

**Date: 18 June 2014**

**Item 10: Internal Audit Quarter 4 Report 2013/14**

**This paper will be considered in public**

**1 Summary**

1.1 The purpose of this report is to inform the Committee of the audit work completed in the fourth quarter of 2013/14, the work in progress and work planned for Q1 of 2014/15.

**2 Recommendation**

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

**3 Background**

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

3.2 This is a shorter than usual quarterly report, which has been restricted to informing the Committee of reports and other outputs issued during the quarter, and work in progress and planned. This is to avoid repeating material included within the Internal Audit Annual Report included on this agenda.

**4 Work Done**

4.1 There were twenty Final Audit Reports issued during the quarter, all of which resulted in the audit being closed. A summary of the report findings is included in Appendix 3.

4.2 The table below shows the number of Interim Audit Reports and other outputs, including advisory/ consultancy reports and memorandums, and HSE and Technical Audit Reports issued during the quarter and in the year, together with comparative figures for the prior year.

	Interim Audit Reports					Other Outputs (Advisory Reports/ Memos)	HSE and Technical Audit Reports	Total
	WC	AC	RI	PC	Total			
	WC – well controlled AC – adequately controlled RI – requires improvement PC – poorly controlled							
This Quarter	2	8	9	0	19	13	33	65
YTD	5	24	24	5	58	37	97	192
YTD 2012/13	5	18	24	3	50	43	86*	179

\* HSE and Technical Audits were not controlled by Internal Audit until the last quarter of 2012/13

- 4.3 Details of the findings from the interim reports issued during the period can be found in Appendix 4. In all cases, management actions have been agreed to address the issues raised, and are being taken forward.
- 4.4 A summary of the other outputs issued during the quarter, including memorandums and advisory reports, can be found in Appendix 5. The more significant of these include the following:
- (a) A review of LU's processes for monitoring and reporting on asset performance found that there was scope to improve the performance models used in some areas. Work to update and improve the models is currently in progress;
  - (b) Our review of recently revised bank reconciliation processes found that the performance of bank reconciliations is generally robust and effective, with only minor areas for improvement noted;
  - (c) The review entitled 'Responding to growth in the Surface Transport business plan' noted that, at the time of our fieldwork, detailed plans for Surface Transport's staff resource requirements to deliver its investment programme were not in place. This issue is being addressed by management as a matter of priority; and
  - (d) Our real time audit of the Run Better Programme highlighted a number of areas where governance of the programme could be improved, and these are being taken forward by management.
- 4.5 Summaries of the HSE and Technical Audit reports issued during Quarter 4 are set out in Appendix 6. The most significant of the reports issued during Quarter 4 include the following. We have included a statement of the likely 'audit conclusion' had these been applied to HSE and Technical audits. In all cases management actions have been agreed to address the findings, and are being taken forward:
- (a) Design Management and Coordination – Bank Project (Requires Improvement) – The governance and working arrangements are regarded as good practice. However, several areas of control weakness were noted, particularly in relation to documentation;
  - (b) Track Familiarisation (Requires Improvement) – There has been significant improvement in the numbers of station supervisors being track familiarised since the last audit in 2012. However, there is scope for further improvement in this area;
  - (c) LU Implementation of Rule or Procedural Changes (Requires Improvement) – Arrangements for communicating Operational Standards Notices and ensuring relevant staff understand them are not set out in the Management System. Consequently communication is reliant on the actions of individual managers rather than systematic;
  - (d) Power Asset Handover Process (Requires Improvement) – The audit found that improvement is required in the clarity of written processes so as to achieve full and accurate information on assets. In addition, there are gaps in asset information as a result of some process steps not always being followed;

- (e) Bridges and Structures Inspections (Requires Improvement) – The audit identified a number of areas of non-conformance including issues relating to documentation, management of inspectors’ qualifications, and out of date standards and work instructions; and
  - (f) JNP Winter Weather Preparedness (Well Controlled) – Processes to deal with adverse weather were found to be well coordinated, with effective communication to staff and contractors. Lessons had been learned from issues encountered the previous winter.
- 4.6 Work in progress at the end of Quarter 4 is shown in Appendix 1 and work due to start in Quarter 1 is shown in Appendix 2.

## **5 Other Assurance Providers**

- 5.1 In reaching his overall opinion on the effectiveness of internal control in TfL, the Director of Internal Audit takes account of work carried out by other assurance providers as well as work carried out directly by Internal Audit. The following paragraphs provide a brief summary of work carried out by other assurance providers during Quarter 4.

### **Project assurance**

- 5.2 In Quarter 4, twenty Integrated Assurance Reviews (IARs) were conducted, with IIPAG providing oversight and guidance on eight reviews, all of projects with an Estimated Final Cost of over £50m. Issues arising from the reviews are presented to the operating boards with agreed actions, owners and timescales.
- 5.3 The reviews are normally conducted using an External Expert (EE). However, in 2013/14, significant effort has been applied to deliver a number of Peer Reviews, where internal review teams carry out the role of the EE. Over the course of the year 14 reviews (against a target of 12) were carried out using Peer Review teams, approximately 12 per cent of the total number of reviews during the year.
- 5.4 Some of the more significant reviews during Quarter 4 were: Option IARs for the Elephant and Castle Northern Roundabout Improvements, Victoria Line World Class Capacity, and Silvertown River Crossing; a Pre-Tender review of the Surface Structures and Tunnels Portfolio (STIP 1); and annual reviews of the TLRN Capital Renewals Programme, the DLR Infrastructure programme and the JNP Lifts and Escalators programme. There were no significant issues arising from these reviews that need to be highlighted to the Audit and Assurance Committee.

### **Crossrail Assurance Providers**

- 5.5 In addition to the work carried out by Internal Audit there are a number of other teams providing assurance over delivery of the Crossrail project. The Crossrail Audit Committee receives regular reports on the work of these teams, whose work during Quarter 4 is summarised in the following paragraphs.

- 5.6 Crossrail Compliance Audits – The compliance audit function within Crossrail carries out technical audits of compliance with the Crossrail Management System, and is managed by the Senior Audit Manager – Crossrail. Audits carried out during the quarter covered: Management System Processes (including compliance with quality standards), Permanent Works Design Management, Six Sigma (process improvement methodology) Management, and Stakeholder Management. There were no issues of particular concern arising from these audits.
- 5.7 Contractor HSQE Audits - There is a programme of around 80 contractor audits for 2013/14 spread across a range of themes and contracts aimed at providing assurance that contractors have appropriate HSQE systems in place. These audits are also managed by the Senior Audit Manager – Crossrail. Audits carried out during the quarter covered areas such as environmental management; vehicle management; quality management; working at height; plant and equipment management; contractor employment and industrial relations arrangements; and Planning, Environmental and Traffic (PET) consents management. One of the contractor quality audits found a significant number of areas of non-compliance and was concluded as poorly controlled. Crossrail is working with the contractor to ensure that appropriate remedial action is taken. There were no other significant areas of concern.
- 5.8 Contractor Commercial Reviews – This team carries out commercial assurance reviews of contractors, covering Cost; Contract Management; Risk Management; Commercial Value; Supply Chain and Procurement; and Anticipated Final Cost Management and Controls. There are no significant areas of concern arising from this work.

## **6 Customer Feedback**

- 6.1 At the end of every audit, we send out a customer feedback form to the principal auditee(s) requesting their view on the audit process and the report. The form is questionnaire-based so it can be completed easily and quickly. A copy of the questionnaire and the feedback for the quarter, together with comparative figures for the previous quarter, is included in Appendix 7.

### **List of appendices to this report:**

Appendix 1 – Work in Progress at the end of Quarter 4 2013/14  
Appendix 2 – Work Planned for Quarter 1 2014/15  
Appendix 3 – Final Reports Issued in Quarter 4 2013/14  
Appendix 4 – Interim Reports Issued in Quarter 4 2013/14  
Appendix 5 – Consultancy Reports and Memoranda Issued in Quarter 4 2013/14  
Appendix 6 – HSE and Technical Reports Issued in Quarter 4 2013/14  
Appendix 7 – Customer Feedback Form – Summary of Responses for Quarter 4

### **List of Background Papers:**

Audit reports.

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<b>Transport for London</b>	
<b>Internal Audit plan 2013/14 by directorate</b>	
<b>Approved by the TfL Audit and Assurance Committee 6 March 2013</b>	<b>Work in Progress- as of the end of Quarter 4 2013/14</b>
<b>Work Item</b>	<b>Objective</b>
<b>Pan TfL</b>	
<b><i>Maintaining a long term strategic, balanced Plan within the constraints of available resources</i></b>	
Horizon Follow Up Review	To provide ongoing support to the Project Horizon follow up review led by the Chief Finance Officer.
<b><i>Delivery of capital investment portfolio and contract management</i></b>	
Run Better Programme	Real time audit of the Run Better Programme, including a review of management of transition into the live environment.
<b><i>Disruption to quality of service</i></b>	
Mobile Telephony and Portable Devices	Review of controls over the issue, usage and payment for mobile telephony and portable devices (MTPDs).
<b><i>Security</i></b>	
SCADA review	To continue the programme of security assessments of SCADA systems begun in 2012/13, using the CPNI assessment tool.
<b>Rail and Underground</b>	
<b><i>Delivery of capital investment portfolio and contract management</i></b>	
Analysis of LU compensation events	To analyse compensation events to better understand the factors driving the occurrence of compensation events and how they are managed in order to determine any potential areas for improving the outcomes for LU projects using NEC3 Option C contracts.
Contractor management of labour resources	To provide assurance that the management of employment practices and labour relations by LU contractors complies with contractual obligations, is effective and applied consistently down the supply chain. This audit will be a pilot for further audits on this topic and will focus on the Taylor Woodrow Bam Nuttall Joint Venture contract at Victoria Station.
Procurement of the new DLR Franchise	A review of the procurement process associated with renewing the DLR franchise.
Effective use of gate and design reviews in projects	To provide assurance that gate and design reviews are effective and making use of Pathway correctly to contribute to project success.
Civil engineering design management Embankment Escalator Project	Assess process compliance and effectiveness for delivery and approval of designs and ensuring they are constructed as per approved design.
Civil engineering design management - Fairhurst External Designer	Assess process compliance and effectiveness for delivery and approval of designs and ensuring they are constructed as per approved design.

Work Item	Objective
Civil engineering design management - Vauxhall Project	Assess process compliance and effectiveness for delivery and approval of designs and ensuring they are constructed as per approved design.
Civil engineering design management - Pell Frischmann	Assess process compliance and effectiveness for delivery and approval of designs and ensuring they are constructed as per approved design.
Implementation of earth structure designs - Clancy Docwra	Examine implementation of designs from previous audit.
Implementation of earth structure designs - Cementation Skanska	Examine implementation of designs from previous audit.
Implementation of earth structure designs - LU	Examine implementation of designs from previous audit.
<b>Disruption to quality of service</b>	
Management of Rolling Stock Information	Assess systems for ensuring the update and accuracy of drawings and process instructions, particularly resulting from rolling stock modifications.
Management of extra low loss conductor rail	To establish the effectiveness of the competence and maintenance arrangements following the introduction of a new system.
Communications Equipment Room (CER) Management	To assess the processes and controls for ensuring risks to safety and reliability are managed in CERs.
Table B Facilities Maintenance	To assess whether Table B facilities are being maintained as required.
Northern Line Upgrade Configuration Management	To ensure the key controls are in place over the NLE project, including implementation of Pathway process, procurement/tendering authority, and implementation of IIPAG recommendations.
Project Data	To ensure that Project Data is being captured and entered into Maximo using the approved processes and systems.
<b>Major Incident - External</b>	
Lift Competence Management System (CMS) Assessments	To assess whether competence assessments of station staff who undertake lift procedures are undertaken in compliance with CMS requirements.
Management of Temporary Works (DRACCT 397)	Assess whether new standard has been implemented.
Workload Planning	Assess evidence to determine whether the right resources (time and manpower) exist to undertake tasks. This will be undertaken against the ORR Railway Maturity Model.
Flood Protection	To ensure Operations maintenance processes are in place to ensure full functionality of flood protection including the Canning Town Portal / Storey's Gate (Westminster) floodgates.
<b>Environmental impact of delivering a transport service</b>	
14001 Compliance	To assess LU processes and procedures for compliance against ISO 14001 standard.
<b>Crossrail</b>	
Procurement of the Crossrail Train Operator Contract.	To ensure that the procurement processes employed for the Crossrail Train Operating Contract ('the CTOC') are in accordance with approved procedures and EU directives, and are open, fair and transparent.

Work Item	Objective
<b>Surface Transport</b>	
<b><i>Maintaining a long term strategic, balanced Plan within the constraints of available resources</i></b>	
Cycle Hire Financial Processes	To provide assurance that controls are operating effectively within the new Cycle Hire financial systems, and that all monies received by TfL have been correctly accounted for.
<b><i>Delivery of capital investment portfolio and contract management</i></b>	
Management of the London Highways Alliance Contract (LoHAC)	To review the management of the LoHAC framework and a selection of call off contracts.
Traffic Control Equipment Maintenance and Related Services 2 (TCMS2)	Provide assurance that the decision making process in place for governing the letting and implementation (TCMS2) contract ensures the objectives of the contract are achieved.
<b><i>Financial and Governance Controls</i></b>	
Blue Badge	Review of controls over TfL and third party processes in relation to Blue Badge
<b>Finance</b>	
<b><i>Maintaining a long term strategic, balanced Plan within the constraints of available resources</i></b>	
Commercial Development Business Plan	The audit will comprise a high-level review of Commercial Development's business planning processes, evaluating the methods and data used to generate revenue and cost projections.
<b><i>Delivery of capital investment portfolio and contract management</i></b>	
Cost Planning and Control of IM Programmes and Projects	To gain assurance that the approach to budgeting and controlling costs on individual programmes and projects is undertaken in a structured and consistent manner within IM that allows the business to make informed decisions on spend and benefits realisation.
Bravo	Application controls audit of the system including user access management, change management, resilience, interfaces with SAP, backup and DR, IT security arrangements, capacity management.
Procurement of the Professional Services Framework	Real time audit of the procurement process employed for the Professional Services Framework.
Management of the Commercial Transformation Programme	To obtain assurance that the management of the changes proposed adhere to an agreed process and that the process to achieve the changes is adequately considered so as to ensure an accurate, robust and measurable change.
<b><i>Disruption to quality of service</i></b>	
End User Computing (EUC)	To review controls over the delivery of the EUC Programme.
<b><i>Financial and Governance Controls</i></b>	
Management Accounts	Following on from MA work in 2012/13 this audit will review the adequacy and effectiveness of the period end management accounting process.
JNP - Review of Payroll Data Quality	To provide assurance on the processes, procedures and controls that have been implemented to ensure the integrity, availability and confidentiality of the JNP payroll data maintained in the Axiom solution.

