

**Date: 16 June 2015**

**Item: Internal Audit Annual Report 2014/15**

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**This paper will be considered in public**

**1 Summary**

1.1 The purpose of this paper is to summarise Internal Audit activity for the year ended 31 March 2015, to account for the use of resources and provide an opinion on the internal controls as required by the Public Sector Internal Audit Standards.

**2 Recommendation**

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

**3 Audit Opinion**

3.1 Based on the work the Department has completed during the course of the year, which is set out in more detail below, and taking into account other sources of assurance including:

- (a) Project reviews carried out as part of the Integrated Assurance Review Process (including the work of the Independent Investment Programme Advisory Group);
- (b) the work of other management assurance teams;
- (c) a review of the Control Risk Self Assurance exercises within TfL; and
- (d) the assurance letters prepared for HSE and Resilience;

we have concluded that TfL's control environment is adequate for its business needs and operates in an effective manner.

3.2 Internal Audit's work has been carried out in accordance with Public Sector Internal Audit Standards.

3.3 There have been no matters arising from any of the work we have completed that need to be brought to the attention of the Audit and Assurance Committee.

3.4 There have been no restrictions imposed on the scope of the internal audit function.

3.5 In addition, using assurance gained from our audit work on governance matters we can conclude that TfL's code of governance, including internal control, is adequate and effective.

## 4 Work Done

### Introduction

4.1 Internal Audit work falls into two main areas namely audit assurance as set out in the Audit Plan; and Fraud Awareness, Prevention, Detection and Investigation. In addition, we provide advice on controls and processes both via reviews and by attendance at working groups. The sections below explain the work that has been done in these areas in the past year.

### Audit assurance

4.2 In any year, the Audit Plan can change significantly as projects and procurements are revised or re-programmed and new or changing risks take priority. For this reason, we use a "rolling" plan which means we confirm our audit schedule on a quarterly basis, although we have a view as to the work we aim to complete during the next twelve months.

4.3 The proportion of Internal Audit (including HSE&T) time spent by business area was:

	Actual 2014/15 (%)	Plan 2014/15 (%)
Pan TfL	8.1	8.5
Rail and Underground	44.8	44.0
Surface Transport	7.6	11.0
Specialist Services	28.1	26.4
Crossrail	7.9	7.3
Other (LTM/ Pension Fund)	3.5	2.8
	<u>100</u>	<u>100</u>

4.4 The actual time analysed above includes time spent on audits brought forward from the 2013/14 plan.

4.5 The planned and actual time allocations are similar, although a lower proportion of time was allocated to Surface Transport than planned, due to several audits being deferred to 2015/16 as a result of changes to the business activity being reviewed.

4.6 A number of audits in the 2014/15 Audit Plan were still in progress at 31 March. We also completed some audits carried forward from the 2013/14 Audit Plan during the year. The number of Interim Audit Reports, other outputs, including advisory reports and memorandums, and HSE and Technical reports issued during the year and in

2013/14 are set out in the table below. The overall level of output is a little higher than in the previous year.

	Interim Audit Reports					HSE and Technical Audit Reports*					Other Outputs (Advisory Reports/Memos)	Total
	WC	AC	RI	PC	Total	WC	AC	RI	PC	Total		
2014/15	14	27	21	1	63	7	62	27	2	98	43	204
2013/14	5	24	24	5	58	n/a	n/a	n/a	n/a	97	37	192

\* - HSE and Technical Audit Reports did not carry overall conclusions in 2013/14

- 4.7 The Interim Audit Reports issued have a higher proportion of 'Well Controlled' and 'Adequately Controlled' conclusions than in 2013/14. There was only one report issued with a 'Poorly Controlled' conclusion, compared with five in the previous year. Only two of the HSE and Technical reports were concluded as 'Poorly Controlled', with over 70 per cent being 'Well Controlled' or 'Adequately Controlled'. Comparative figures for HSE and Technical reports are not available as we only started applying conclusions to them this year.
- 4.8 The 'Poorly Controlled' reports related to Staff Travel concessions for bus operators; Controls over Communication Equipment Rooms; and Controls over Temporary Approved Non-compliance for signals. In all cases the management actions have been addressed and the audits are now closed.
- 4.9 A more detailed summary of audit work carried out during the year can be found in Appendix 1.
- 4.10 We follow up all previously issued interim audit reports to confirm that agreed management actions have been implemented, and issue a final audit report of our findings. Follow up audits and resulting final reports indicate that management action plans agreed as part of the audit process are being completed effectively and on a timely basis. Out of 63 final audit reports issued, there were only two, on Access to Oyster Data and Quality of HR Master Data, which we were not able to close as a result of actions being incomplete. We will carry out second follow-up reviews on each during 2015/16 to confirm that the remaining actions have been addressed.

## **Other Work**

4.11 In addition to the planned audit work above, we have also continued to be involved in a range of steering groups and other governance bodies, and have been represented on the following during the year:

- (a) Assurance Delivery Group
- (b) Commercial Leadership Group
- (c) IM Steering Group (IMSG)
- (d) SAP Security Governance Council
- (e) Rail and Underground Value Programme Board
- (f) End User Computing (EUC) Programme Board
- (g) Resilience Steering Team
- (h) Run Better Business Steering Group (RBBSG)
- (i) TIQ Project Board
- (j) Crossrail Integrated Assurance Group
- (k) Crossrail Fraud Risk Assurance Group
- (l) Ensuring Efficient and Effective Support Solutions

4.12 This involvement enables us to provide input on risk management and control matters at an early stage in major projects as well as allowing observation of project and other governance processes.

