

Transport for London

Safety and Sustainability Panel

**Subject: Key Findings from Internal Audit Reports – Quarter 1
2013/14**

Date: 9 October 2013

1 Purpose

- 1.1 The purpose of this paper is to inform the Committee about Internal Audit Reports related to Safety and Sustainability issued during Quarter 1.
- 1.2 The Panel is asked to note the paper.

2 Background

- 2.1 TfL Internal Audit has carried out, from time to time, audits of safety and sustainability related matters, usually at a strategic level. However, the majority of audit work in relation to HSE matters has historically been delivered by the HSE audit team within London Underground. There was also a separate team within Tube Lines carrying out HSE audit work.
- 2.2 With effect from 1 January 2013, the HSE Audit function transferred into Internal Audit, and the Tube Lines Audit function also transferred in May 2013. Together these functions now form the HSE and Technical section within Internal Audit. This brings the majority of audit activity within TfL together in one place for the first time.
- 2.3 The programme of HSE & Technical Audits for 2013/14 forms part of the TfL Integrated Assurance Plan that was approved by the Audit and Assurance Committee on 6 March 2013. The plan is kept under review throughout the year and adjusted where appropriate to take account of changing business priorities.
- 2.4 On completion of each HSE and Technical Audit, an audit report is issued to the 'Client' within the business who commissioned the work and copied to other relevant staff involved in the audit. Where corrective actions or improvement actions are agreed to address issues identified by the audit, these are tracked by the audit team, including review of supporting evidence, in order to confirm that the issues have been properly addressed.
- 2.5 Appendix 1 provides a summary of the HSE and Technical audit reports issued during Quarter 1. The most significant of these reports include the following:
 - (i) Assurance of 3rd Party Provision of Lifts and Escalators – a number of significant findings and improvement opportunities were identified
 - (ii) LU Fatigue Management – two non-conformances and other areas of improvement were noted with reference to recent ORR guidance.

- (iii) LU Projects Incident Investigations – there is scope to improve processes for ensuring lessons are learned from incidents to prevent recurrence and to spread best practice.
 - (iv) LU COO Effectiveness of Proactive Monitoring Systems – compliance with Management System requirements remains generally good, but there were some areas for improvement, including monitoring of operational communication and effectiveness of planned general inspections.
 - (v) Progress Rail Supplier Audit – this audit of the supplier's Quality Management System identified a number of areas where the documented procedures were not being complied with.
- 2.6 There was also one other relevant Interim Internal Audit report issued during the Quarter in relation to Business Continuity at Crossrail. A summary of this report is attached as Appendix 2.

3 Recommendation

- 3.1 The Panel is asked to NOTE this paper.

4 Contact

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Reference	Report Title	Final Report Issued	Original Objective	Summary of Findings
Rail and Underground				
Delivery of Capital Investment Portfolio and Contract Management				
13/785	Occupational Health Supplier Audit – Healthcare Connections	07/05/2013	Assess supplier's compliance with LU Standards.	In general, the Audit found that the site is adequately equipped for undertaking medical assessments and that recent improvement actions have been implemented effectively. The supplier was accredited to undertake medical assessments for LU provided the 4 minor corrective actions are addressed within 4 weeks.
13/792	Trams Supplier Audit - Stadler	13/05/2013	Assess supplier's compliance with LU Standards.	The audit was undertaken to approve Stadler who provide new trams and components to TfL. The supplier was accredited which will also mean that they can provide approved parts to Bombardier who maintain the trams.
13/787	LU Supplier Audit – Re-Ropes Ltd	14/05/2013	Assess supplier's compliance with LU Standards.	Re-Ropes Ltd deliver lift engineering repair and maintenance services to the Underground railway infrastructure as a sub-contractor to Otis, Schindler, Accord and Aurora. The assessment was successful and the Re-Ropes Ltd management demonstrated satisfactory commitment to maintaining and further developing their established operating system procedure and process controls. The system procedure and process formats that had been established were found to be robust, satisfactory for purpose, adequately maintained and there was evidence of continuous system improvement.
13/701	Assurance of 3rd Party Provision of Lifts and Escalators (L&E)	17/06/2013	To assess whether appropriate review and assurance is provided of new L&E assets.	The significant findings were: <ul style="list-style-type: none"> Historically LU L&E Engineers were not suitably involved in some of the invitation to tender and contract award processes for the projects sampled L&E Technical Specifications are locally controlled, and are therefore not being subjected to the corporate change control process involving the Directors' Risk, Assurance and Change Control Team (DRACCT), as required by the TfL Standards The LU L&E Engineers are undertaking an extensive amount of assurance work that Contractors are contractually required to provide. <p>Observations to address improvement opportunities were issued as follows:</p> <ul style="list-style-type: none"> L&E Supplier Lists are not formally agreed by the L&E Engineers. Approved Products Lists are not available for L&E. Verification Activity Plans do not reflect the extensive L&E verification activities being applied. It may be beneficial to incorporate Contract Requirements Deliverables lists into TfL Pathway. Procurement processes should be managed within the TfL Management System and be subjected to corporate change control including DRACCT review, and should require and define specialist engineer involvement.