<b>Work Item</b>	<b>Objective</b>
Data Interrogations - Purchase to Pay	Undertake a series of data interrogations of the purchase to pay data to confirm that selected key controls operating within and outside of the application are both operational and effective.
<b>General Counsel</b>	
<b><i>Financial and Governance Controls</i></b>	
Administration of Subsidiaries	Review of effectiveness of process and controls around the governance and administration of subsidiaries.
<b>Customer Experience, Marketing and Communications</b>	
<b><i>Maintaining a long term strategic, balanced Plan within the constraints of available resources</i></b>	
Operation of Contactless Ticketing	Review of the process and controls around the new contactless ticket operation.
<b><i>Delivery of capital investment portfolio and contract management</i></b>	
Procurement of the Ticketing and Fare Collection Services Contract	Real time audit of the procurement of a new contract (or contracts) for a suite of work packages for the provision of the Oyster ticketing system, in time for the expiry of the existing contract with Cubic.
<b>One HR</b>	
<b><i>People Strategy</i></b>	
Viewpoint Staff Survey	To review the conduct of the Viewpoint staff survey and the responses and resulting action plan.
<b><i>Financial and Governance Controls</i></b>	
Staff Travel	Review of controls over issue and recovery of nominee passes issued to third parties.
<b>Crossrail</b>	
Undertakings and Assurances	Detailed reviews of a sample of specific commitments to review how these are being managed.
IT Availability and Capacity	A review of the effectiveness of controls that have been designed and implemented to ensure integrity, availability and security of the data maintained and managed by Fujitsu.
Safety Management Reporting	A review of the management reporting of health and safety management and performance.
Contractor Incentives for Programme Rescheduling	A review of Contractor incentives that are paid by Crossrail to bring forward construction works. This is to include a review of the overall programme of incentives, and how individual incentives are calculated and then approved.
<b>London Transport Museum</b>	
LTM Efficiencies	Following on from work carried out in 2012/13, to work with LTM management to review the adequacy, effectiveness and sustainability of specific elements of current LTM efficiencies programme.
LTM Ticket Selling System	Application controls audit of the ticket selling system including user access management, change management, resilience, backup and Disaster Recovery, IT security arrangements, capacity management.

Transport for London	Appendix 2
Internal Audit plan 2014/15 by directorate	
Approved by the TfL Audit and Assurance Committee 5 March 2014	Work Planned - for Quarter 1 2014/15
Audit	Objective
Pan TfL	
<i>Risk of an Information or Cyber Security incident on key services that support business and/or network operations</i>	
Cyber Security	Provide assurance on the effectiveness of the processes, procedures and controls that have been established across the organisation to identify and manage the risks associated with cyber security.
<i>Environmental impact of delivering a transport service</i>	
Implementation of Environmental Strategy / Initiatives:	To review the processes and controls around TfL's environmental strategy / objectives.
Rail and Underground	
<i>Delivery of capital investment portfolio</i>	
LU estimate review and validation process	To examine the validity and effectiveness of the estimate review and validation process, as this is a key component in ensuring robust estimating.
Asset Registers and Asset Information	To assess effectiveness of processes and practices for ensuring that products are accepted and registered (S1041 and S1011). Sample to include signals, civils and Power air main diagrams.
Baker Street/Bond Street Tunnels	To ensure Design/Construction change processes are being followed correctly on site, including accurate record keeping for all processes including materials certification through to installation process and sign off.
Signalling Configuration Management	To assess robustness of configuration of signalling control systems to avoid operational and safety critical incidents.
Track Cube Testing Process	To confirm compliance with full testing process, records and action based on results supplied following approved procedures.
Track Partnership Track Installation and Handover	To provide assurance that the installation of new track is undertaken in a manner consistent with expected standards and to ensure the maximum reliability and safety.

<b><i>Risk of an Information or Cyber Security incident on key services that support business and/or network operations</i></b>	
Security of LU SCADA Systems	To provide assurance on previous vulnerability assessment work ensuring all identified threats and risks have been appropriately mitigated.
<b><i>Disruption to quality of service</i></b>	
Progress Rail	To assess supplier capability for supplying pre- fabricated Points and Crossings.
Tottenham Court Road - Handover of Assets	To provide assurance that Taylor Woodrow Bam Nuttal (TWBN) have the appropriate ISO9001 processes to ensure completeness of handover documentation to LU.
TWBN - Victoria Station Upgrade Technical Compliance	To provide assurance that the TWBN Management Systems meet the requirements of ISO9001/ ISO10005 regarding competence, roles and responsibilities, production of documents and sub-contractor selection
Bond Street - Costain Laing O'Rourke	To assure the implementation of project documentation to ensure that LU requirements are met.
Signal Points Fitters	To provide assurance that sub-contracted staff undergo a process for recruitment, training, competence and licensing
Supplier Audit - Glentworth Rail Ltd	Audit of Glentworth Rail Ltd's capability to manufacture Escalator Steps to the required standard.
Tube Clearances	To assess the governance arrangements for ensuring that clearances of trains from infrastructure are maintained.
Signalling Maintenance Quality Checks SSL/BCV	To assess adherence to the management processes for conducting maintenance quality checks on asset condition and staff adherence to the standards / work instructions.
Hot Weather Preparedness - Track	To confirm compliance against Cat 1 standard S1177, S1158 and associated procedures and Work Instructions before the onset of hot weather.
Track Ultrasonic Inspections	To confirm appropriate management systems are in place to ensure compliance against Cat 1 Standard S1158.
Depot Equipment Maintenance	To assure that assets in depots are owned and maintained.
<b><i>Security</i></b>	
Security of LU Tenants	To review LU Station tenancies from a security risk management perspective and the process supporting personnel security arrangements in respect of tenants.
<b><i>Major incident - external</i></b>	
Trams Infrastructure safety management	To ensure the systems and processes in use for ensuring the systematic control of safety risk to Trams employees, including risk assessment, controls implementation and monitoring
Buried Services Management (Victoria and Bond Street)	To assess Victoria and Bond Street Projects' processes for identifying buried services and then ensuring that risk of strikes are minimised.
Safety Management Track AP - BCV	To assess effectiveness of arrangements to ensure that safety risks are controlled via existing documented requirements and that these are effective. Also licensing of safety critical staff and trainers and availability of records in accordance with safety critical at work standard.
Safety Management Track AP - SSL	To assess effectiveness of arrangements to ensure that safety risks are controlled via existing documented requirements and that these are effective. Also licensing of safety critical staff and trainers and availability of records in accordance with safety critical at work standard.
Safety Management Track AP - JNP	To assess effectiveness of arrangements to ensure that safety risks are controlled via existing documented requirements and that these are effective. Also licensing of safety critical staff and trainers and availability of records in accordance with safety critical at work standard.

LU Power AP - Low Voltage/High Voltage safety rules	To assess compliance with rules to control work on high voltage/low voltage equipment.
Change Control	To assess London Overground processes for ensuring that changes are assessed for risk with mitigations identified and implemented.
<b>Surface Transport</b>	
<b><i>Failure of critical IT systems</i></b>	
Implementation of Systems Development Life-Cycle (SDLC) in Surface Transport	Provide assurance that the developing SDLC has been implemented within the business and is working effectively and efficiently.
<b><i>Major incident - external</i></b>	
Road Safety Action Plan	To assess implementation of the actions outlined in the Mayor's Road Safety Action Plan
Taxi and Private Hire - taxi inspectors	Review controls over operation of Taxi inspectors
<b><i>People Strategy</i></b>	
Organisational change in ST	To provide assurance that ST's organisational changes are being planned and executed efficiently and effectively, and likely to deliver the expected benefits.
<b><i>Financial and Governance Controls</i></b>	
LRS Healthcheck	Healthcheck audit of general financial and business controls at LRS.
<b>Finance</b>	
<b><i>Delivery of capital investment portfolio</i></b>	
Run Better Programme	Provide assurance that the transformation projects delivered under the Run Better Programme in the current financial year achieve effective solutions in line with TfL's strategic objectives and business requirements.
Transforming Information Management (TIM)	Provide assurance on the effectiveness of the programme of work, approach and processes involved in defining and implementing the TIM strategy and delivery of the programme objectives.
<b><i>Risk of an Information or Cyber Security incident on key services that support business and/or network operations</i></b>	
Third Party Access to SAP Systems	Provide assurance on the design and effectiveness of the controls that have been implemented to manage third party access (e.g. contractors, non-employees) to SAP and other systems.
<b><i>Failure of critical IT systems (Applications, Networks and Infrastructure) impacting the delivery of key business operations</i></b>	
End User Computing	Provide assurance that the outputs delivered under the programme of work on EUC meet the needs of the business, contain appropriate controls and are aligned to industry 'best practice'.
<b><i>People Strategy</i></b>	
Phase 2 Commercial Transformation	To provide assurance that the TfL Commercial Transformation Programme (CTP) is being managed in an efficient and effective manner, and risks to the successful delivery of its objectives are under control.

<b>Financial and Governance Controls</b>	
Accounts Receivable	To review the risks and associated control arrangements in place over secondary revenue
Scorecards	Review controls over scorecards and indicators and provide assurance on accuracy and integrity.
<b>HR</b>	
<b>People Strategy</b>	
Equalities and Inclusion	To review effectiveness of controls operating over the Equalities and Inclusion programme and spend.
Staff Travel	Review of process and controls over issue use and recovery of staff travel passes and nominee passes.
<b>Crossrail</b>	
Crossrail Complaints Commissioner Accounts	The annual review of Complaints Commissioner accounts for accounting accuracy.
Pension Scheme	To review controls over the Crossrail Pension Scheme, including the effectiveness of 'auto-enrolment'.
Ilford Yard Management - commercial	To review the commercial management by Crossrail of the Ilford Yard contracts C828, C336 and C442.
Common Safety Methods	To review the preparation for compliance with Common Safety Methods.
Network Rail Management of Line Closures	To review the effectiveness of Network Rail line closures over Easter and Christmas breaks.
Fujitsu Service Performance	To review how the revised performance indicators are established and are working. The review to include the Fujitsu service delivery centres, service desk response times, monitoring and reporting processes.
Security	A review of the management and performance of contractor site security arrangements. To include the physical control of equipment and plant on site.

<b>Finals</b>
ACL= Audit Closed
ANC= Audit Not Closed
WC= Well Controlled and Audit Closed
AC/ACL = Adequately Controlled and Audit Closed

Reference	Report Title	Interim Report Issued	Original Objective	Summary of Findings	Final Report Issued
<b>Underground and Rail</b>					
<b>Maintaining a long term strategic balanced Plan within the Constraints of available Resources</b>					
IA_13_146F	Revenue Protection – Docklands Light Railway	05/11/2013 AC	To determine the effectiveness and the adequacy of the Docklands Light Railway Limited (DLR) revenue protection processes.	<p>Our Interim Audit Report dated 5 November 2013 entitled Revenue Protection – DLR identified two Priority 2 issues resulting in five management actions.</p> <p>We have now carried out a follow up review of the agreed management actions and can confirm that four have been satisfactorily addressed. One remains partially addressed, but an appropriate action plan is in place to ensure this is completed in the near future.</p> <p>Therefore this audit is now closed.</p>	27/02/2014 ACL
<b>Financial and Governance Controls</b>					
IA_12_120F	Emirates Air Line Revenue Collection	29/01/2013 PC	To provide assurance on the adequacy and effectiveness of controls over the EAL revenue collection process.	<p>Our Interim Audit Report dated 29 April 2013 entitled Emirates Air Line Revenue Collection identified five Priority 1 issues, which, together with two Priority 2 issues, resulted in 19 agreed management actions.</p> <p>We have now carried out a follow up review and can confirm that 17 actions have been satisfactorily addressed and two remain partially addressed.</p> <p>The two partially addressed actions have appropriate plans in place for their completion and accordingly this audit is now closed.</p>	11/12/2013 ACL
IA_12_131F	Risk Management in Rail & Underground	27/06/2013 RI	To ensure that an effective risk management process is in operation within R&U for identifying, assessing, managing and reporting on risk.	<p>Our Interim Audit Report dated 27 June 2013 entitled Risk Management in R&amp;U identified one Priority 1 issue and one Priority 3 issue resulting in three agreed management actions.</p> <p>The priority one issue related to Directorate level risk registers across R&amp;U not being consistently maintained in ARM and Metric Reports not consistently acted upon.</p> <p>We have now carried out a follow up review and can confirm that all actions have been satisfactorily addressed. In addition R&amp;U are delivering a risk management improvement programme which will introduce revised risk management arrangements across the business. Accordingly this audit is now closed.</p>	14/02/2014 ACL