## **Other Assurance Providers**

4.13 Throughout the year, we have received regular updates on the work of the project assurance team delivered through the Integrated Assurance Review (IAR) process, including the work of IIPAG. Copies of reports prepared by these teams have been shared with us as required. A summary of this work has been included in the Director of Internal Audit's quarterly reports to the Audit and Assurance Committee, and it has been taken account of in arriving at the overall conclusion on the effectiveness of TfL's control environment.

4.14 In Crossrail, there is a range of other assurance activity that we take into account in arriving at an overall opinion on control effectiveness in Crossrail, as follows:

- a) Crossrail compliance audits, managed by the Senior Audit Manager (SAM) – Crossrail, which are technical audits of compliance with the Crossrail Management System;
- b) Contractor HSQE audits, also managed by the SAM – Crossrail, providing assurance across a range of contracts and themes that contractors have effective HSQE systems in place;

- c) A Contractor Commercial Review function providing assurance over the commercial performance of contractors, covering cost; contract management; risk management; commercial value; supply chain and procurement; and anticipated final cost management and controls; and
- d) External Lloyds Register Quality Assurance (LRQA) review of the Crossrail Management System.

4.15 The outcomes from this work are reported quarterly to the Crossrail Audit Committee, and summarised for the Audit and Assurance Committee as part of the Internal Audit quarterly reports. There are no significant issues that need to be brought to the Committee's attention.

### **Control Risk Self Assurance (CRSA) including assurance letters**

4.16 CRSA is a process that enables management to assure themselves that key controls are operating across a whole process. It can reduce, but not eliminate, the need for internal audit. The CRSA returns are reviewed by Internal Audit to ensure they are in line with audit findings during the year and to ensure the assurance gained is taken into account for the internal audit opinion.

4.17 Separately to the CRSA process, TfL produces annual assurance letters for HSE and Resilience, which are also reviewed by Internal Audit

4.18 The CRSA process is currently managed by the Financial Services Centre. Internal Audit worked with staff in the FSC during 2013/14 on reviewing the scope, content and sign off process for the CRSA, ready for use across the business. This review examined the risk and control frameworks to confirm with each business area that they remained current.

4.19 During 2014/15 audit work was carried out on the pan-TfL Strategic Risk Management (SRM) processes. As part of this work we looked at the relationship between the CRSA process and the overall Integrated Assurance Process. It was found that there was limited linkage between CRSA and the SRM process. There are certainly opportunities to make more use of CRSA to provide assurance over how risks are being managed and to extend CRSA into more areas. IA will work with the business to take this forward during 2015/16.

### **Fraud Prevention, Detection and Investigation**

4.20 We conducted a number of fraud awareness sessions during the year to over 400 members of staff. This included a series of sessions delivered to all of Crossrail's Tier 1 contractors and we have now begun providing sessions to Tier 2 contractors.

4.21 Where appropriate, we have publicised successful outcomes of fraud investigations both internally on 'Source', our intranet, and externally in the media, in addition to publishing Fraud alerts and notices warning staff of current and emerging risks in their work and personal life. We have received positive feedback on this.

- 4.22 We have undertaken data analytical exercises both in support of ongoing investigations and in our preventative work to provide assurance that processes are not being abused for fraudulent reasons. During the year this included work with the Crossrail finance team to assist them with analysis of duplicate invoicing, charging and vendor details to provide assurance that these are not fraudulent in nature.
- 4.23 Where applicable we always take steps, in liaison with the business, to ensure that appropriate improvements are made to internal controls to prevent frauds from recurring.
- 4.24 There were 45 new investigations started during 2014/15, and 20 cases brought forward from 2013/14. There were no significant trends identified from our investigations.
- 4.25 The disposal of cases throughout the past year (previous year's totals in brackets) is as follows:

	Investigations	
In Progress at 1 April 2014		<b>20 (25)</b>
New since 1 April 2014		<b>45 (36)</b>
Closed since 1 April 2014	No Crime/ Offence established	<b>14 (8)</b>
	Disciplinary Action Taken	<b>4 (7)</b>
	Police/ Judicial Action Taken	<b>13 (26)</b>
	Sub Total	<b>31 (41)</b>
In Progress at 31 March 2015		<b>34 (20)</b>

- 4.26 The number of closed cases during the year that led to police/ judicial action demonstrates the Fraud Team's effective working relationship with Law Enforcement Agencies, and the quality of the evidence compiled to support the cases.
- 4.27 The 45 (36) new investigations consist of 42 (30) fraud cases, 2 (4) reports of theft and 1 (2) 'other' types of case.
- 4.28 Reports were received from the following sources:

Source	2014/15	2013/14
Internal Control	6	4
Staff Member	27	29
Member of Public	7	1
Law Enforcement Agency	5	2
<b>Totals</b>	<b>45</b>	<b>36</b>

## **5 Internal Audit Strategy**

- 5.1 Our Internal Audit Strategy was presented to the Audit and Assurance Committee in December 2013. The purpose of the Strategy is to set out the department's priorities for developing its services to the business over a three to five year period. The Strategy is aligned with the four TfL strategic pillars – Customers, People, Delivery and Value for Money – and under each heading sets out a number of key deliverables for the development of the Internal Audit Service.
- 5.2 Over the course of the year, the IA Leadership Team have continued to progress the specific actions through which these deliverables will be implemented. The status of the deliverables is set out in Appendix 2.