Reference	Report Title	Final Report Issued	Original Objective	Summary of Findings
Disruption to Quality of Service				
13/707	LU Lifts & Escalators Mitigations Management	03/06/2013	To assure that systems exist and are effective in ensuring that sub-standard machinery is assessed and mitigated before being allowed to continue in service.	<p>The purpose of this audit was to establish that systems exist and are effective in managing safety risk when it is decided to continue operation of lifts or escalators in a degraded state.</p> <p>The audit found that risks associated with operating lifts and escalators in a degraded state are systematically managed with mitigations in place.</p> <p>It was identified that process compliance with Work Instructions in the Management System needs attention. There are also opportunities to update the documented requirements to reflect current practice.</p> <p>Opportunities for improvement were also identified in relation to simplifying ownership of the mitigations process, defining the process for escalating failed mitigations, management of mitigations registers, widening attendance at structural integrity meetings, accessibility of records and the wider use of Ellipse as a system for this recording.</p>
Major Incident - External				
13/786	Earls Court Traincrew Depot Managers Handbook Compliance	17/05/2013	To provide assurance that management system is complied with and identify areas for improvement.	The audit was requested by the local manager having recently moved to the depot. The depot was assessed as 'Adequately Managed' which means controls were generally operating satisfactorily, but where minor strengthening of processes or procedures should be addressed.
13/713	LU COO Effectiveness of Proactive Monitoring Systems	06/06/2013	To assess compliance and effectiveness of arrangement for monitoring safety systems.	<p>The purpose of this audit was to:</p> <ul style="list-style-type: none"> Establish whether there has been any deterioration in management system compliance and control of safety risk since the operational audit rolling programme was stopped in May 2011; To gain feedback from users of pro-active monitoring tools prescribed in the LU Handbooks and report on their effectiveness in ensuring that safety risk is controlled. <p>The audit found that the levels of compliance with Management System requirements remains generally good and consistent with those found when the rolling programme of audits was undertaken, indicating there has been no adverse affect.</p> <p>The audit identified that arrangements for line managers' monitoring of operational communication were not being implemented. The management response needs to address negative feedback on the process and its methods with potential to learn from methods used on the national rail network.</p> <p>There are common areas of weak compliance including tracking lead risk assessor recommendations, undertaking DSE assessments, completion of operational track Planned General Inspections (PGIs), and records to demonstrate compliance with fire legislation.</p> <p>It was identified that station PGIs by station managers duplicate other inspection activities and so could be revised to focus more on practices rather than physical conditions. This would strengthen assurance that Station Supervisors are effectively supervising the station and identify and address any deficiencies.</p>