Reference	Report Title	Interim Report Issued	Original Objective	Summary of Findings	Final Report Issued
<b>Security</b>					
IA_12_015F	Security Assurance of Emirates Airline	08/04/2013 RI	To assess the effectiveness of the security arrangements and associated processes and procedures in operation that ensure the assets are effectively protected and mitigated against security risks.	Our Interim Audit Report dated 8 April 2013 entitled Security Assurance of Emirates Airline identified one Priority 1 issue and one Priority 2 issue resulting in two management actions.  The priority 1 issue was that whilst EAL had installed some Hostile Vehicle Mitigation (HVM) measures they were not providing a full level of protection.  We have now carried out a follow up review of the agreed management actions and can confirm we are satisfied that adequate arrangements and plans are in place to finally deliver against the outstanding actions. Accordingly, this audit is now closed.	10/01/2014 ACL
<b>Surface Transport</b>					
<b>Maintaining a long term strategic balanced Plan within the Constraints of available Resources</b>					
IA_13_102F	Revenue Protection – Surface Transport	31/03/2014 WC	To determine the effectiveness and the adequacy of the Surface Transport revenue protection processes.	See Interim Audit Report Summary in Appendix 4.	31/03/2014 WC
<b>Disruption to Quality of Services</b>					
IA_13_418F	Urban Traffic Control System	20/11/2013 RI	To provide assurance that efficient and effective arrangements are in place to ensure the security, availability and resilience of the Urban Traffic Control System (UTC). It also examined the arrangements put in place for change management and whether appropriate capacity management measures are in place.	Our Interim Audit Report dated 20 November 2013 entitled Urban Traffic Control System identified two priority 1 issues and one priority 2 issue resulting in three agreed management actions.  The priority 1 issues related to System Developer access into the live production systems.  We have carried out a follow up review and can confirm that all actions have been satisfactorily addressed and this audit is now closed.	31/03/2014 ACL
<b>Core Financial Processes</b>					
IA_12_103F	General Ledger Management	12/12/2012 AC	To review the adequacy and effectiveness of the TfL general ledger controls.	Our Interim Audit Report dated 12 December 2012 entitled General Ledger Management identified one Priority 2 issue resulting in three management actions.  We have now carried out a follow up review of the agreed management actions and can confirm that two have been satisfactorily addressed.  One action remains partially addressed due to significant delay to the Run Better Programme. However, alternative action is being taken in the meantime to compensate for this.	29/01/2014 ACL

Reference	Report Title	Interim Report Issued	Original Objective	Summary of Findings	Final Report Issued
				Therefore this audit is now closed.	
<b>Other</b>					
IA_12_132F	Taxi and Private Hire Controlled Stationery	21/03/2013 RI	To provide assurance over the use of controlled stationery in TPH ahead of introducing the new systems and processes.	<p>Our Interim Audit Report dated 21 March 2013 entitled Taxi and Private Hire Controlled Stationery identified two Priority 1 issues, one Priority 2 issue and one Priority 3 issue resulting in seven agreed management actions.</p> <p>The Priority 1 issues were related to security and stock controls over PH certificates, and replacement licence monitoring arrangements.</p> <p>Since the Interim Audit Report was issued, responsibility for stock control and the security of certificates has transferred to a new licensing service provider NSL and their printing subcontractor Liberty.</p> <p>We have carried out a follow up review, which also covered the service provider and subcontractor arrangements in relation to the agreed management actions.</p> <p>All actions have been satisfactorily addressed and the audit is now closed.</p>	25/03/2014 ACL
<b>Finance</b>					
<b>Maintaining a long term strategic balanced Plan within the Constraints of available Resources</b>					
IA_12_112F	Estates Management	26/06/2013 PC	To review the adequacy and effectiveness of the controls operating over the management of TfL's commercially let property estate.	<p>Our Interim Audit Report dated 26 June 2013 entitled Estates Management identified three Priority 1, nine Priority 2, and two Priority 3 issues resulting in 25 management actions.</p> <p>We have now carried out a follow up review of the agreed management actions and can confirm that 22 have been satisfactorily addressed.</p> <p>One remains partially addressed, but an appropriate plan is in place to ensure it will be completed in the near future.</p> <p>Two actions have not been addressed, partly due to work on the new Property website being suspended until wider strategic decisions, outside the control of the Property team, are made. Since the impact of this is not significant, and in view of the indeterminate time frame for completion of the website, we have agreed to close this report. However, we believe that intermediate action should be taken in the meantime to address the underlying issues, and new dates have been agreed by which this will be completed, which will be tracked through the actions database.</p>	25/02/2014 ACL
IA_12_136F	Development of the Commercial Development Business Plan	21/05/2013 AC	To review development of the Commercial Development business plan to gain assurance that the proposed strategies to increase TfL's income from secondary revenue streams are reasonable and have been	<p>Our Interim Audit Report dated 21 May 2013; entitled Development of the Commercial Development Business Plan identified one Priority 2 issue, relating to the management of stakeholders and two Priority 3 issues.</p> <p>Management has implemented all the recommendations made in respect of these findings. This audit is now closed.</p>	19/12/2013 ACL

Reference	Report Title	Interim Report Issued	Original Objective	Summary of Findings	Final Report Issued
			developed based on adequate consultation and research.		
<b>People Strategy</b>					
IA_13_103F	Procurement and Management of EPMF Consultant Bodies	14/11/2013 RI	To provide assurance on the effectiveness of controls over the procurement and management of consultant bodies within TfL.	<p>Our Interim Audit Report dated 14 November 2013 entitled Procurement and Management of EPMF Consultant Bodies identified three Priority 1 issues and four Priority 2 issues resulting in 17 agreed management actions.</p> <p>The Priority 1 issues identified were as follows:</p> <ul style="list-style-type: none"> <li>• Single sourcing of consultant bodies was the norm under the EPMF with mini-competitions only being conducted for 25 per cent of consultant body procurements;</li> <li>• Utilisation discounts, whereby TfL is contractually entitled to discounts on rates when consultants are engaged for long periods of time, were not obtained during part of 2012/13;</li> <li>• Some consultants' timesheets are not authorised weekly by TfL line managers and instead may only be reviewed once a period.</li> </ul> <p>We have now carried out a follow up review and can confirm that management has implemented the outstanding actions made in respect of the findings. Many of the actions were implemented prior to the issue of the interim report.</p> <p>Although the actions have been satisfactorily addressed it is too early to assess if they have fully had the impact on behaviours across the business that was envisaged. Accordingly further audit work will be carried out in approximately six months to ensure that the expected changes have occurred and the risks identified have been mitigated as far as possible. This stage of the audit is now closed.</p>	06/03/2014 ACL
<b>Financial and Governance Controls</b>					
IA_10_100F	Recovery of Third Party Funds	11/08/2011 RI	To review the efficiency and effectiveness of the recovery of monies from third parties following damage to TfL's assets.	<p>Our Interim Audit Report dated 11 August 2011 entitled Recovery of Third Party Funds identified eight audit issues, three of which were significant. The significant issues were as follows:</p> <ul style="list-style-type: none"> <li>• There were no high level TfL-wide policies or procedures detailing the processes through which recoveries should be sought from third parties. As a result, processes had developed locally, leading to differing practices across the business.</li> <li>• Group Insurance (GI) was unable to locate the contract with Turnamms. It subsequently transpired that the contract was never signed.</li> <li>• Within LU there was no established process for seeking recoveries following damage to an LU asset. Similarly, no-one within the organisation was charged with ensuring that recompense was sought when damage was incurred from third parties.</li> </ul> <p>This resulted in twenty actions.</p> <p>We carried out a follow up review and issued a follow up report on 17 January 2013. At the time twelve of the twenty actions detailed in the Interim Audit Report had been satisfactorily addressed.</p> <p>We have now carried out a further follow up review to confirm that the remaining actions have been addressed. Although the outstanding actions remain partially completed, sufficient progress has been made and plans are in place to satisfactorily address them.</p> <p>Accordingly this audit is now closed.</p>	04/02/2014 ACL

Reference	Report Title	Interim Report Issued	Original Objective	Summary of Findings	Final Report Issued
				Due to the length of time it has taken to address these actions, further audit work will be carried out during 2015/16 to ensure they have been brought to a satisfactory conclusion.	
<b>IM Governance</b>					
IA_12_005F	Security of Back-up Media and Offsite Storage	28/03/2013 AC	To review the security arrangements (including the processes and procedures) supporting back-up media and offsite storage. This work also assisted in providing additional assurance for TfL's annual assessment of compliance with Payment Card Industry Data Security Standards (PCI DSS).	<p>Our Interim Audit Report dated 28 March 2013 entitled Security of Back-Up Media and Offsite Storage identified:</p> <ul style="list-style-type: none"> <li>the policies and procedures for the backup process were not up to date, and</li> <li>there was no fully documented and published backup strategy</li> </ul> <p>We have now completed our follow up and can confirm that all back-up policies and procedures have been updated. A final draft back-up policy was circulated for management approval on 20 November 2012 and we are confident that this will be agreed and published to the wider TfL business.</p> <p>As a result, this audit is now closed.</p>	13/12/2013 ACL
<b>Core Financial Processes</b>					
IA_12_129F	Captive Insurance Arrangements	28/06/2013 AC	To review the effectiveness of the processes and controls in place in respect of London Transport Insurance (Guernsey) Limited (LTIG).	<p>Our Interim Audit Report dated 28 June 2013 entitled Captive Insurance Arrangements identified two Priority 2 issues resulting in four management actions.</p> <p>We have now carried out a follow up review and can confirm that management have implemented the agreed actions.</p> <p>Therefore this audit is now closed.</p>	23/12/2013 ACL
IA_12_123F	Business Expenses and Purchasing Cards	09/04/2014 AC	To review the controls in place over business expenses and purchasing cards, and the impact of revised business expenditure controls.	<p>Our Interim Audit Report dated 9 April 2013 entitled Business Expenses and Purchasing Cards, identified two Priority 2 and four Priority 3 issues resulting in nine agreed management actions.</p> <p>The Priority 2 issues were:</p> <ul style="list-style-type: none"> <li>Purchasing card spending limits and MCCs are not consistently reversed to their original status following a temporary change;</li> <li>Some expenditure claims are incomplete or incorrectly entered into SAP.</li> </ul> <p>We have now carried out a follow up review and can confirm that six actions have been satisfactorily addressed, two are partially addressed and one is no longer applicable. We are satisfied that plans are in place to complete the partially addressed actions, and the audit is now closed.</p>	17/02/2014 ACL
<b>London Transport Museum</b>					
IA_12_016F	Security of London Transport Museum	08/04/2013 PC	To assess the effectiveness of the security arrangements and associated processes and	<p>Our Interim Audit Report dated 8 April 2013 entitled Security of London Transport Museum identified:</p> <ul style="list-style-type: none"> <li>The overall security governance arrangements were poor leading to inadequate security management.</li> <li>The Intruder Detection System (IDS) at the LTM was not fully functioning and was experiencing daily</li> </ul>	04/02/2014 ACL

Reference	Report Title	Interim Report Issued	Original Objective	Summary of Findings	Final Report Issued
			procedures in operation that ensure LTM assets are effectively protected and mitigated against security risks.	<p>outages and was not providing full coverage of the sites.</p> <ul style="list-style-type: none"> <li>The Close Circuit Television (CCTV) system was not fully functional and a daily record of issues was being made of faults and issues with the system.</li> <li>There were a number of poor physical security issues at LTM sites.</li> <li>There was little CCTV Signage displaying Data Protection requirements.</li> </ul> <p>We have now completed our follow up and can confirm that all of the issues raised have been satisfactorily addressed. This audit is now closed.</p>	
<b>Planning</b>					
IA_13_129F	Section 106 Recovery Processes	<b>02/09/2013 RI</b>	To review the adequacy and effectiveness of the controls over the S106 recovery processes.	<p>Our Interim Audit Report dated 2 September 2013 entitled Section 106 Recovery Processes identified two Priority 1 issues and three Priority 2 issues resulting in seven management actions.</p> <p>The Priority 1 issues related to weaknesses in the monitoring and collection of S106 monies due from London boroughs.</p> <p>We have now carried out a follow up review of the agreed management actions and can confirm that all seven have been satisfactorily addressed.</p> <p>Therefore this audit is now closed.</p>	<b>31/03/2014 ACL</b>
<b>Crossrail</b>					
IA_13_509	Over-Site Development (OSD)	<b>10/01/2014 AC/ACL</b>	This audit reviewed whether Crossrail OSDs are being managed in an efficient and effective manner, and associated risks are under control.	See Interim Audit Report Summary in Appendix 4.	<b>10/01/2014 AC/ACL</b>
IA_13_513F	Market Conditions and Costs	<b>22/01/2014 WC</b>	To provide assurance that Crossrail has assessed the risk impact of macro-economic factors that could affect its ability to deliver the Crossrail Project and has built in adequate controls and implemented mitigations.	See Interim Audit Report Summary in Appendix 4.	<b>22/01/2014 WC</b>
IA_13_506F	Partner Invoice Management	<b>19/12/2013 RI</b>	To provide assurance on the effectiveness of the controls and processes for checking timesheets and certifying invoices from the Project Delivery Partner (PDP) and the Programme Partner (PP).	<p>The Interim Audit Report dated 19 December 2013 identified the following Priority 1 issue:</p> <ul style="list-style-type: none"> <li>The PDP timesheets are not being approved in accordance with the agreed procedures. The sample checks done by Crossrail on the PDP timesheets do not cover checking that they have been signed by the approved managers.</li> </ul> <p>We have carried out a follow-up review of the status of the agreed management actions and found that this and the one Priority 2 issue have been satisfactorily addressed. This audit is therefore closed.</p>	<b>30/01/2014 ACL</b>