## **6 Resources**

### **Staff**

- 6.1 The total budgeted headcount of 59 has remained steady during the year.
- 6.2 The SAM – IM and Security retired in February after over 41 years working for TfL and its predecessor organisations. His successor has been recruited and will take up her post in June. The Audit Manager – Security also left the department in March to take up a new post in IM. A replacement will not be recruited until the new SAM – IM and Security is in post.
- 6.3 There have been few other staff changes during the year, with just three internal auditors leaving to take up positions elsewhere in the TfL Group. All of the resulting vacancies have been filled.

### **Staff training and development**

- 6.4 We have in place documented guidance setting out the standards we require for all staff both to maintain their existing professional qualifications and to ensure they receive sufficient continuous training in internal audit and fraud investigation (as appropriate) to keep them up to date with best practice. All of our joiners into audit positions who do not have previous audit experience must complete the IIA's Certificate of Internal Audit during their first year in the department.
- 6.5 We monitor training to ensure all staff are achieving the requisite standard. We manage the cost of training through judicious selection of courses, including making use of free or discounted courses where possible, and are comfortable that the training provision is sufficient for us to maintain our high standard of professionalism.

## **Co-sourcing**

- 6.6 A GLA-wide contract for Specialist Internal Audit Services with Baker Tilly is in place that we could use to help us resource our audit work if required. However, we have not made use of the contract during the year.

## **7 Internal Audit Processes**

- 7.1 In accordance with CIPFA and IIA standards we carry out an annual internal review of the department's performance. In addition, every three to five years, we commission an external review of our performance. The most recent external review was carried out by KPMG in 2012 which, while generally positive, highlighted a number of areas for further development, and we agreed an action plan to take forward the matters raised. All of these actions have either been completed, or have been incorporated into the Internal Audit Strategy. The next external review is scheduled for 2016.
- 7.2 During 2014/15 we carried out an internal review to evaluate our performance and conformance with IIA Standards, our Audit Manual and performance measures. For the first time the Fraud team were included in the review. The overall assessment was that we conformed to the IIA Standards and the relevant policies and procedures. Some opportunities for improvement were noted particularly in relation to the consistency of supporting documentation and these will be addressed over the coming months.
- 7.3 We seek to continuously review and enhance our audit processes to ensure they are best practice and meet the needs of the business. During the year we have been working to enhance our audit management software particularly with regard to the way we track the completion of audit actions. The new functionality has provided us and the action owners across the business with access to improved real time information on the status of audit actions with less reliance on the follow up review to confirm they have been completed.

## **8 Integrated Assurance**

- 8.1 In March, the fourth annual Integrated Assurance Plan (IAP), covering all Internal Audit and Project Assurance work planned for 2015/16, was approved by this Committee.
- 8.2 This year, we have been able to include in the IAP more details of assurance work planned for HSE&T audit functions that are embedded within the business and operate outside of Internal Audit, as we continue to develop TfL's 'Community of Auditors'.
- 8.3 Assurance Progress Reporting to the Operating Boards has been further improved. In Rail & Underground, reports are now produced periodically rather than quarterly (reflecting the volume of assurance work done there) and are considered by the

R&U Value Programme Board on the Operating Board's behalf. Content of the reports has developed to include information on audit action status, with late actions being highlighted for Board attention; this has led to a marked improvement in the timely closure of actions. Surface Transport reports continue to be produced quarterly, but will have the same enhanced content as the R&U ones in future.

- 8.4 Building on our success in improving links between TfL's strategic risks in the planning and reporting of assurance work, we are actively engaging with the TfL Risk Management function to find ways of reflecting the findings of audits and reviews within risk reviews. TfL's Key Risk Representatives now meet together on a periodic basis, and IA attends to ensure close liaison.
- 8.5 Following the highly successful integration into Internal Audit of the audit teams previously located with the HSE functions, we have been working with the embedded auditors to develop a common audit process and auditor competence framework. It is only early days for this but initial indications are that there is strong support for it. TfL is generally increasing its embedded auditor capabilities in a number of areas, so this initiative is happening at an opportune time.
- 8.6 Progress with development of assurance maps has continued. Work by Customer Experience started last year on mapping of primary revenue processes has completed, and ground work on using this as the basis for producing an assurance map for primary revenue is under way. Commercial Development staff have met with Customer Experience to share lessons on process-mapping within TfL as a precursor to them doing a similar exercise for secondary revenue.
- 8.7 The transfer of Project Assurance from the TfL Programme Management Office to Finance has presented an opportunity to achieve greater collaboration between that function and IA. Discussions between the Director of IA and the Chief Finance Officer, and between the SAM – Commercial and HSE&T and the Head of Project Assurance, are taking place to explore opportunities such as sharing of resources.