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13/716	Process for Maintaining Traffic Controller Diagrams and Signal Plans	14/06/2013	To assess arrangements for timely and accurate maintaining of these plans.	<p>The audit found that the processes in place, if followed, were suitable for the update and control of the respective diagrams and plans.</p> <p>However, corrective action is required to ensure that projects plan their work so that drawings are provided in a timely manner and that required meetings to approve updated diagrams take place.</p> <p>It was also identified that the update and handover of these plans can be integrated into Pathway so that they are handed over consistently at the end of projects.</p>
13/830	Morden Station Group HSE and Managers Handbook Compliance	17/06/2013	To assess compliance with the Managers Handbook.	<p>The audit was requested by a new Group Station Manager for the group. The audit found that there was generally adequate control of safety risk. A number of opportunities to strengthen processes were identified, particularly in relation to monitoring and ticketing & revenue:</p> <ul style="list-style-type: none"> • PGIs were not being undertaken as frequently as planned • Monitoring of operational communication protocol was not being undertaken as required • Station Fire Plans are not always updated following completion of project works • Fire call points are not always tested weekly as required • Control of critical ticketing and revenue stationery was not controlled sufficiently • Spare float safe keys are not held for all stations, meaning that unnecessary costs would be incurred in the event of a loss of a float safe key.
13/714	Occupational Health (OH) - Track Certifications	20/06/2013	To assess OH's systems and processes for undertaking track medical examinations.	<p>This assessment is in line with the current audits also undertaken on suppliers for accreditation purposes every two years.</p> <p>Based on sampling taken, the audit found very well controlled infrastructure, Doctors' & Nurses' competencies and processes for undertaking track certification medical assessments.</p> <p>Two Observations related to lack of visibility of processes / procedures and relevant records for document control (from pre-assessment questionnaires to filing medical records) and internal communications to changes to Category 1 Standards.</p> <p>One Observation related to 'new starter' induction packages, which was noted as good practice.</p> <p>Overall, we found that OH's systems are suitable for track examinations and certifications, and processes and internal controls could be used as benchmarks / guidance for other OH Suppliers.</p>
Other				
1213/1321	Tadley Engineering Pre-Contract Audit	03/04/2013	Pre-contract audit of potential supplier to assess the adequacy of its Quality Management systems.	<p>This was a pre-contract audit of a contractor proposed to undertake maintenance and repair of escalator system equipment and manufacture of replacement structural parts for maintenance fleet rail vehicles.</p> <p>During the assessment Tadley representatives successfully demonstrated the application of their Quality Manual and its procedures including the ongoing maintenance of its supporting systems. It was also evident that Tadley were continuing to invest in their business recently opening new factory facilities to expand their</p>

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				<p>production capacity and purchasing new machine tools.</p> <p>The contractor was approved as an LU supplier.</p>
1213/310	Progress Rail Supplier Audit	08/04/2013	To ensure Progress Rail's Manufacturing, QC/QA and other support processes that assure the integrity of Points components.	<p>Progress Rail had an integrated management system subject to third party assessment; however a number of deficiencies were identified during the audit. In total 7 corrective actions were raised against the Quality Management System:</p> <ul style="list-style-type: none"> • Not all production route cards contained the required level of information. • Quality Inspection and Test Plans were not in place for all components produced. • Test equipment was not calibrated at the required frequency. • Out of tolerance gauges were not identified or concessions applied for. • Production and test equipment was not identified or consistently used. • Production route cards referenced out of date drawing revisions. • Identification and storage of components was inadequate. <p>A number of observations were also made.</p>
1213/806	LU Fatigue Management	05/04/2013	To assess LU's status against elements of recently revised guidance from the ORR.	<p>The audit identified non-conformances with requirements in the LU Management System and/or legal requirements:</p> <ul style="list-style-type: none"> • Free Health assessments are not offered for those employees starting night work or at regular intervals once night work commences. Whilst this requirement has been incorporated into the Managers Handbook, managers were not aware of the requirement and there are opportunities to redesign the form to support the process; • The management system requires that where limits on working hours are exceeded a written justification must be recorded. This happens rarely but when it does, the justification is not recorded. <p>We also noted a number of areas where current practices can be strengthened to meet ORR guidance, including building on good practice identified in some areas of the organisation.</p>
1213/146	LU Rolling Stock Maintenance Records	15/04/2013	To ensure staff are working to specified Standards and Procedures for work order priority.	<p>Whilst risk is generally controlled through maintenance Work Orders being prioritised and monitored in accordance with the relevant Work Instruction, minor areas of non-conformance were found relating to incorrect categorisation of a small number of work orders and formal reviews of work orders by management.</p> <p>Other areas for potential improvement identified relate to discipline regarding recording of maintenance activities electronically and consolidating/harmonising reporting and monitoring activities.</p>
1213/807	LU Handover of Assets	15/04/2013	To assess effectiveness of improvement actions designed to address deficiencies in handover of assets from CPD to APD/COO.	<p>The audit identified significant improvement in this area to ensure that handover of new assets into operational use means that assets can be operated and maintained effectively. This includes improved procedural compliance, clarity of roles and responsibilities and general governance of the process.</p> <p>One of the projects sampled was not fully compliant and corrective action will now be taken to ensure an effective handover.</p> <p>The use of an embedded Maintenance representative and a Maintenance & Handover Manager in one project was identified as best practice for projects with similar size and complexity.</p> <p>Some improvements to process documents were identified to embed effectiveness further.</p>