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<b>Interim</b>
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
<b>Underground and Rail</b>					
<b>Delivery of Capital Investment Portfolio and Contract Management</b>					
IA_13_628	LU Management of Serialised Components	31/01/2014 AC	To provide assurance that new arrangements for the management of serialised spares for Fleet, Track and Signals are being effectively implemented for the Central and Bakerloo lines.	30/05/2014	<p>Of the original audit scope, only Fleet was examined during the audit, as the system had not yet been introduced to Track and Signals, and was expected by the end of 2013. Overall, we found effective controls to be in place across all scope areas reviewed. Our audit did not identify any priority 1 or 2 issues. However, we noted one priority 3 issue as follows:</p> <p>The stores staff input the material details directly into SAP; this information is transferred to Material Control via SAP workflows. Paper records are being held as an interim process to ensure the correct material is despatched. There are risks of human error on the paper work, although this will be addressed as the process moves into business as usual.</p>
<b>Managing External Stakeholder Interests</b>					
IA_13_615	Implementation of the Performance Data Warehouse (PDW)	31/01/2014 RI	To provide assurance that the delivery of the PDW programme is being managed in an efficient and effective manner.	31/07/2014	<p>The following examples of good practice were identified:</p> <ul style="list-style-type: none"> <li>• An innovative approach to project management has been developed, using an 'incremental' methodology. There is increased focus on delivery and flexibility, providing small packages of functionality in multiple releases.</li> <li>• There is an experienced and specialised delivery team, working with an engaged and positive sponsor and user group. The developers are co-located with the users, allowing direct communication and rapid issue resolution.</li> <li>• Stakeholders regularly review and reprioritise workpackages, to ensure delivery of essential improvements and to adapt to changing business requirements.</li> <li>• Issues raised during the course of this audit have been promptly addressed and actions have been taken to implement recommendations.</li> </ul> <p>The audit identified one Priority 1 issue regarding concerns about the stability of resources due to reliance on non-permanent labour (NPL). Two Priority 2 issues, relating to management of lessons learned and risk and benefits, and two Priority 3 issues, were also raised.</p>

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Reference	Report Title	Interim Report Issued	Original Objective	Follow-up Audit	Summary of Findings
<b>Disruption to Quality of Service</b>					
IA_13_629	Ordering and Management of Safety and Business Critical Stock	28/01/2014 AC	To provide assurance on the extent that new arrangements for ordering safety and business critical stock have been effectively implemented for the Central and Bakerloo lines.	15/05/2014	All scope areas were examined during the audit and we found controls to be generally effective across all areas reviewed. Our audit did not identify any priority 1 issues. However, we noted one Priority 2 issue in relation to Vending Machine Inventory. During our visit to one of the depots, we found that a vending machine that contained the goods was left open and unattended, and therefore there was a risk of stock being taken without being accounted for correctly.
<b>Surface Transport</b>					
<b>Security</b>					
IA_13_013	London River Services Security Risk Management	28/03/2014 RI	To assess the effectiveness of the physical security controls at LRS piers and confirm that all relevant security risks have been identified and appropriately mitigated.	31/07/2014	LRS staff are clearly motivated, taking pride in their work, and this was reflected in their efforts and approach to security. The Mayor of London's River Action Plan shows that LRS plan to introduce a number of new piers by 2020. It is recommended that any new pier designs should consider section 17 requirements in relation to crime & disorder and LRS management should seek advice from a Crime Prevention Advisor from Enforcement & On-Street Operations (EOS).  During the audit, we identified one Priority 1, two Priority 2 and two Priority 3 issues. The Priority 1 issue relates to a number of areas where physical access controls should be strengthened.
<b>Maintaining a long term strategic balanced Plan within the Constraints of available Resources</b>					
IA_13_102F	Revenue Protection – Surface Transport	31/03/2014 WC	To determine the effectiveness and the adequacy of the Surface Transport revenue protection processes.	31/03/2014 WC	Effective controls were in place across all areas reviewed. This included: <ul style="list-style-type: none"> <li>• Clear objectives and strategy</li> <li>• Documented standards and processes</li> <li>• Intelligence-led deployment of resources</li> <li>• Effective arrangements for vetting of new staff, including Disclosure and Barring Service checking</li> <li>• Controls to ensure all cash receipts are accounted for</li> <li>• Arrangements to minimise the safety risk to revenue protection inspectors</li> <li>• Clear performance measures, with regular review.</li> </ul> No issues were identified, and the audit is now closed.  This audit is the last of a series of revenue protection audits, which has covered London Underground, London Tramlink, Docklands Light Railway and London Overground. A memo dealing with any common themes and highlighting good practice to be shared will be issued shortly.

Reference	Report Title	Interim Report Issued	Original Objective	Follow-up Audit	Summary of Findings
<b>Finance</b>					
<b>Maintaining a long term strategic balanced plan within the constraints of available resources</b>					
IA_13_125	Fares Revenue Reconciliations	20/01/2014 RI	To provide assurance on the adequacy and effectiveness of controls over the completeness and accuracy of fares revenue.	31/10/2014	<p>We identified the following areas of best practice:</p> <ul style="list-style-type: none"> <li>• Joint Facility Ticketing fares revenue control account reconciliations, performed by FSC Financial Reporting, clearly demonstrate the composition of the balance and identify reconciling items;</li> <li>• The system in place to identify ticket office cash shortfalls in LU which is used to inform the stations investigation team; and</li> <li>• Open and effective communication and co-operation between the FSC and Customer Experience – Revenue Systems – Oyster PAYG, facilitated by minuted meetings and rolling action plans.</li> </ul> <p>One Priority 1 issue, together with three Priority 2 issues, and one Priority 3 issue were identified.</p> <p>The Priority 1 issue concerns the 30 revenue control accounts. The majority are effectively reconciled but some areas for improvement were noted including unclear responsibilities and the review and escalation process. Actions to address these points are being taken forward.</p>
<b>Delivery of Capital Investment Portfolio and Contract Management</b>					
IA_13_612	Implementation of the TfL Integrated Project and Programme Methodology (Pathway) Phase Two	31/03/2014 RI	To ensure that Phase 2 of the project to implement Pathway, across TfL, is being managed in an efficient and effective manner.	03/10/2014	<p>Publicity for Pathway was wide-ranging, including posters, bulletins and launch briefings held at all TfL HQ buildings, which were attended by over 2,000 staff. A good range of training was on offer including e-learning, 1-2-1 coaching, and general briefing sessions.</p> <p>Our audit review did however identify the following Priority 1 issues:</p> <ul style="list-style-type: none"> <li>• A number of projects had not completed Pathway Product Management Plans (PPMPs);</li> <li>• Lack of understanding of the correct use of Pathway by some projects;</li> <li>• Although several Special Interest Groups (SIGs) were set up under Phase 1 of the implementation to develop Pathway products, no SIG was set up for project staff;</li> <li>• On completion of the Pathway project in April 2014, the TfL PMO will not have an overarching role to play in co-ordinating and overseeing Pathway for the purpose of continuous improvement. This is being devolved to individual SIGs, which do not have the authority or capacity to co-ordinate and gain approval for continuous improvement across TfL; and</li> <li>• Business Unit training plans for Pathway had not been updated and signed off by appropriate staff, as evidence that staff training in Pathway had been satisfactorily completed.</li> </ul>
<b>Disruption to Quality of Services</b>					
IA_13_404	Operation and Effectiveness of the IM Governance Model	23/01/2014 RI	To provide assurance that the established IM governance model ensures that IM related decisions are made in line with TfL's business objectives and	31/07/2014	<p>We identified the following examples of good practice:</p> <ul style="list-style-type: none"> <li>• A Visual Management Centre (VMC) has been established to ensure transparency of the information relevant to IM governance, major programmes of work and key concerns of the business, and provide the IMLT with a valuable insight into the challenges and opportunities faced by the various IM teams. The IMLT attends the VMC fortnightly with the chairs of the IM boards and groups.</li> </ul>

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			strategies and that IM governance processes are overseen effectively and transparently.		<ul style="list-style-type: none"> <li>A Chairs' Forum has been set up consisting of the chairs of the IM boards and groups, aimed at providing support for the chairs, promoting good practice throughout the IM boards and groups, and identifying any potential issues or clashes within or between them.</li> <li>In October 2013, the Chairs' Forum completed a review of the effectiveness of the IM governance arrangements by conducting two surveys (one addressed to all IM employees and another to the members of the IM boards and groups) and interviews with the individual IMLT members. It is intended that this review will be used as a model which can be repeated at quarterly intervals in the future with a view to driving improvements in the IM governance arrangements.</li> </ul> <p>However, we identified one Priority 1 issue and one Priority 2 issue. The priority 1 issue is as follows:</p> <ul style="list-style-type: none"> <li>At the time of this report, all of the IM boards and groups except the Finance and Investment Review Board have been unsuccessful in delivering their expected outcomes, including continual improvements within their respective scopes.</li> </ul>
<b>Financial and Governance Controls</b>					
IA_13_119	Fixed Assets	11/03/2014 AC	To determine the effectiveness and adequacy of controls over TfL's fixed assets.	11/06/2014	<p>The audit found that there were effective controls in place, including:</p> <ul style="list-style-type: none"> <li>Clear delineation of responsibilities between the various parties involved in fixed asset accounting, and each party is aware of its responsibilities;</li> <li>A Property, Plant and Equipment Policy is in place, based on the applicable accounting standards, and underpinned by the business areas' more detailed documented procedures;</li> <li>There are clear processes for the initial recognition, capitalisation, and depreciation of assets, which comply with the policy's requirements;</li> <li>A number of period-end reconciliations are performed, aimed at ensuring the Fixed Asset Register's (FAR's) accuracy;</li> <li>An annual Asset Life Review, regular impairment reviews, and regular revaluation of office properties also help ensure the accuracy of the FAR; and</li> <li>Appropriate IT access controls are in place.</li> </ul> <p>The audit did not identify any Priority 1 issues, but identified one Priority 2 issue, in relation to delays recording disposals on the FAR, and two Priority 3 issues.</p>
IA_13_126	Procure-to-Pay	31/03/2014 RI	To provide assurance over the effectiveness of the TfL procure-to-pay process controls.	31/10/2014	<p>We identified a number of positive findings:</p> <ul style="list-style-type: none"> <li>There is good, logically organised guidance on various aspects of the SAP procure-to-pay process within the SAP Knowledge Warehouse on Source, and a selection of in-house training courses to train TfL staff on how to procure goods and services;</li> <li>In our sample testing, there was appropriate segregation of duties between creating and authorising shopping carts and ordering goods. Furthermore our sample testing of invoices concluded all had been posted accurately, completely and promptly;</li> <li>The number of retrospective purchase orders has been reduced in recent years.</li> </ul>

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					<p>This audit identified two Priority 1 issues, five Priority 2 issues and one Priority 3 issue.</p> <p>The Priority 1 issues identified are as follows:</p> <ul style="list-style-type: none"> <li>• There are a large number of duplicate vendor records for individual suppliers on TfL's SAP system. This makes it difficult to select a vendor record to purchase from, and to generate management information; and</li> <li>• A number of SAP users have access to procure-to-pay transactions they do not require.</li> </ul>
<b>One HR</b>					
<b>People Strategy</b>					
IA_13_141	Make a Difference Employee Recognition Scheme	18/03/2014 AC	To provide assurance on the adequacy and effectiveness of controls over the Make a Difference employee recognition scheme.	30/06/2014	<p>We identified the following areas of good practice:</p> <ul style="list-style-type: none"> <li>• Communication and raising awareness of Make a Difference across TfL, using all channels, such as Source, the TfL Company Management System (CMS), and business area magazines;</li> <li>• Design of an automated process to nominate and approve awards, and update SAP;</li> <li>• Tailored management reporting of progress against objectives by HR Business Partners to support business areas; and</li> <li>• Outsourcing control activities to the supplier to increase efficiency eg compiling monthly management information.</li> </ul> <p>As Make a Difference approaches its two-year anniversary, Reward and Recognition is updating the recognition strategy. It has incorporated the results of a recognition survey of managers in the strategy and is considering the use of various other data sources, such as pan-TfL analysis to identify opportunities to target under-represented behaviours and business areas. Reward and Recognition have also made this survey available as part of the automated nomination process.</p> <p>The audit did not identify any Priority 1 issues. Three Priority 2 issues and one Priority 3 issue were identified. The priority 2 issues were:</p> <ul style="list-style-type: none"> <li>• Controls over Instant awards are not applied consistently;</li> <li>• There are weaknesses in the monitoring arrangements for awards; and</li> <li>• The process in place for LU JNP is not consistent with the rest of TfL.</li> </ul>
<b>Finance and Governance Controls</b>					
IA_13_417	Quality of HR Master Data	17/02/2014 RI	To provide assurance on the adequacy and effectiveness of the HR processes and procedures that had been implemented to ensure the integrity, availability and confidentiality of HR master data.	31/08/2014	<p>We verified that all of the teams except HRS Recruitment have designed and implemented adequate policies, procedures and guidelines to create, modify and delete HR master and related transactional data and perform periodical checks on their quality that allows them to identify anomalies. We also verified that the SAP access authorisations to manage HR master data are adequate.</p> <p>We did not identify any priority 1 issues that would indicate material deteriorations in the integrity of HR data or significant control weaknesses. However, we identified three priority 2 issues where HR management could implement further improvements, as follows:</p> <ul style="list-style-type: none"> <li>• There is a lack of up-to-date HRS Recruitment guidelines and procedures that give clear instructions to its team members on the internal processes;</li> </ul>