## **9 Networking**

- 9.1 To ensure that TfL's Internal Audit department remains up to date and understands best practice, it is important that we engage with other Internal Auditors and Fraud Investigators as well as attending and speaking at conferences relevant to our professional and business needs. The department has memberships of the Chartered Institute of Internal Auditors (IIA), CIPFA and the Association of Certified Fraud Examiners among others, which means we receive copies of publications, newsletters and updates from these bodies that assist in ensuring that we are up to date.
- 9.2 Members of the team also belong to a range of external bodies, including the London Audit Group; the IIA Guidance and Editorial Committee; the Information Systems, Audit and Controls Association (ISACA); the Association for Project Management (APM) Specific Interest Group on Assurance; the APM Audit

Committee; the Institute of Risk Management; the Institute of Occupational Safety and Health; the Security Institute; the London Fraud Forum; the National Federation of Fraud Forums; the London Committee of Crimestoppers; and the Fraud Advisory Panel.

## 10 Customer Feedback

10.1 At the end of every audit, we send out a customer feedback form to the principal auditee(s) requesting their views on the audit process and the report. The form is questionnaire based so it can be completed easily and quickly. During the year we have started issuing the form using Survey Monkey to simplify the process further. A list of the questions, including a detailed analysis of the results, is included in Appendix 3.

10.2 The return rate for feedback forms in 2014/15 was 42 per cent, a disappointing reduction from the 56 per cent achieved in 2013/14. There were, however, indications that the return rate was increasing in the latter part of the year following the introduction of Survey Monkey. The summary of scores received in the year is as follows:

	Very good %	Good %	Satisfactory %	Poor %	Very poor %
2014/15	53	33	13	1	0
2013/14	34	44	16	6	0
2012/13	35	41	18	5	1

10.3 The majority of respondents continue to be satisfied with the way we carry out our work, and there has been a significant increase in the proportion of 'very good' score, with only a very small number rating us as 'poor'. All feedback which is less than satisfactory is followed up by the Director of Internal Audit to ensure the concern is understood, discussed with the audit team and lessons learned where appropriate.

### List of appendices to this report:

Appendix 1 – Overview of Internal Audit and Other Assurance Work 2014/15

Appendix 2 – Internal Audit Strategy – Status Update

Appendix 3 – Customer Feedback Form – Summary of Responses for 2014/15

### List of Background Papers:

Audit reports.

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## TRANSPORT FOR LONDON

### AUDIT AND ASSURANCE COMMITTEE OVERVIEW OF INTERNAL AUDIT AND OTHER ASSURANCE WORK - 2014/15

#### 1 BACKGROUND

- 1.1 The 2014/15 Integrated Assurance Plan highlighted some key areas that would be covered by our work during the year. The following paragraphs set out our work done in respect of those and other areas.

#### 2 SAVINGS AND EFFICIENCIES

- 2.1 The Ensuring Efficient and Effective Support Solutions (EE&ESS) programme, led by the CFO, reviewing the benefits and efficiencies achieved in Specialist Services areas following organisational change has been ongoing throughout much of the year. One of our auditors was seconded to the EE&ESS programme for the majority of the year assisting with the reviews of Commercial; Finance; HR; Planning; and Customer Experience, Marketing and Communications. The findings and recommendations from these reviews have been reported to the Leadership Team.
- 2.2 We also carried out some work assisting the PwC team carrying out the Savings and Efficiencies Review for 2014/15. One of the key recommendations from the review was for the development of an assurance framework for the programme. It has been agreed that Internal Audit will work collaboratively with the Savings and Efficiencies Team during 2015/16 on developing the key risk register and assurance map.
- 2.3 An audit was carried out on the implementation of TfL's Accommodation Strategy including reviewing the extent to which value for money in implementing the strategy is being achieved. We raised one minor issue, but overall we concluded that the implementation of the Accommodation Strategy is well controlled.

#### 3 PROJECT AND CONTRACT MANAGEMENT

- 3.1 We issued 13 interim audit reports in 2014/15 and 14 memorandums. Seven of the audit reports had a 'Requires improvement' conclusion, two were 'Adequately controlled', and the remaining four were 'Well controlled'.
- 3.2 The audit reports and memorandums result from a diverse mix of audits and consultancy engagements, including twelve of specific projects,

procurements and contracts, and with the rest covering general project and contract management activities and processes.