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1213/802	LU Projects Incident Investigations	18/04/2013	To ensure that incident investigations are identifying root causes and preventing recurrences.	<p>This audit identified that LU contractors should make improvements to their processes to ensure that lessons are learnt from incidents to prevent recurrence. In particular there is a need to focus on the competence of those undertaking investigation, guidance documentation and peer reviews to ensure that root causes are identified.</p> <p>Additional measures could also be taken to prevent under-reporting, particularly near misses; and spread best practice amongst LU projects and contractors to achieve better consistency.</p> <p>Positive findings were that investigations are always undertaken to identify immediate causes, and action is taken and tracked to completion. This involves good collaboration between LU project teams and contractors.</p>
12/212	LU - On and Off Track Vegetation and Boundary Fencing Management	30/04/2013	To assess LU supplier compliance with track management standards.	<p>The audit identified that the supplier was being given conflicting objectives, which meant that branches from trees were left on site to encourage bio-diversity but as a result were increasing the risk of these same branches obstructing the track, in contravention of LU standards. This has been addressed as a result of the audit.</p> <p>The supplier was generally found to be undertaking maintenance activity as required. Improvement opportunities were identified in relation to contents of the contract when next updated including environmental objectives and control of information to ensure there are no breaches of data protection legislation.</p>
12/503	LU Sub-Surface Upgrade Project – Requirements Management	20/05/2013	To assess whether project requirements are suitably defined with planned evidence for compliance.	<p>The audit largely found well controlled Requirements Management including traceability at all levels and planned evidence for compliance (success criteria) at System Requirements Specification (SRS) levels for Verification & Validation (V&V) activities.</p> <p>As projects within the SUP programme began, variously, before, during and after the implementation of the LU Project Management Framework, and some during the time of the PPP Contract; the Audit inevitably found some inconsistencies in documentation & information used for overall Requirements Management albeit without affecting overall outcomes.</p> <p>In future, the use of TfL Pathway should ensure further consistency in Requirements Management and delivery for this long term programme.</p> <p>A non-conformance within the One Person Operation project was raised due to lack of a SRS and related Verification documentation. Two observations were also noted.</p> <p>It was noted as good practice during the Audit, that all four areas use the role & responsibilities of a Requirements and V&V Manager / Engineer to ensure effective delivery of Requirements.</p>

Interim
AC= Adequately Controlled
RI= Requires Improvement
PC= Poorly Controlled
WC= Well Controlled and Audit Closed
AC/ACL = Adequately Controlled and Audit Closed

Reference	Report Title	Interim Report Issued	Original Objective	Follow-up Audit	Summary of Findings
Crossrail					
IA_11_506	Business Continuity	12/04/2013 RI	To determine the effectiveness of Crossrail's business continuity arrangements.	29/11/2013	<p>The audit examined the surviving aspects of the old Business Continuity Management System (BCMS), as well as ones already introduced or proposed by the new system.</p> <p>In order to ensure a consistent and effective approach, senior management has defined and documented CRL's BC objective. An appropriate policy to support this is in place, and other strategy and procedure documents are being developed as part of the new BCMS. As part of the implementation of the new BCMS, it will be communicated to all CRL employees, and training provided as appropriate.</p> <p>There is clarity and understanding of the responsibilities of those involved in BC, the key parties being the:</p> <ul style="list-style-type: none"> • Health and Safety Director, who is the BCMS sponsor; • BC Manager, responsible for implementing and maintaining the BCMS in accordance with the BC Policy, as well as coordinating BC activities across CRL; • BC Champions, who are responsible for managing BC in the CRL departments, and have been made aware of their duties in a series of workshops organised by the BC Manager and Steelhenge. <p>Senior management has ensured the availability of resources for the achievement of BC objectives, including engaging Steelhenge Consulting to assist with developing the new BCMS. Currently Steelhenge is developing BC plans for the CRL departments, which is a key aspect of the BCMS, as the plans will be used in the event of a disruption.</p> <p>The audit identified one Priority 1 and four Priority 2 issues, which are summarised below:</p> <ul style="list-style-type: none"> • Some departments have not completed their Business Impact Analysis, which Steelhenge needs to develop BC plans. This has delayed the implementation of the new BCMS. • The proposed process for testing BC plans does not include a strategy to ensure that testing is undertaken in a coordinated, systematic and comprehensive manner. • Some employees do not have the emergency card containing the contact details to be used if there is a disruptive event that prevents them from gaining access to their

Reference	Report Title	Interim Report Issued	Original Objective	Follow-up Audit	Summary of Findings
					workplace. <ul style="list-style-type: none"> • There is no formal process for notifying the BC Manager and BC Champions of staff changes that affect those with BC responsibilities. • There are no plans to include the new BCMS in the six-monthly management review of all CRL management systems, which is designed to provide independent monitoring and oversight.