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Reference	Report Title	Interim Report Issued	Original Objective	Follow-up Audit	Summary of Findings
					<ul style="list-style-type: none"> <li>The field containing the start date and end date of data records is not being consistently used; and</li> <li>The field used to store the employee date of birth in SAP is not being properly used in respect of non-permanent labour.</li> </ul> <p>One priority 3 issue was also identified.</p>
<b>Crossrail</b>					
IA_13_506	Partner Invoice Management	19/12/2013 RI	To provide assurance on the effectiveness of the controls and processes for checking timesheets and certifying invoices from the Project Delivery Partner (PDP) and the Programme Partner (PP).	31/03/2014	<p>The previous audit of partner invoice management in December 2012 identified control weaknesses in the processes for checking timesheets and certifying invoices. Process improvements have since been made, with both the PP and the PDP undertaking more detailed checks on timesheets leading to a reduction in the number of discrepancies.</p> <p>The Crossrail Finance team has also created the PDP Application for Payment (AfP) on SharePoint. This has further reduced the number of discrepancies by only allowing the PDP to enter time worked in the period. There is, however, some scope for further process improvements.</p> <p>The audit identified one Priority 1 issue and one Priority 2 issue.</p> <p>The Priority 1 issue related to PDP timesheets not being approved in accordance with the agreed procedures. The sample checks done by Crossrail on the PDP timesheets do not cover checking that they have been signed by the approved managers.</p>
IA_13_509	Over-Site Development (OSD)	10/01/2014 AC/ACL	This audit reviewed whether Crossrail OSDs are being managed in an efficient and effective manner, and associated risks are under control.	10/01/2014 AC/ACL	<p>The audit found effective controls in place across all areas, including well-defined governance arrangements, clear objectives and ownership of deliverables, effective stakeholder management and communications, and effective management of key processes.</p> <p>It was noted that the small team size might become an issue during and after the letting of the development contracts. The OSD management have proposed an increase of two heads in addition to the current team in order to support the proposed new strategy of pursuing a more active approach to development risk and potential returns in order to try and achieve the target outturn figure of £545m. This has not been raised as an issue in the report since it is already being addressed by management.</p> <p>The audit did not identify any Priority 1 or 2 issues. There was one Priority 3 issue raised related to document management.</p>
IA_13_513F	Market Conditions and Costs	22/01/2014 WC	To provide assurance that Crossrail has assessed the risk impact of macro-economic factors that could affect its ability to deliver the Crossrail Project and has built in adequate controls and implemented mitigations.	22/01/2014 WC	<p>The audit found that Crossrail had effective arrangements in place to mitigate macro-economic factors that could impact on delivery of the project, including fluctuations in foreign exchange rates, commodity prices, interest rates and inflation.</p> <p>The audit did not identify any issues.</p>

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## Appendix 4

Reference	Report Title	Interim Report Issued	Original Objective	Follow-up Audit	Summary of Findings
IA_13_505	Cost Verification and Assurance on Contractor Payments	31/03/2014 AC	To provide assurance that Crossrail has effective processes for cost verification and assurance to ensure payments to the contractors are correct.	31/10/2014	<p>The Cost Verification (CV) department was restructured in January 2013. A number of the team have experience and knowledge of cost verification techniques gained from working on large projects such as the Olympic Delivery Authority (ODA), T5 and the Channel Tunnel Rail Link (CTRL). The CV team also includes staff with finance and Internal Audit experience.</p> <p>A risk based approach has been used to prioritise CV activities across the Project.</p> <p>All policies and procedures, working papers and reports are maintained on the CV SharePoint site allowing staff access and the opportunity to learn and share from each others' reviews. Standard templates are used for capturing and reporting on CV reviews.</p> <p>The checks undertaken by the CV team in substantiating contractors' charges were thorough and any costs not supported or not in accordance with the SCC were recommended to be disallowed.</p> <p>A periodic dashboard provides updates on contracts by AFC, defined costs, risk levels and coverage by the CV team. These reports highlight the amounts identified as disallowable and/or not being Defined Cost.</p> <p>The level and type of disallowed contractors' costs being identified by the CV indicates lack of contractor self policing on charges before submission to Crossrail. A paper has been produced on disallowed cost for communicating the key messages to the Crossrail Industry Group (CIG).</p> <p>This audit did not identify any Priority 1 or Priority 2 issues, but identified four Priority 3 issues.</p>
IA_13_516	Effectiveness of Reporting	31/03/2014 AC	To provide assurance that there is effective management and reporting of the Crossrail programme budget and schedule.	31/07/2014	<p>The audit found that there were effective controls in place, including:</p> <ul style="list-style-type: none"> <li>• Robust governance arrangements, including management review and scrutiny at project, area and programme level. Roles and responsibilities are clearly documented and understood regarding cost, risk, schedule management and reporting.</li> <li>• Documented procedures to govern the management of cost and schedule as well as providing guidance on reporting. There is a high degree of compliance with the procedures with consistent processes being used across the projects reviewed.</li> <li>• There is a regular review and quarterly re-evaluation of the P50 risk figure in line with programme control requirements using Quantified Risk Assessment.</li> <li>• Regular review and monitoring is undertaken of trends and changes in line with the agreed procedures and scheme of delegated authorities by the Investment and Change Sub-Committee.</li> <li>• Progress monitoring is robust, including Cost Performance Index (CPI), Schedule Performance Index (SPI) and effective management review of reports.</li> </ul> <p>The audit did not identify any Priority 1 or 2 issues and just one Priority 3 issue.</p>

## Transport for London Audit and Assurance Committee - Interim Reports Issued for Quarter 4 2013/14

## Appendix 4

Reference	Report Title	Interim Report Issued	Original Objective	Follow-up Audit	Summary of Findings
<b>London Transport Museum</b>					
IA_13_145	Safety and Citizenship Programme	19/12/2013 RI	To review the efficiency and effectiveness of the delivery of the S&C programme with an emphasis on value for money.	30/04/2014	<p>The following areas of good practice were noted:</p> <ul style="list-style-type: none"> <li>The programme has a culture of continuous improvement and mechanisms for obtaining feedback from schools and students. Whilst this is mostly paper-based at present, management has conducted a trial of receiving JCS feedback via an online survey for students. Feedback on programme contents and delivery format is largely positive.</li> <li>As part of an accreditation scheme, TfL encourages schools to introduce Junior Travel Ambassadors (JTA) and Youth Travel Ambassadors (YTA). An opportunity to merge YTA and JTA schemes into the S&amp;C work has been identified and plans have been made to include YTA/JTA in S&amp;C activities. Working closely with the established framework of S&amp;C has significantly reduced the initial start-up and ongoing costs of the YTA project.</li> <li>A comprehensive Transport Youth Engagement Officer (TYEO) training programme has been designed and implemented to enable them to effectively deliver educational sessions on the Underground and Buses at JCS, community events and in support of SLOs at ISPs.</li> <li>The previously published magazine has now been replaced by a pocket-sized pull-out card, identifying the key elements in safe and responsible travel, with a production cost of 40 pence per card/per student.</li> <li>All those involved in school visits are subject to enhanced Disclosure and Barring Service checks (previously CRB). However, despite the checks having no expiry date, the team repeats them every 18-24 months.</li> </ul> <p>We identified two Priority 1 issues, four Priority 2 issues and one Priority 3 issue.</p> <p>The Priority 1 issues are:</p> <ul style="list-style-type: none"> <li>The objectives, targets and funding of the S&amp;C programme are agreed with stakeholders through an annual Service Level Agreement (SLA), but this is not agreed, on average, until three months after the academic year has started. Stakeholder requirements lack clarity and funding is unnecessarily complicated.</li> <li>Despite a commitment to 10 days per year, and comprehensive training requiring significant effort and cost, not all TYEOs are available when required.</li> </ul>
IA_13_143	LTM Financial Controls	06/02/2014 AC	To provide assurance on the adequacy and effectiveness of the key financial controls at the LTM.	31/07/2014	<p>Cash reconciliations were found to have been accurately and comprehensively completed on a weekly basis, with all the following clearly documented and/or retained:</p> <ul style="list-style-type: none"> <li>Paying in slips (with amounts stated matching to Futura and Patrons Edge reports)</li> <li>Till reads from admissions and shop tills matching to Patrons Edge and Futura reports</li> <li>Futura and Patrons Edge reports</li> <li>Overs and unders from till takings were clearly stated. These were minor and infrequent - the main reason being human error.</li> </ul> <p>The audit identified two Priority 2 issues in relation to the sponsorship process and documentation of financial processes. Five priority 3 issues were also identified.</p>

Reference	Report Title	Date Issued	Report Type	Objective	Summary of Findings
<b>Rail and Underground</b>					
IA_13_634	Commercial Management of Cleshar Contract	14/01/2014	<b>Memo</b>	To review the effectiveness of Cleshar's processes for managing the contract TLL 3150 and LU controls in place to review the costs submitted by Cleshar.	We found that the payment application process is managed satisfactorily by LU and Cleshar. We observed that there was scope for some improvements to the payment application process, but LU have taken the opportunity to improve the efficiency of the process and to reduce the risk of data transfer errors. There are no additional management actions arising from this audit.
IA_13_600	Asset Performance Data in London Underground	19/03/2014	<b>Memo</b>	To review LU's processes and controls over asset performance data, to gain assurance that reported results are based on accurate and valid information.	<p>The production of asset performance data for benchmarking purposes is a complex process, involving the extraction and aggregation of historic performance data and collating forecasts from a variety of sources, at different levels of maturity.</p> <p>The majority of historic data was traced to source systems (CuPID), with minor variations that were not of a magnitude to impact the overall reported performance. However, the process is somewhat opaque, without a wholly clear audit trail and with some unexplained variations. It is recommended that the process is documented, explaining the data sources and calculation methods and ensuring it is robust, systematic and replicable. Validation mechanisms should be incorporated into the procedure, such that data is sense-checked at key points throughout the process.</p> <p>There are various methods for producing performance forecasts, depending on asset type and area. Some are based on well-established models, which calculate the impact of multiple factors, while others are more basic, with little analytical support. Overall, performance data was traced to valid sources, though there are opportunities to improve the consistency of the process, reduce reliance on individual staff members and produce more robust data for future asset performance benchmarking.</p> <p>The Insight Team have accepted our findings and are currently updating and improving the asset performance model; it is anticipated that this will address the majority of our recommendations.</p>
<b>Surface Transport</b>					
IA_13_020	Enforcement and On Street Operations (EOS) Data Retrieval and Disclosure Team file security	19/12/2013	<b>Memo</b>	To review the processes and procedures designed to ensure the security of files owned and managed by the EOS Data Retrieval and Disclosure teams.	<p>A number of issues associated with the current processes were identified as follows and action is being taken to address these:</p> <ul style="list-style-type: none"> <li>• Both hardcopy and electronic files are administered in an ad hoc manner and not in line with existing procedures and guidance;</li> <li>• Arrangements for training of staff in respect of processing of data requests were unsystematic and required improvement. Arrangements for the dissemination, storage and distribution of existing guidance documents were inconsistent;</li> <li>• There was no formal memorandum of understanding in place between attached staff from the MPS and TfL. This could be a contributing factor to the inconsistent compliance with documented control procedures; and</li> <li>• There was a lack of routine checking of compliance with the documented security and management control procedures.</li> </ul>

## Transport for London Audit and Assurance Committee Advisory Reports and Memorandums Issued for Quarter 4 2013/14

## Appendix 5

Reference	Report Title	Date Issued	Report Type	Objective	Summary of Findings
IA_13_604	Responding to Growth in Surface Transport Business Plan	29/01/2014	<b>Memo</b>	The objective of the audit was to review the processes in place for ensuring that ST has the capabilities and competencies in place to deliver the increased business plan.	<p>ST recognises that to deliver its larger business plan it will need more staff, and in particular more staff with specialist skills, knowledge and experience. However, attempts so far to specify the numbers and skill sets have had only limited success.</p> <p>Initial distraction arising from changes at director level, and subsequent uncertainties over roles and responsibilities resulting from the Surface Intergration Programme, have delayed the preparation of detailed resource needs analyses, meaning that the necessary resource demand planning is progressing only slowly.</p> <p>ST management acknowledge the urgency of rectifying this situation.</p>
<b>Finance</b>					
IA_12_632	Procurement of the Professional Services Frameworks	23/12/2013	<b>Memo</b>	Real time audit of the procurement process employed for the Professional Services Framework (PSF).	Subject to some detailed observations relating to resourcing and document management, which are being addressed, we are satisfied that the risks and controls in procuring the PSF are being managed appropriately at this stage.
IA_13_401	IM Sourcing Strategy Programme (now Transforming IM) – two memos issued	10/01/2014 and 31/03/2014	<b>Memo</b>	The objective of this real time audit was to provide assurance on the effectiveness of the programme of work, approach and processes involved in defining and implementing the IM sourcing strategy and delivery of the programme objectives.	<p>We raised the following observations:</p> <ul style="list-style-type: none"> <li>• There was no defined change management process that would document the basis for, and the approval of, any changes to the programme scope, deliverables and milestones that may occur;</li> <li>• The Pathway Product Management Plan Tool did not always reflect the latest changes in the IMSS Programme and its option of linking the matrix of required products to those that the team produce had not been used.</li> </ul> <p>Management action to address these issues is in progress.</p>
IA_13_407	Run Better Programme	27/01/2014	<b>Memo</b>	The objective of this real time audit was be to provide assurance that the transformation projects delivered under the Run Better Programme in the current financial year enable an adequate identification of solutions in line with TfL's strategic objectives and business requirements.	<p>We identified the following findings:</p> <ul style="list-style-type: none"> <li>• The scope of the Programme was described in a range of different ways in different documents, with no defined change management process to document the basis for, and the approval of, any changes to the Programme scope, deliverables and milestones. A repository of documented decisions concerning the Programme, including changes to the scope made by the relevant governing bodies (eg the Value Group) had not been maintained;</li> <li>• The stakeholder communications matrix had not been maintained to provide a complete trail of the engagement with all relevant stakeholders as outlined in the communication plan, including the updates provided to the Value Group;</li> <li>• The Programme plan had not been fully maintained to reflect all amended, planned or actual dates or align them with the presentations made to the Value Group; and</li> <li>• The terms of reference of the Run Better IM Programme Board did not specify the roles and responsibilities of the individual members and their level of involvement in the Programme, details of all interfaces with the governance bodies involved in the delivery of the Run Better IM Programme, and Core attendees required to be present when making Programme decisions or recommendations.</li> </ul> <p>Management action to address these findings is in progress.</p>