- 3.3 An effective way of providing assurance over important procurements is through 'real time' audits focused at key stages of the procurement process. We completed five of these during 2014/15, covering procurements of: the new DLR franchisee; the Crossrail Train Operating Concession; a new ticketing service provider; a new Traffic Control Equipment Maintenance and Related Services contract; and the new London Cycle Hire Scheme Sponsor.
- 3.4 A further four real time procurement audits remained in progress at the end of the year, namely: establishment of a new Professional Services Framework; procurement of a new Bus Stops and Shelters contract; procurement of Managed Services Contract for the Supply of Track Labour; and procurement of a new Property Development Framework.
- 3.5 In general, our real time audits have found that the procurements are well-managed processes, and there have been some particularly good examples that can be used as models for others.
- 3.6 An important focus for our project and contract management audits in 2014/15 was Commercial Development, with seven audits either completed or in progress at the end of the year. Our general view based upon these audits is that some improvement in controls is needed to ensure that risks are properly managed in this fast-moving and critically important area of TfL.
- 3.7 Primary responsibility for providing assurance over individual projects remains with Project Assurance (complemented by the work of IIPAG), and we carried out no audit work on any individual projects during the year that are subject to Project Assurance reviews. However, we do carry out a number of cross-cutting project management reviews each year, to provide assurance over the environment and context in which projects are delivered. In 2014/15 we reviewed the preparation and use of business cases in making project-related decisions, from which we concluded that there was scope for improvement in business cases for change projects. We also started a consultancy engagement looking at LU's processes for project cost estimating and forecasting (see below).
- 3.8 Work on project management assurance mapping in 2013/14 along with a review of Surface Transport's response to the growth of its business plan identified that project management resource planning is an important risk area where more assurance is required. We have therefore begun a significant piece of work looking at the pan-TfL mechanisms in place to ensure that the organisation is able to meet the demand for project management resource. This work will continue into 2015/16.
- 3.9 We completed four consultancy reviews during the year as follows: Analysis of LU compensation events; Contractor management of labour resources; Operation of R&U Programme Boards; and Progress against

the recommendations of the Surface Transport Investment Programme Deliverability Review. In each of these cases, we were able to provide management with an independent opinion to provide input into ongoing developments in the area under review.

#### **4 IM and Security**

- 4.1 In 2014/15, we issued 12 interim audit reports and 11 memorandums related to different aspects of IM and security governance. Of the reports, seven were concluded as 'requires improvement', two were 'adequately controlled' and three were 'well controlled'. This indicates that the overall IM control environment remains stable.
- 4.2 Out of the reports concluded as 'requires improvement' the following were among the more significant:
- (a) The audit of the security of TfL websites found that TfL Online has contracted NCC to provide a managed service for security testing. The managed service is designed to cover all websites under TfL ownership, including those hosted by third parties both within and outside the main TfL domain. However, we identified that, some websites hosted by third parties were not covered by the NCC managed service. Following the issue of our report, TfL management has been working to ensure that all TfL websites become part of the managed service and thus mitigate the associated risks.
  - (b) Our audit of the Contactless Ticketing back office systems developed by TfL found that there are well-established operational and incident management procedures covering the Contactless Ticketing production environment to monitor services and manage incidents. Effective change management procedures are also in place. However, we did identify issues over segregation of duties and access rights in relation to the back office systems. Management action is being taken forward to address these.
  - (c) Our review of pre-employment vetting and HR screening in relation to non-permanent labour (NPL) found that NPL providers reviewed did not have clear parameters regarding time frames for completing the relevant checks. There was also no evidence of HR Recruitment regularly monitoring the service providers' performance against the agreed KPIs.
- 4.3 During the year we have been providing real time assurance over a number of the major IM programmes, including Run Better, Transforming IM (TIM) and End User Computing (EUC), and have issued memorandums recommending improvements to the governance of these programmes. Key observations emerging from our work are noted below. In all cases, our real time assurance will continue in 2015/16 and we will track progress with the issues raised:

- (a) Run Better Programme – we conducted a survey to gain an understanding of stakeholders’ views of the Programme and give them the opportunity to raise specific concerns or positive observations. There were positive comments in a number of areas, and in particular, the FSC noted significant progress with delivery of benefits. However, the survey also highlighted concerns over the Programme’s slow rate of progress, the quality of reporting and communications, and a perception of undue focus on the SAP solution as opposed to an effective business process.
  - (b) TIM – we found that the management and realisation of the TIM Programme benefits could be improved by better defining the baselines and targets for each measure, defining the owners of the strategic and financial benefits and ensuring that financial benefits are measured against agreed start dates. There was also scope for better involvement of the IM Business Partners in the stakeholder engagement plan.
  - (c) EUC – we noted that there is no overall framework that underpins the security requirements for the deployment and use of mobile technology within TfL. Whilst the Information Security Controls Framework (ISCF) document sets out the security requirements and standards for IM, the ISCF makes only high level references to mobile technology. Policies and guidance detailing security principles with regards to mobile use are still under development.
- 4.4 During the year we have maintained close contact with the Chief Information Security Officer (CISO) who is playing an important role in TfL in looking to raise the profile of and build cyber security capabilities to help TfL mitigate the risks to the business associated with cyber security. The CISO has continued working on the gap analysis based on the Information Security Controls Framework. We will continue to work with the CISO during 2015/16 as TfL takes forward a programme of work to address the issues identified.
- 4.5 During the year we have continued our support of TfL activities aimed at obtaining Payment Card Industry Data Security Standard (PCI DSS) certification. Our accredited PCI DSS Internal Security Assessor has been working in alignment with the external Quality Standards Assessor (QSA) to drive forward TfL’s work to enhance PCI DSS controls throughout the business.
- 4.6 We have worked in partnership with the business on reviews of the security of LU SCADA (Supervisory Control and Data Acquisition) systems and their resilience against external cyber attacks, applying the Centre for Protection of National Infrastructure (CPNI) SCADA risk assessment tool.
- 4.7 We have continued to take part in steering committees, programme board meetings and participate in project meetings. This affords the opportunity

to provide challenge, understand the implications of organisational changes and observe governance processes in action.

