 1 - Security Self-Assessment – this tool is modelled on the framework for security self-assessment outlined by the CPNI and will assist business areas understand the potential vulnerabilities of the physical assets, personnel, people, processes, information and suppliers they are responsible for. The tool is designed to start the process of security thinking by focusing on the current threat from international terrorism, but opens up engagement on the wider range of threat facing TfL, from espionage, organised crime to fraud. The tool is being disseminated to all senior managers for completion by the end of March 2019.

Stage 2 - In-depth review from the CPOS security team to guide and advise accountable managers on threat and their areas of vulnerability, and to assist in identifying mitigations, controls and proportionate measures to reduce risk, documented in a local security action plan.

Stage 3 - Second line defence and assurance through CPOS monitoring the delivery of Local Security Action Plans and advising on new intelligence and changes in threat. We will report progress on security maturity quarterly to our Executive Committee.

Stage 4 - Third line defence through Internal Audit and Assurance, reporting to the Audit and Assurance Committee and through to the Board.

- 4.9 Progress has already been made in a number of areas including the adoption of a Threat and Vulnerability Risk Assessment process in Surface projects creating predictably crowded spaces (e.g. bridges, new developments); security briefings to over 25,000 bus drivers and operators staff; initial work to develop a Piers Security Programme; the review of security guarding contracts by Commercial and the review of access control by Facilities Operations.
- 4.10 Our Executive Committee will be monitoring progress against the TfL Security Action Plan on a quarterly basis. This will ensure all senior officers across the organisation have a collective understanding into the current threats and risks whilst also having shared oversight and providing scrutiny into progress being made against the plan.

List of appendices to this paper:

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

List of Background Papers:

None

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Audit and Assurance Committee



Date: 14 March 2019

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:
- | | |
|------------------|--------------------------------|
| 14 March 2019: | Chief Finance Officer |
| 10 June 2019: | External Auditors |
| 3 December 2019: | Director of Risk and Assurance |

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

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Audit and Assurance Committee Forward Planner 2019

Appendix 1

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

10 June 2019		
Risk and Assurance Quarterly Report	D. Risk and Assurance	Quarterly
Cyber Security Update	D. Strategy and Chief Technology Officer	Minute Reference 84/11/18
TfL Annual Report and Accounts	Chief Finance Officer	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	Quarterly
Annual Audit Fee	Chief Finance Officer	Annual
Internal Audit Annual Report 2018/19	D. Risk and Assurance	Annual
Gifts and Hospitality	General Counsel	Quarterly
Executive Committee Business Expenses	Chief Finance Officer	Quarterly
Legal Compliance Report	General Counsel	Bi-annual
IIPAG Quarterly Report	Head of Project Assurance	Quarterly
Transformation Update	D. Transformation	Standing Item
Briefing: Transformation	D. Transformation	More detailed update
Strategic Risk 3 Deep Dive: Governance and Controls Suitability	General Counsel	Informal

Audit and Assurance Committee Forward Planner 2018/19

26 September 2019		
Risk and Assurance Quarterly Report	D. Risk and Assurance	Quarterly
EY Report on Non-Audit Fees	Chief Finance Officer	Quarterly
Effectiveness Review of the External Auditors	Chief Finance Officer	Annual
Freedom of Information and General Data Protection Compliance Update	General Counsel	Annual
Gifts and Hospitality	General Counsel	Quarterly
Executive Committee Business Expenses	Chief Finance Officer	Quarterly
IIPAG Quarterly Report	Head of Project Assurance	Quarterly
Crossrail Update	General Counsel	Quarterly
Transformation Update	D. Transformation	Standing Item.
Strategic Risk Deep Dive [TBC]		
Briefing: Transformation	D. Transformation	More detailed update.

Regular items:

- Risk and Assurance Quarterly Reports
- Gifts and Hospitality
- IIPAG Quarterly Updates
- Transformation Update
- Executive Committee Business Expenses

Items to be scheduled:

- Risk Management Progress review

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of the Local Government Act 1972.

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