## Transport for London Audit and Assurance Committee Advisory Reports and Memorandums Issued for Quarter 4 2013/14

## Appendix 5

Reference	Report Title	Date Issued	Report Type	Objective	Summary of Findings
IA_13_015	PCI DSS Assurance 2013/14	26/02/2014	<b>Memo</b>	To ensure that TfL continues to meet its contractual obligation to protect TfL customer credit/debit card information in line with security industry best practice as defined by the Payment Card Industry Data Security Standard (PCI DSS).	There is a generally good level of PCI-DSS compliance across TfL. There are some areas where work is ongoing to achieve full compliance, but this is always likely to be the case in an organisation as dynamic as TfL with new processes and products constantly being developed. Group Treasury and Internal Audit continue to work with Barclays Merchant Services and the PCI Security Standards Council to ensure risks are minimised and TfL remains fully compliant in as many areas as possible.
IA_13_152	Bank Reconciliations	31/03/2014	<b>Memo</b>	The objective of this work was to provide assurance that there is effective control over the revised bank reconciliations process.	The monitoring and controls in place over bank reconciliations are deemed to now be generally robust and effective, although some minor areas for improvement were noted, which are being addressed.
IA_13_018	Security Assurance on the Security Controls in place for the TfL Computer Rooms	31/03/2014	<b>Memo</b>	The objective of this work was to provide advice and assurance on physical, cyber security and personnel security controls to IM and the business users of computer rooms.	<p>Internal Audit have been working with the IM Infrastructure management team throughout the year while they implemented a project to rationalise and consolidate IM equipment into the more resilient data centres (DCs) as part of the Service Stabilising Programme (SSP).</p> <p>We provided advice and assurance, on physical, cyber security and personnel security controls to IM and the business users of computer rooms. In particular, during the year we have provided assurance in the following areas: redundant equipment in Albany House, Kings Building co-location project, relocation of Safenet switches and decommissioning of storage hardware.</p> <p>There were no significant issues identified by this work.</p>
<b>Customer Experience, Marketing and Communications/London Transport Museum</b>					
IA_13_151	G4S – Cash Collection, Invoicing and Monitoring Process	04/03/2014	<b>Memo</b>	The objective of this work was to provide assurance that there is effective control over the invoicing and monitoring process for G4S cash collections from train stations.	We did not identify any issues with regard to the cash collection process, the monitoring checks carried out, or the invoice payment process. In particular, we found that the controls to ensure accuracy of invoices submitted by G4S are robust and effective.
<b>Crossrail</b>					
IA_13_500	Management of Organisational Capability	30/01/2014	<b>Memo</b>	To provide assurance on the effectiveness of planning and management of staff resources as the organisation changes, with work shifting from civil engineering to system engineering and station fit out.	<p>Although no timeline has been agreed for the organisational transition to the next phase, there was sufficient preparedness and planning for the potential changes. The organisational change process is at an early stage and work in the following areas is either in progress or has not been commenced:</p> <ul style="list-style-type: none"> <li>• Identification of key staff required through the transitional phase and development of measures for retaining them;</li> <li>• Detailed plans for implementing the proposed organisational changes;</li> <li>• Management of transition risks including impact of organisational efficiency and effectiveness;</li> <li>• Communication plans for implementing the changes; and</li> <li>• Development of reports for managing and providing feedback on progress of implementing changes.</li> </ul> <p>We were satisfied with planning for the organisational changes and its impact on staff resource planning to date. However, since the organisation change process is at an early stage, we recommended that a further review is undertaken when the implementation date has been agreed.</p>

Reference	Report Title	Report Issued	Original Objective	Summary of Findings
<b>Delivery of capital investment portfolio and contract management</b>				
13_748	LU Management of Engineering Competence	09/12/2013	To assess effectiveness of processes for ensuring the competence of those involved in engineering assurance	<p>Staff competency is being assessed in all of the areas audited, and records (including competency matrices), are being well maintained in accordance with procedural instruction, except as noted below with agreed actions in place:</p> <ul style="list-style-type: none"> <li>• The Engineering Accreditation Matrix is being maintained in those areas audited that need to accredit persons to act on behalf of the Head of Profession;</li> <li>• Actions have been agreed to improve the accuracy of accreditation and competency records;</li> <li>• Documentation is to be revised to specify and clarify requirements regarding accreditation and competence schemes;</li> <li>• A single source of truth is to be developed to help ensure that the competency of everyone in the Engineering community is assessed; and</li> <li>• The new engineering competency assessment process is to include former Tube Lines staff as well as LU staff. This aspect is to be added to the Engineering Capability Plan.</li> </ul>
13_725	Design Management & Co-ordination Bank project	12/12/2013	To examine the design management and co-ordination processes to ensure that the output meets requirements	<p>The governance and working arrangements (i.e. co-location, collaboration and the Core Design Team process) are regarded as good practice. The Innovative Contractor Engagement (ICE) process is also well regarded.</p> <p>Several weaknesses were identified, included the following. Management actions have been agreed to address these.</p> <ul style="list-style-type: none"> <li>• At least 14 of the LU and Dragados / URS management plans expected at this stage of the project had not been formally issued;</li> <li>• There is a lack of clarity relating to the application of TfL Pathway for the project;</li> <li>• Building Information Modelling (BIM) arrangements have not been agreed;</li> <li>• There was no evidence that Independent Competent Person arrangements are in place;</li> <li>• Minimum competency levels for URS staff were unclear;</li> <li>• Design control processes and procedures are available at a corporate level and on the URS Intranet (SoURSe), but they cannot readily be applied to the project;</li> <li>• Interfaces between the project and existing infrastructure need to be defined;</li> <li>• The Staff Competency matrix required by the Dragados Staff Competency Plan was not in place; and</li> <li>• The requirements matrix referred to in the URS Verification and Validation (V&amp;V) Plan was not available.</li> </ul>
13_849	TeamWork UK - Supplier Audit	24/12/2013	To assess the supplier's ability to deliver work for TfL.	<p>This audit found that TeamWork has the management competence, quality and health and safety systems documentation for the control of cleaning services delivery. Further development of their system will give LU Commercial assurance that the company has the capability to deliver deep cleaning services compliant with its requirements.</p> <p>The company may benefit from the registration of their quality system by a UKAS accredited organisation.</p>
13_850	Container Trak Limited (trading as Community Clean) – Supplier Audit	24/12/2013	To assess the supplier's ability to deliver work for TfL.	<p>This audit found that Community Clean meets the requirements for recognition as a Tier 2 Business Critical supplier for deep cleaning of station premises.</p>
13_851	Jardak Services - Supplier Audit	24/12/2013	To assess the supplier's ability to deliver work for TfL.	<p>This audit found that Jardak Services Ltd has the management competence, quality and health and safety systems documentation, for the control of cleaning services delivery. Further development of their system will give LU Commercial assurance that the company has the capability to deliver deep cleaning services compliant with its requirements.</p>

Reference	Report Title	Report Issued	Original Objective	Summary of Findings
13_854	Track and Build Limited	24/01/2014	Pre-contract audit to assure ability to deliver service	<p>The findings of the audit, which included three non-conformances, were:</p> <ul style="list-style-type: none"> <li>• The company has a documented quality management system. Quality and Health and Safety support was being provided by a consultant and the holding company, 1stinrail Limited. Established 1stinrail procedures and processes were also used to support some Track and Build business functions.</li> <li>• The quality management manual was a generic model that did not accurately reflect the scope of service, or the present management structure.</li> <li>• Procedures critical to client enquiry and the preparation and management of client works had not been included in the procedural documentation. Procurement is managed by 1stInrail.</li> <li>• There was no evidence the quality management system had been subject to review and continuous improvement. Stated document issue dates were contradictory. No internal quality audit had been carried out post system implementation.</li> <li>• Drug and alcohol records for staff who had worked in critical rail site locations had not been satisfactorily maintained and a robust management process had not been established.</li> <li>• The risk register stated review date was January 2013, but this review had not been carried out.</li> <li>• The company did not hold ISO 9001:2008 registration for their quality system by a UKAS accredited assessor. The company is rail industry Link-up registered having been successfully audited during 2012 under the Achilles rail industry registration scheme.</li> </ul>
13_766	Stores and Materials Management	22/01/2014	Assess the compliance and effectiveness of Stores Management processes for Trams maintenance operated by Bombardier Transportation Services (BTS).	<p>The findings of the audit were:</p> <ul style="list-style-type: none"> <li>• BTS has issued high level group policy, procedure and process documentation that provides a framework for materials and supply risk management. SAP is the system for materials management in addition to an inventory management tool for performance analysis;</li> <li>• The Project Materials Manager responsible for store management was conversant with the BTS management and process systems used at Tramlink. A high level of job knowledge and system competence was demonstrated;</li> <li>• Stores stock levels are managed via SAP. One example was identified where there was a disparity between binned stock and SAP stock held records. Stock parts call off is managed using the MAXIMO system. SAP and MAXIMO are reconciled within 24 hours. Stadler maintenance parts records are not presently held in SAP; and</li> <li>• Three store areas are operated, the light store, a heavy parts store and an additional store. The main BTS light material store is operating at its space capacity. BTS and Tramlink should consider the implications and collaborate to ensure store capacity is optimised.</li> </ul>
13_825	Alandale Track and Civils Limited	04/03/2014	To assess compliance of the quality management system against requirements of ISO 9001	<p>Alandale has a documented integrated management system including quality and health and safety management. Evidence confirmed the system is subject to ongoing review and improvement.</p> <p>The management system is supported by a comprehensive set of procedures addressing the quality system requirements of ISO 9001:2008. These include procedures for management of resource recruitment, skills competence, medical and drug and alcohol, working hours shift management and employee discipline. The company objectives were clearly identified in their policy documents.</p> <p>Procedures for the management of client enquiry, resource appointment, resource supply and shift booking management were satisfactorily demonstrated. Evidence sampled confirmed that work shift records had been maintained and that records are subject to daily review and update by the Operations Manager.</p> <p>Employee medical and random drug and alcohol testing records were held on file. Records were held in different files and it was noted the auditee was unsure which file held random test result certificates. The record for one random test carried out during 2012 could not be found. The process for medical and D&amp;A test records management may require review and a system to log document receipt adopted.</p>

Reference	Report Title	Report Issued	Original Objective	Summary of Findings
13_864	SMB Electrical Contractors Limited	18/03/2014	To assess the management system procedure and processes against TfL's contract requirements.	<p>The audit found that SMB has established procedures and processes to provide clients assurance over delivery of its services, and that SMB can respond to change and continually improve its business operations.</p> <p>SMB does not have a formal quality management system manual, but does have an Environmental Management Manual that has been assessed and registered by QMS. QMS is not a UKAS (Lloyds) registered 3rd party management system assessor.</p> <p>SMB holds NICEIC (National Inspection Council for Electrical Installation) registration, the independent approved scheme for electrical Contractors.</p> <p>A set of management system procedures has been issued that supports key business functions and includes; recruitment, training and competence, drug and alcohol management, assurance, change control, accident investigation and document review and control.</p> <p>Procedures for the management of materials supply, client enquiry, resource management, task and work site method management, works delivery including completion agreement and client sign were found to be effective.</p>
13_824	KONE Lifts and Escalators Maintenance	12/04/2014	To provide assurance in relation to compliance with LU procedures, KONE procedures and regulatory requirements	<p>KONE's management system includes both local and KONE corporate procedures. The management system is generally well managed, but some issues were identified regarding the administration of maintenance and competence, as follows:</p> <ul style="list-style-type: none"> <li>Recording of issues found during maintenance by the field engineers, and the completion of remedial maintenance, is not being effectively managed; and</li> <li>Competence certification expiry dates for three employees shown on the competency matrix could not be verified as copies were not included in the employees' training folders.</li> </ul>
<b>Disruption to quality of service</b>				
13_754	Signal Competence Licensing via the Institution of Railway Signal Engineers (IRSE) Assessing Agency within LU	16/12/2013	To assess processes, capabilities and competencies for the delivery of IRSE Licenses	<p>In general, the activities are well controlled.</p> <p>Actions have been agreed to address weaknesses as follows:</p> <ul style="list-style-type: none"> <li>No specific annual reviews were undertaken or reports produced to document the activities of the LU Assessing Agency;</li> <li>The outcomes from moderation activities were not formally recorded;</li> <li>Tests undertaken to confirm competence and experience of contractor's staff were not undertaken in controlled conditions;</li> <li>Equipment / location restrictions for individuals to issue / receive an Authority to Work Certificate are too broad and not specific enough to cover the many systems across LU, and there was no systematic means to check that restrictions were being adhered too;</li> <li>Restrictions noted on the Authority to Work Certificate spreadsheet detail those areas / types of equipment where an individual is not authorised to work instead of those where they are; and</li> <li>It was noted that there was no succession plan for additional internal verifiers to be appointed and gain suitable experience to cover the roles and responsibilities undertaken by the current staff.</li> </ul>
13_811	JNP Winter Weather Preparedness	13/12/2013	To assess LU JNP arrangements for dealing with adverse weather conditions, in order to minimise the	<p>This area was found to be well controlled:</p> <ul style="list-style-type: none"> <li>Plans are in place across the JNP asset areas to define the processes to deal with adverse weather during the winter period 2013/14. These have been effectively co-ordinated across the asset areas, including Distribution Services Management (DSM);</li> </ul>