## **5 HEALTH, SAFETY, ENVIRONMENT AND TECHNICAL (HSE&T)**

- 5.1 The HSE&T team were audited as part of the ISO 55000 (Asset Management) audit of London Underground in December 2014 and March 2015. The audit found no issues to be addressed and noted improvement in the escalation of overdue HSE&T actions to the Value Programme Board and Audit & Assurance Committee. The audit also highlighted the HSE&T Internal Audit report provided for the LU Management System review as being good.
- 5.2 The HSE&T Team were also subject to inspection by the Office of Rail Regulation (ORR) in relation to audits of LU as part of the ORR's proactive intervention plan. The ORR found evidence of legal compliance and found no significant issues to be addressed. In light of a number of occupational safety incidents in LU they recommended that the audit schedule included topic audits of specific risks to enable auditors to challenge more and 'drill down' to effectiveness of controls on the ground. This has been incorporated into the 2015/16 audit schedule with audits planned on significant risks such as working with electricity and working at height to support business improvement plans in these areas.
- 5.3 We issued 98 reports in 2014/15. Two of the audit reports had a 'Poorly controlled' conclusion, 27 were 'Requires improvement' conclusion, 62 were 'Adequately controlled', and the remaining 7 were 'Well controlled'. These numbers should be seen in the context of an HSE&T audit programme that focuses on business areas and topics where management believe control maybe weak and audit will help to improve control. The significant areas of risk identified by these audits are detailed below, together with a summary of the work carried out.

### **Health, Safety and Environment**

- 5.4 Our HSE audits in R&U identified common themes relating to two elements of the Management System: Risk Assessment and Pro-active Monitoring. R&U has already established improvement workstreams (Risk Assessment Benchmarking and Review of Pro-active Monitoring Regimes) as part of its HSE Improvement Plan. Further detail is provided below.
- 5.5 In Surface Transport, the way in which safety management is organised is undergoing change, with the introduction of the TfL HSE Management System across all areas. We carried out audits in Dial-a-Ride and London River Services of how the management system is being embedded and issues identified are being addressed by these business units.

### *Risk assessment*

- 5.6 Issues were commonly identified with the quality or timeliness of general assessments, as well as some of the specific assessments required for legislative compliance and to ensure controls are effective. Examples of where we found absent or poor quality assessments include manual handling, hazardous substances and noise. A contributory cause of these issues was a lack of trained or experienced assessors in some areas, and assessments being stored locally with no central registration, control and prompts to review.
- 5.7 Agreed management actions include increasing the number of trained assessors, use of the Workplace and Customer Risk Assessment database in LU Asset Performance, and review of existing assessments. The HSE directorate is undertaking a benchmarking exercise to determine potential improvements and to ensure consistency in the way risk assessment is undertaken across TfL.

### *Pro-active monitoring*

- 5.8 Audits have highlighted inconsistency in understanding and implementation of HSE monitoring arrangements. Our review work suggests there are limited links between risk assessment and monitoring and insufficient monitoring of how people work.
- 5.9 Some HSE monitoring activities are programmed through the asset management systems (Ellipse and Maximo) which provide good levels of management control to ensure these happen. For many activities, however, co-ordination and visibility of the monitoring activities and whether these are completed is restricted to local managers. Where HSE monitoring is not undertaken, this is not visible to senior management and therefore no corrective action is taken.
- 5.10 Actions being taken forward by HSE as part of the HSE Improvement Plan include:
- a programme of safety inspection and coaching for front line managers
  - a plan to apply six sigma reviews to HSE processes including pro-active monitoring tools
  - introduction of an integrated HSE Action Tracking Database for R&U

### **Asset Management**

- 5.11 A Poorly Controlled audit report was issued with regard to the process management of Temporary Approved Non-Compliances (TANCs) in LU Signals South. The process is designed to ensure that assets that are not to standard remain in service only after a risk assessment by an approved competent person. A number of process issues were identified which meant that this assurance was weak. These issues have now been addressed.

- 5.12 Our technical audits against elements of ISO 55000 identified a number of common issues as set out in the following paragraphs.

*Asset information*

- 5.13 At the request of management we carried out a review of controls over Communication Equipment Rooms (CERs). This showed that there was a lack of clear ownership of CERs which had led to deterioration in the control environment over a period of time. The audit was concluded as 'poorly controlled'. The management actions arising out of the audit have all been addressed and we plan to carry out a further audit in 2015/16 to confirm that the controls are now operating effectively.
- 5.14 Whilst our work has not identified any similar problems for other asset types, a common finding has been a failure to ensure asset information records in Ellipse/ Maximo meet LU defined requirements. This can lead to an inability to trace assets and a lack of robust maintenance.

*Competence*

- 5.15 Our review work in LU COO shows good control for tasks and roles assessed as safety critical and this is improving with the implementation of the Asset Performance Competence Assurance System modelled on the Service Delivery system.
- 5.16 However, many other roles have the potential to affect achievement of asset objectives and whilst there are basic requirements for job descriptions and performance and development reviews for all roles in TfL, we have found an absence of definition of competence for roles responsible for inspecting/ maintaining such assets as premises and structures. Whilst action has been taken to address the specific issues raised by our audits this highlights a broader need for improvements in defining management system expectations on competence beyond safety critical roles. There is an action in the HSE Improvement Plan to develop a robust competence management system in LU COO.

*Documented information*

- 5.17 Another common issue has been inconsistencies in documentation resulting from LU's evolution into one organisation following the PPP contract terminations. Where teams are performing the same tasks across different delivery areas, this can result in inconsistency in monitoring / risk management across the business. We are aware that LU is progressively integrating the former Tube Lines processes and teams with the existing LU processes and teams

*Quality Management*

- 5.18 Audit findings in LU COO and LU CPD show inconsistency in the application of ISO 9001 (Quality Management Requirements). Our

reviews have highlighted that whilst the LU supply chain is expected to meet these requirements there similar expectations are not consistently applied within LU itself since the integration of Metronet and Tube Lines. We are aware that Quality Managers have increasingly been appointed in some areas of LU Projects aimed at strengthening knowledge and application of quality management principles. In addition, a recent consultancy report for LU CPD has made some recommendations regarding quality management and these are currently being considered.

- 5.19 Inconsistency of process has been most notable with regard to the application of Pathway with a number of audits highlighting that flexibility built into Pathway through exercising 'professional judgement' means that outputs can be inconsistent. We are writing a separate paper on the common findings, and we understand that the Head of PMO is planning a review of Pathway.

## **6 GOVERNANCE AND RISK MANAGEMENT**

- 6.1 During the year we have carried out a number of audits covering aspects of TfL's overall corporate governance arrangements
- 6.2 We audited the effectiveness of the key controls and processes in place for developing and implementing the One TfL Management System – Working at TfL. The audit identified a number of issues including that the removal of the Programme Board had resulted in the loss of a key corporate platform for senior management ownership, accountability and review. We concluded that the control environment for the TMS requires improvement.
- 6.3 At the request of management, we carried out a review of the adequacy and effectiveness of internal controls in place over access to Oyster data. The audit identified a number of issues, including delays in implementing the new IT systems, a lack of role-based restrictions on system access, an absence of monitoring by management of what data is being accessed, and roles and responsibilities were not entirely clear. We concluded that the control environment required improvement. Our subsequent follow up review of the management actions found that, whilst many had been completed, six had only been partially addressed. Accordingly a second follow up will take place later this year.
- 6.4 Internal Audit was asked to review the processes and controls over the granting and monitoring of Procurement Authority (PA) following an instance of PA being breached for a significant IM contract. Our work was carried out in two stages, with the first stage focusing on the specific breach, and the second looking more widely at controls over PA across TfL and seeking to identify whether there had been any further breaches in relation to other contracts. We found that monitoring of spend against PA is not consistently done, mainly as a result of a lack of clarity over responsibilities between Commercial Services and the business areas it supports. PA had been breached on a number of other contracts. However, it was noted that there was proper financial authority in place in

all cases and we found nothing to suggest any increased fraud risk as a result of these breaches. Management is taking forward a programme of actions to ensure this cannot happen again.

- 6.5 We carried out a review of the policies, procedures and key controls governing declarations of interests. The audit identified a number of issues, primarily in the Commercial area, concerning declarations of interest when awarding contracts and single sourcing. The draft report is currently with management for review.
- 6.6 We also reviewed the risk management process in operation in Specialist Services following similar reviews in Surface Transport and Rail and Underground in previous years. The audit identified a number of issues in specific directorates including examples of good risk management practice not being effectively shared and risk registers not being maintained. The audit was concluded as requires improvement.
- 6.7 An audit of pan-TfL strategic risk management was in progress at the year end and is due to complete shortly.
- 6.8 Enforcement and On Street Operations requested Internal Audit to review the Taxi and Private Hire compliance activities to provide input into a major business improvement project. We noted a significant number of areas where the control environment should be improved and a set of deliverables for improvement and change were created to address them. We will undertake a further review during 2015 to ensure the issues have been adequately addressed and controls are operating effectively.
- 6.9 We carried out a short review of TfL's preparations for the 2016 mayoral election. The audit is being carried out in two stages. The first stage reviewed the planned programme of activities leading up to the election. We were satisfied with the plan and the proposed governance structure. The second stage will take place in early 2016 and look at the implementation of the programme.
- 6.10 An audit was carried out to determine the effectiveness of the processes for developing and implementing plans aimed at achieving TfL's strategic environmental goals and targets. A number of issues were identified regarding coordination of the activities of the various TfL teams and clarity over responsibilities. However, overall we concluded that the processes were adequately controlled.
- 6.11 The Road Safety Action Plan for London 2020 was developed to promote safety on London roads, and help achieve the Mayor's target to reduce the number of people killed and seriously injured. We reviewed the implementation of the action plan, which we concluded was well controlled.