Reference	Report Title	Report Issued	Original Objective	Summary of Findings
			impact of any disruption to the railway.	<ul style="list-style-type: none"> <li>• Winter preparedness of JNP fleet, track, signals and stations, including the availability of sufficient materials and competent labour, has been effectively managed;</li> <li>• The plans have been communicated to staff and external contractors;</li> <li>• The adverse weather notification period for contractors has been extended to 24 hours. This is to address labour availability issues experienced during the previous winter; and</li> <li>• An autumn plan has been included in the adverse weather plans for the first time this year.</li> </ul>
13_722	Powerlink Compressor Maintenance	24/12/2013	To assess the Powerlink maintenance programme for compressed air pipes supplying critical assets such as signalling equipment and train stops	<p>This area was found to be well controlled.</p> <ul style="list-style-type: none"> <li>• The audit confirmed that Powerlink was largely achieving the quality of air requirements as directed by the Power Service Contract;</li> <li>• Management of the contract to maintain and repair compressed air installations in substations by Eastern Compressors Limited appeared to run efficiently and effectively;</li> <li>• Powerlink had established a good working relationship which gave them the confidence to reduce their direct involvement; and</li> <li>• Good performance levels were evidenced by indicators such as a reduction in levels of assets out of service. The maintenance cycles and frequencies appeared adequate.</li> </ul>
13_710	Powerlink Competency Matrix	20/12/2013	To establish whether competency continues to be managed effectively following the termination of the Power Management Contract.	<p>This area was generally found to be well controlled:</p> <ul style="list-style-type: none"> <li>• The Competency training process meets the requirements stipulated by City and Guilds (external institution);</li> <li>• The assessors and lead assessor are suitably qualified with training accreditations from Four Counties Training Limited (external accreditation);</li> <li>• The training process ratification and trainer's accreditations practice is being effectively logged on the Safety Critical database;</li> <li>• Marking of test papers and practical assessments by assessors is appropriately checked;</li> <li>• There are counter checks and assessments to ascertain that all attendees receive adequate training;</li> <li>• Apprentices and trainees complete their log books with their competency assessment assignments;</li> <li>• Trend analysis of training processes is carried out on a regular basis to identify any potential issues or shortfall;</li> <li>• Record keeping and issuing process of High Voltage (HV) and Low Voltage (LV) certificates is efficiently managed;</li> <li>• The contents of the safety critical database have not yet been transferred to Systems Applications and Products (SAP) database; and</li> <li>• Completed test papers and relevant documents are stored on site but not copied electronically.</li> </ul>
13_733	Asset Performance JNP Electrical Inspection and Testing (EIT)	31/01/2014	To assess compliance with testing programme and the effectiveness of processes for managing any resulting issues.	<p>The findings of the audit, which included two non-conformances and one business management improvement action, were:</p> <ul style="list-style-type: none"> <li>• Assets are being inspected and tested at each location in accordance with requirements;</li> <li>• MJ Quinn does not track the progress of each element of the EIT scope to ensure final completion dates are met for each location;</li> <li>• The latest revisions of EIT drawings were not in place at seven of the 23 asset locations sampled;</li> <li>• A revised EIT programme for stations is being published by MJ Quinn for review by APJNP on 18 December 2013;</li> <li>• The EIT programme for other non-public buildings is not in place. This is due to commence in financial year 2014 / 2015;</li> <li>• EIT is being completed by competent people;</li> <li>• Test failures are being managed. The categorisation of test failures is compliant with BS7671 - Requirements for Electrical Installations; and</li> <li>• Documentation (eg drawings and schematics) is being sent by e-mail, not via Document Control.</li> </ul>

Reference	Report Title	Report Issued	Original Objective	Summary of Findings
13_752	Signals and Power Projects Delivery	14/02/2014	To establish whether actions and lessons learnt resulting from a formal investigation into an incident at Plaistow have been embedded into management systems	<p>There has been significant improvement to how the organisation operates since the time of the incident. The team appear to be in better control of their delivery and performance outcomes. Key findings are as follows:</p> <ul style="list-style-type: none"> <li>• The recruitment of a dedicated Quality Management resource into the team is having a positive effect on the structure and organisation of business process, documentation and records;</li> <li>• Job descriptions are available for each job role within the division, and the clarity and understanding that these bring to individuals within the division is supported effectively by a well maintained competency and training framework;</li> <li>• The effective implementation of visualisation boards and the disciplines that are associated with their use have significantly improved communications between the division and their stakeholders;</li> <li>• SPPD's control over stock and sundry items has been significantly improved by creating a holding area for stock drawn down in advance of project delivery tasks being undertaken. The area is well controlled, and the administrative practices are well maintained. The approach adopted by SPPD is viewed as an example of best practice.</li> </ul>
13_857	Supplier audit - Spence Ltd	20/02/2014	To provide assurance that supplier has the ability to provide safety critical service	<p>Spence has a fully comprehensive and documented management system in place. This is generally well managed with one non-conformance, three observations and one good practice identified during the audit:</p> <ul style="list-style-type: none"> <li>• Competence records for the two electricians sampled did not include their City and Guilds 17th Edition Electrician certifications;</li> <li>• The audit plan had not been updated by the Health, Safety, Quality and Environmental (HSQE) team to include audits completed in 2013;</li> <li>• Processes for the management of key disciplines have been effectively maintained;</li> <li>• A new HSQE Director was appointed in late 2013 as part of a restructuring of the HSQE team. The new HSQE Director plans to undertake a review of the management system;</li> <li>• Management documents reviewed post audit, for example the health and safety policy and statement, had not been reviewed and re-issued annually as stated in Spence procedures;</li> <li>• An Environmental and Good Neighbour Policy has been created by Spence to ensure employees are aware of the required behaviours to avoid customer complaints. The processing of customer complaints has not been formalised;</li> <li>• The selection and management of subcontractors is being effectively managed; and</li> <li>• Spence holds Lloyd's registration for its HSQE management system. The company also holds Link-up registration.</li> </ul>
13_758a	F45/F54 Inspections (follow up) SSL & BCV	07/02/2014	To confirm that deficiencies identified in LU from a previous audit have been addressed.	<p>The main findings from the audit are as follows:</p> <ul style="list-style-type: none"> <li>• Since the original audit there had been a number of changes to the management structure within the Station Equipment (Lifts and Escalators) area;</li> <li>• Of the identified non conformances all had initially been addressed, although the process of concessions for 5B defects (a 5B defect on an escalator is one that is not significant enough to require immediate rectification or removal of the asset from service. Instead these have time limits within which the defect should be rectified) had failed to be adequately implemented over an extended period of time prior to this audit. Since the audit and following consultation between the relevant parties, this has now been resolved and the process is now being adhered to. This has resulted in a significant drop in the number of overdue 5B defects without concessions in place;</li> <li>• All of the observations had been addressed prior to the audit with the exception of one which is in the process of having a DRACCT submission prepared and</li> <li>• One observation has been raised following this audit. Where 5B defects are addressed during the course of the inspection, no Works Order (WO) is raised. The number of WOs raised for 5B defects is the baseline for reporting purposes and therefore is potentially inaccurate.</li> </ul>

Reference	Report Title	Report Issued	Original Objective	Summary of Findings
13_760	Bridges and Structures Inspections	11/02/2014	To review the process around inspections of bridges and structures.	<p>All the areas audited followed the relevant standards, work instructions and guidance as required, except as identified below (four major Non-conformances and four Business Improvement Actions).</p> <ul style="list-style-type: none"> <li>• Opportunities for improvement were identified with the LU Category 1 standard (S1060) and work instructions which would benefit from review to take into account recent organisational changes and current working practices;</li> <li>• Some inspectors do not have a minimum of Engineering Technician (Eng. Tech) and Technician Membership of Institution of Civil Engineers (TMICE) or equivalent. There was no approved concession by the Profession Head (Bridges and Structures) for the use of inspectors without the minimum Eng. Tech. Qualification;</li> <li>• BCV and SSL do not use the correct pro-forma that complies with the standard (S1060). Instead a modified type of pro-forma is used;</li> <li>• There was no record or reports of asset parts that were not fully inspected. The date of the last known full inspection for each asset or part of the asset was not recorded;</li> <li>• An agreement dated November 2009, to produce a central register over a four year period of asset areas that had not been inspected in accordance with the standard has not been implemented;</li> <li>• BCV and SSL inspection reports have additional information such as: work orders, assessment reports, e-mails and handover documentation attached. This additional information is non-compliant with the LU Cat. 1 standard (S1060); and</li> <li>• There was no formal process in place to ensure that the Bridges and Structures inspection programme is routinely forwarded/ communicated to the Profession Head (Bridges and Structures).</li> </ul>
13_853	JNP Signalling Maintenance	19/03/2014	To review compliance with the requirements of the agreed Signal Maintenance Regime.	<p>Overall the required maintenance activities are managed and undertaken in line with the specified requirements.</p> <p>The automated compliance reports produced from Maximo clearly identified out of tolerance assets as well as those reaching their tolerance limits.</p> <p>It was identified that annual maintenance activities for lamp replacements and five yearly replacement of LEDs were not programmed within Maximo and therefore not currently being undertaken.</p> <p>Where maintenance activities exceed the specified tolerance limits, these are managed and tracked via the Risk Assurance Form (RAF) process. The period assurance report with regards to RAFs only details those that are open at the end of the period. Any raised and / or closed during the period are not formally reported.</p>
13_847	Asset Handover Process	25/03/2014	To review procedures for recording and controlling of assets and to ascertain if the change control process meets the requirements as specified in (former) Powerlink Management Procedures	<p>Overall, improvement is required in the clarity of written processes so as to achieve full and accurate information on assets. In addition, some steps within current processes are not followed. This is leading to gaps in asset information being experienced.</p> <p>The procedure for providing information on decommissioned assets is not clear and the prescribed forms are not being used.</p> <p>Written procedures for controlling asset register changes do not reflect current practices and do not provide a clear process for providing information to the Asset Management team.</p> <p>There is inconsistency in compliance with the process for producing and adopting 'as built' drawings.</p> <p>Since the majority of the SSR upgrades projects commenced pre transition of (former) Powerlink, not all power projects currently use the TfL Pathway product Mandatory Asset Information Deliverables (MAID). The use of this product would assist with agreeing what asset information is needed.</p>

Reference	Report Title	Report Issued	Original Objective	Summary of Findings
13_728	Centralised Maintenance Planning in Rolling Stock	28/03/2014	To establish whether centralising the Asset Performance Directorate (APD) planning team has helped management to retain control of the overall maintenance planning activities in the depots.	<p>Centralising the planning team has given the management an overall view of and control over planning activities in the APD asset areas.</p> <p>The Annual Maintenance Plan (AMP) does not include Train Preparation (Level 1) maintenance, but does cover all other levels of maintenance specified in the Train Maintenance Regimes. The AMP contains a series of maintenance activities with the level of maintenance, as required by the Train Maintenance Regime. The intervals, content and activities of the AMP are defined and include measurement techniques for the intervals between maintenance, and a limit for each activity after which the train is withdrawn from service, as required by the Train Maintenance Regime.</p> <p>Two business improvement actions were noted as follows:</p> <ul style="list-style-type: none"> <li>• Some maintenance tasks on the Central Line were out of tolerance; and</li> <li>• There was no document reference or issue number on the "High Level Maintenance Planning &amp; Scheduling Process" diagram.</li> </ul>
13 730	Signals Assurance Strategies and Implementation	25/03/2014	To establish whether levels of signalling assurance by the Maintenance Assurance Engineering teams within COO Asset Performance (AP) teams are appropriate.	<p>Overall, the audit found that current arrangements for independent assurance levels are suitably defined and ensure sufficient independence from the AP delivery teams. These assurance activities were largely found to be suitably implemented and monitored via different systems. However, there were shortfalls in some areas, as follows:</p> <ul style="list-style-type: none"> <li>• Non-attendance at Signalling Maintenance Assurance Performance Meetings (SMAPM) is relatively high each period (up to 50%);</li> <li>• Signal Maintenance Quality Checks (SMQCs) (monitored via the SMAPM meeting minutes) by the AP delivery teams are not fully implemented to plan (shortage between 25% - 50%);</li> <li>• Around 45% of actions within the Lead Maintenance Assurance Engineer (LMAE) Surveillance Log had status 'completed late'; and</li> <li>• Independent reviews of SMQC (including review of maintenance records) were not being systematically undertaken as part of the LMAE Surveillance Plan.</li> </ul>
13_772	Network Rail's Management of LU Signalling Assets on the Wimbledon Branch of the District Line	28/03/2014	To provide assurance regarding Network Rail's (NR's) management of LU's signalling assets on the Wimbledon branch of the District Line.	<p>Performance reporting by NR to LU shows that the core element of the services provided by NR, the physical maintenance of the assets, is acceptable to LU.</p> <p>NR is contractually responsible for the maintenance of LU signalling assets on the Wimbledon branch of the District Line. At the time of the audit a copy of the contract was not available at the NR site.</p> <p>The contract requires that LU air mains and trainstops are maintained in accordance with LU Standards. Neither of these standards was available at site at the time of the audit.</p> <p>Point mechanisms and bonding inspections are not currently carried out to the frequency specified in the contract, which is six weekly, however NR currently do these at 12 weekly intervals.</p> <p>The contractual quarterly contract progress meeting chaired by the Contract Manager has not been held for a long time and its demise may have contributed to some of the issues identified in this audit.</p> <p>Document and record control requirements of the contract have been inconsistently observed / implemented. Terminology differences between LU and NR have led to misinterpretation of the requirements which remain unresolved and have become the norm.</p> <p>The contract was implemented on 7 July 2010, with a notification from NR of a rate increase dated 27 April 2011. No further review of the contract was evident at the time of the audit. The audit findings raised in this report suggest that a review of the contract with relevant parties may be beneficial.</p>

Reference	Report Title	Report Issued	Original Objective	Summary of Findings
13_756	Inspection and Maintenance of Passive Fire Protection Systems in JNP and BCV / SSL	28/03/2014	To determine the robustness and effectiveness of the inspection and maintenance of passive fire protection systems ensuring the requirements of LU Category 1 Standards are met.	<p>Processes are in place at JNP and BCV / SSL that ensure passive fire protection systems at stations are inspected in accordance with LU Category 1 standard 1-084. Evidence is in place to demonstrate that concerns and problems identified during station surveys are remedied in a timely fashion and to an agreed standard.</p> <p>BCV / SSL processes differ from those employed by JNP, though both are effective. There is no process in place to share information or good practices from BCV / SSL to JNP or vice versa.</p> <p>There is no programme in place at JNP to ensure non-public buildings, such as those in depots, are annually assessed.</p> <p>There is no process in place for the LU Premises department to inform the LU Fire Manager of completed station remedial work.</p>
13_758b	F45/F54 Inspections JNP	13/03/2014	To review compliance with the requirements of the relevant standards and work instructions with regards to the statutory examination of passenger lifts and regular inspections of escalators	<p>It was demonstrated that processes are in place and are effective in ensuring that inspectors are competent</p> <p>A number of inconsistencies were identified with regards defects classification and time limits for rectification between the relevant Cat 1 Standard and the associated JNP Work Instructions (WI). The WIs are also out of date with regards to the practices and processes used by the L&amp;E Inspection team to undertake and manage F45/F54 inspections.</p> <p>Overall, required inspections are programmed, completed and monitored, albeit with some discrepancies as follows:</p> <ul style="list-style-type: none"> <li>• One 5B defect was 67 days overdue with no concession sought or information, comments or mitigation recorded within Maximo;</li> <li>• Not all tests as required by the Cat 1 Standard could be undertaken as part of the F54 inspection as the Inspectors did not have access to hearing loop testers;</li> <li>• The Inspectors have recently moved offices resulting in not all L&amp;E maintenance records being readily available for review prior to an inspection / examination; and</li> <li>• Where 5B defects are addressed during the course of the inspection, no works orders are produced. Reports detailing the number of 5B defects are taken from the number of works orders raised and therefore these statistics are not strictly accurate or representative of the condition of the assets.</li> </ul>
<b>Major Incident - External</b>				
13_846	Health, Safety and Managers Handbook Compliance – Rickmansworth Traincrew Depot	10/12/2013	To assess the compliance with key requirements of the managers handbooks, mainly on health, safety & environment	<p>The train crew was given a rating of 'B' for Safety, Security and Environment compliance. The main area for improvement is Section 2 – Monitoring, which was found to require improvement.</p> <p>The train crew was given a rating of 'B' for Manager's Handbook compliance. All areas were found to be adequately or well controlled.</p> <p>Overall the train crew was rated 'B' Adequately Controlled. This means controls were generally operating satisfactorily. Minor strengthening of processes or procedures should be addressed.</p>
13_736	LU Implementation of rule or procedural changes	18/12/2013	To assess controls when making changes to rules/procedures.	<p>The arrangements were found to require improvement:</p> <p>The LU Safety Certificate and Authorisation contains a commitment that the LU Management System will have arrangements for the communication of Operational Standards Notices and ensuring relevant staff understand them. The audit found that arrangements are not defined in the management system and as a result communication is ad hoc, reliant on the actions of individual managers rather than systematic.</p> <p>As a result improvement actions have been agreed to ensure documented arrangements are produced and implemented.</p>

Reference	Report Title	Report Issued	Original Objective	Summary of Findings
13_843	TransPlant Safety Management System	07/02/2014	To assess Trans Plant's safety management system compliance and effectiveness.	<p>The key findings of the audit, which included one business improvement action and three observations, were:</p> <ul style="list-style-type: none"> <li>• Management, health and safety processes and work instructions at TransPlant are being reviewed and re-written to bring them in line with TfL formats. This programme is well underway and being managed effectively. Once complete, these new processes will need to be effectively communicated to all interested parties, including union officials;</li> <li>• TransPlant capacity for improvement has been demonstrated over the last 12 months with the introduction of tighter management systems and controls, such as the new organisation structure and task based risk assessments;</li> <li>• The written safety management system includes the elements laid down in Schedule 1 of the Railways and Other Guided Transport Systems (Safety) Regulations 2006;</li> <li>• Rail Management Maturity Model (RM3) ratings of between level three and level four have been given to the areas reviewed, indicating that effectively managed systems are in place;</li> <li>• The organisational structure at TransPlant has been developing over the last six months. Provision has been made within the structure for an extra safety position. Once in place this will relieve some of the pressure on the existing health and safety support given by the JNP Operations H&amp;S team;</li> <li>• The TransPlant Safety Certificate makes numerous references to Tube Lines and its associated policies and procedures. A programme needs to be put in place to ensure that these references are reviewed and amended. The Office of Rail Regulation needs to be kept informed of these changes. This was actioned immediately following the audit and has been closed; and</li> <li>• Robust systems are in place for the collection, recording and investigation of incidents and accidents at TransPlant. These processes enable the identification of root causes whilst helping to minimise the likelihood of recurrence.</li> </ul>
13_855	Gloucester Road HSE and Manager's Handbook Compliance	31/03/2014	To assess compliance with key requirements of the Managers' Handbooks.	<p>Health, Safety and Environmental management and Management Handbook compliance were found to be adequately controlled. However, a number of issues were noted as follows:</p> <ul style="list-style-type: none"> <li>• An administrative assistant had progressed through a pregnancy and returned to work without a formal risk assessment. This is required by legislation and corporate standards;</li> <li>• Arrangements for monitoring first aid arrangements need strengthening as first aid boxes were found to be depleted;</li> <li>• Monitoring of the completion of Display Screen Assessment needs improving to ensure all DSE users complete their assessments by June 2014;</li> <li>• Monitoring of track familiarisation needs improving to ensure the programme is efficiently completed;</li> <li>• Fire risk assessments for some station tenancies were not available;</li> <li>• While evidence showed they were trained, some staff were not carrying their Safety Critical Licence; and</li> <li>• The Fire Compliance Plan at Sloane Square had not been updated to reflect completed construction work.</li> </ul> <p>Good Practice was identified in relation to the PGI process being adapted so Station Safety Processes and Systems are monitored during PGIs as well as physical conditions. The re-focus avoids duplication of monitoring activities undertaken by others and increases the level of effectiveness.</p>
13_856	Edgware Road Traincrew HSE and Manager's Handbook Compliance	14/03/2014	To assess the compliance with key requirements of the Managers Handbooks.	<p>Health, Safety and Environmental management was found to be well controlled and other areas were found to be adequately controlled. The following issues were noted:</p> <ul style="list-style-type: none"> <li>• While fire drills are undertaken, records of those involved and conclusion with any actions are not recorded as required;</li> <li>• Arrangements for monitoring first aid arrangements need strengthening as first aid boxes were found to be depleted; and</li> <li>• Monitoring of the completion of Display Screen Assessments needs improving as only 60% have been completed with a target date of June 2014 for all to be completed.</li> </ul>

Reference	Report Title	Report Issued	Original Objective	Summary of Findings
13_848	Safety Management in Power Asset Performance	04/03/2014	To determine the extent to which safety risks in AP Power Distribution are being systematically managed through the safety management system.	<p>AP Power Distribution Safety Management System was inherited from the integration of UKPN into TfL in 2013. It was found to be a mature system and has been certified to ISO 18001, 14000 and 9001. Several health and safety processes/procedures are undergoing a review to identify any gaps and alignment with London Underground's Management System. Changes to the SMS will be submitted to the Directors Risk, Assurance and Change Control Team.</p> <p>Robust processes are in place for the assessment of risks at the various stages of work including task/job and generic risk assessment. There is an opportunity for Power to participate in the current review of LU's overall Safety Risk Strategy before embarking in a review of its own procedure.</p> <p>All established drivers were assessed using AP Power Distribution procedure in 2013. The TfL on line assessment has been adopted recently and it is planned that drivers will migrate to the TfL on line assessment.</p> <p>The planning and implementation of safe systems of work is well established. Observations made during our visits to sub-stations, confirmed that safe systems of work were being implemented and followed, including working at height and manual handling.</p> <p>There are currently two systems for the recording and investigation of incidents and accidents. Safety related incidents are reported via the e-IRF. Asset based or asset performance incidents are reported via an internal INF process. Both processes enable the identification of root causes whilst helping to minimise the likelihood of recurrence. However, managing two parallel reporting systems may distort trend and analysis statistics and lessen the opportunity for lessons learnt across LU.</p>
13_777	Track Familiarisation	120/03/2014	To assess whether changes to the way in which track familiarisation is monitored has led to intended improvements	<p>There has been a significant improvement in the numbers of Station Supervisors being track familiarised (required by Rule Book 11) since the last audit in 2012 and the groups sampled showed an improvement in local planning of familiarisation programmes. However, LU is not compliant with the Rule Book as not all Station Supervisors are familiarised as required. It is difficult to achieve 100% compliance due to access issues and availability of staff, especially in tube tunnel areas where familiarisation can only occur in engineering hours.</p> <p>While track familiarisation has been added to SAP to enable visibility and tracking, the granularity does not allow different frequencies where supervisors are to be familiarised on separate stations or lines as required. Local databases are still required, which are vulnerable to lack of maintenance and are not visible to senior management.</p> <p>The six monthly familiarisation, via cab rides and track diagrams, is not recorded. This can be added to station familiarisation certificates as this is the same frequency.</p> <p>Certificates and checklists contained in local station information files were not being used at all locations.</p>

## Appendix 7

**INTERNAL AUDIT CUSTOMER FEEDBACK FORM  
SUMMARY OF RESPONSES FOR 2013/2014  
QUARTER 4**

Understanding our customers' needs and expectations and ensuring we are meeting them is an important part of the continuous improvement we strive for in Internal Audit. We have recently conducted an assignment in your area and would be grateful if you could complete this customer feedback questionnaire, **and return it to us by email**. This will help us identify ways in which we can improve our service to the business.

Please select the rating for our performance ranging from 1 (very poor) to 5 (very good) for the areas below. An additional 'Comments' section is provided for you if you wish to make any specific comments on what went well or could be improved, and on your overall opinion of the assignment conduct and usefulness.

Your feedback will be shared with the audit team, and also summarised on a quarterly basis for the Audit Committee. We may contact you to discuss your feedback if we feel that gaining a better understanding of it would be beneficial.

**Customer Feedback Forms Sent Q4 = 82 (Q3 = 28)**

**Customer Feedback Forms Returned Q4 = 37 (Q3 = 19)**

		No score given	Very poor	Poor	Satisfactory	Good	Very good	Average Score
<b>ASSIGNMENT ASSESSMENT CRITERIA</b>		1	2	3	4	5		
<b>PLANNING AND TIMING</b>								<b>4.4 (4.1)</b>
1)	The assignment timing was agreed with me and there was appropriate consideration of my other commitments as the work progressed	1 (0)	0 (0)	0 (0)	4 (3)	13 (15)	19 (12)	
2)	The assignment was completed and the report issued within appropriate timescales	0 (0)	0 (0)	2 (1)	3 (9)	11 (10)	21 (11)	
<b>COMMUNICATION</b>								<b>4.1 (4.1)</b>
3)	Communication prior to the assignment was appropriate, including the dates and objectives	0 (0)	0 (0)	1 (0)	8 (6)	8 (11)	20 (13)	
4)	Throughout the assignment I was informed of the work's progress and emerging findings	0 (1)	0 (0)	5 (0)	6 (11)	10 (10)	16 (8)	
<b>CONDUCT</b>								<b>4.2 (4.2)</b>
5)	The Internal Audit team demonstrated a good understanding of the business area under review and associated risks, or took time to build knowledge and understanding as the work progressed	0 (0)	0 (0)	4 (2)	8 (7)	12 (9)	13 (12)	
6)	The Internal Audit team acted in a constructive, professional and positive manner	0 (0)	0 (0)	0 (1)	6 (4)	8 (6)	23 (19)	
<b>RELEVANT AND USEFUL ADVICE AND ASSURANCE</b>								<b>4.1 (4.1)</b>
7)	A fair summary of assignment findings was presented in the report	0 (0)	0 (0)	1 (2)	7 (5)	14 (12)	15 (11)	
8)	Assignment recommendations were constructive, practical and cost-effective	0 (0)	0 (0)	2 (1)	10 (7)	12 (12)	13 (10)	
9)	My concerns were adequately addressed and the review was beneficial to my area of responsibility and operations	1 (0)	0 (0)	1 (1)	8 (5)	11 (14)	16 (10)	
<b>Overall assessment</b>								<b>4.2 (4.1)</b>

**Other comments including suggested improvements and areas of good performance:**

*"I was very impressed with the professionalism shown and the consideration and understanding of the problems we face. I was given practical advice and guidance which I am in the process of implementing. I also found the opportunity to feedback and correct small errors very helpful."*

*"The outputs from the audit were constructive and were relevant with regards to process improvement or clarification of ambiguities. The auditors clearly demonstrated a "working with you" approach, as opposed to "let's see what's wrong" approach."*

*"Auditor built up rapport with staff members quickly and easily. Attendees at meetings were put at ease and meetings were conducted thoroughly and to time. Our department structure and tasks are of a complex nature and the auditor endeavoured to understand the information ascertained. The actions included within the report did include tasks we already carry out, however, we addressed those once the preliminary report was reviewed. Work constraints were acknowledged and flexibility granted when required with regards to providing information/reviewing documents etc."*

*"The auditor displayed his usual tenacity in pinning me down whilst all the changes were happening. A job done well under difficult circumstances."*

*"On the whole a very professional audit, and some of the work carried out will help us to validate some of our future plans / direction of travel. One observation could be that the lead times between the discussions around the timing and the scope of the audit, and the actual start of fieldwork were quite long, which on a project could cause issues."*

*"The auditors were friendly and always willing to engage."*

*"I have worked with the auditor before who has good understanding of the asset area and the roles involved. There were couple of changes during the audit which I instigated and were managed very well. The Audit Manager has issued me the Weekly Report promptly for which I am very grateful. It was my pleasure to work with the well-versed audit team."*

*"My perception is that some auditors have significant audit workloads to deliver and this may be stifling communication during the audit process a little - during this and other audits, I often have to chase for progress updates after scoping, rather than relying on proactive updates from the audit team."*