## **7 CORE FINANCIAL PROCESSES**

- 7.1 As usual, our programme of audit work included a number of reviews of core financial control areas.
- 7.2 An audit was conducted to provide assurance over amendments to supplier bank account details following control improvements agreed earlier in the year. We found that a number of the agreed actions had not been fully implemented. The revised procedure still did not fully reflect the current processes and exemptions to some of the controls, allowable in extenuating circumstances, were not always being appropriately authorised by management. We concluded that controls over the process required improvement.
- 7.3 We reviewed the process and controls for managing TfL's performance scorecards to provide assurance on their accuracy and integrity. We reviewed the overall TfL scorecard and a sample of scorecards from across the business. The audit identified a need to strengthen processes for verifying source data together with some more minor issues. We concluded that the control environment over the TfL scorecard process required improvement.
- 7.4 An audit of the controls over Project Accounting in ST identified a number of issues, but overall we concluded that this area was adequately controlled.
- 7.5 Audits were undertaken to provide assurance on the adequacy and effectiveness of internal controls in place in LRS and LBSL, focussing on a small number of key activities. In both areas the processes were found to be adequately controlled. A similar piece of work was underway in VCS at the close of the year.
- 7.6 Other audits aimed to provide assurance on the effectiveness of financial controls over non-fares revenue accounts receivable and the adequacy and effectiveness of the period end management accounting process. The audits identified some areas where controls could be strengthened, but overall we concluded that both were adequately controlled.
- 7.7 We carried out a review of the controls over the Blue Badge Congestion Charge discount. The audit identified an issue relating to the process for following up National Fraud Initiative data matches together with some other more minor issues. However, overall we concluded that the control environment was adequately controlled. We have subsequently carried out a follow up review and confirmed that all agreed management actions have been satisfactorily addressed.
- 7.8 An audit of payroll, in conjunction with audits of Movers and Leavers and the deduction and payment of pension contributions, were in progress at the year end.

## **8 OTHER – HUMAN RESOURCES AND RELATED AREAS**

- 8.1 We carried out an audit to provide assurance on the adequacy and effectiveness of controls over the issue, use and recovery of staff and nominee travel passes. We found that responsibilities for staff travel were not clearly defined and are spread across several areas of the business. Management review reports were not available to provide an accurate breakdown of the number of employees, nominees and dependents with travel passes and there were insufficient controls over the continued eligibility for nominees. Based on these findings we concluded that the control arrangements required improvement. Since the audit, HR have initiated an exercise to confirm the eligibility of all nominee pass holders, and this is intended to be repeated on a regular basis going forward.
- 8.2 We reviewed the effectiveness of controls operating over the Equality & Inclusion programme and spend. A number of issues were identified but overall we concluded that the control arrangements were adequately controlled.
- 8.3 Internal Audit was asked to carry out a review of a major recruitment campaign in Projects and Programmes Directorate in ST to identify any specific issues that may have led to delays in filling vacancies and lessons that could be learnt for future exercises. A number of issues were raised, many of which resulted from inadequate planning at the beginning of the campaign, which in turn led to roles and responsibilities not being fully understood. The audit highlighted a need for better engagement between ST HR, HR Recruitment and the business at a senior level both at the planning stage and during the campaign. The issues identified will be taken into consideration during our audit of the permanent recruitment process in 2015/16.
- 8.4 Audits of Graduate Schemes, Employee Relations, Social Media and Movers and Leavers were in progress at the year end.

## **9 CROSSRAIL**

- 9.1 We issued 20 internal audit reports and five memorandums in respect of Crossrail during the year. Of the audit reports, none were concluded as 'poorly controlled', two were concluded as 'requires improvement', fourteen were 'adequately controlled' and four were 'well controlled'. This indicates that is a generally good standard of internal control in place in Crossrail. The results of work in Crossrail are also reported to the Crossrail Audit Committee.
- 9.2 The internal audits concluded as 'requires improvement' were as follows. In both cases we have subsequently carried out a follow up review and confirmed that all agreed actions have been addressed.
- (a) Our audit of IT Availability and Capacity identified five Priority 2 issues concerning Crossrail's arrangements for defining its capacity

and service requirements, monitoring the performance of its outsourced service provider, and reporting on service delivery.

(b) An audit was conducted on the management of the Common Safety Methods (CSM) Regulation on Risk Assessment and Evaluation at the contractor working at Bond Street. This identified four non-compliances regarding weaknesses in documentation and a lack of engineering safety audit activity.

- 9.3 In addition, the Crossrail compliance and contractor audit function, whose work is managed by the Senior Audit Manager – Crossrail has carried out a further 22 technical, safety, quality and environmental audits of compliance with aspects of the Crossrail management system. Eight of these were concluded as 'Requires Improvement', three were 'Well Controlled', with the remainder being 'Adequately Controlled'. Over 170, typically short, audits of contractors focussed on specific control areas were also issued.
- 9.4 In all cases, prompt action has been taken to address the issues raised, with 90 per cent of actions being closed on time, and all except three being closed within 30 days of the due date. The exceptions all related to non-compliance by contractors in relation to their occupational health service provision. All have since been closed.

## **10 LONDON TRANSPORT MUSEUM (LTM)**

- 10.1 We carried out a programme of audits at LTM, the results of which are also reported to the Museum's Audit Committee.
- 10.2 We reviewed the effectiveness and adequacy of controls over the LTM's fixed assets. We found that work in progress had not been capitalised in a timely manner in accordance with standards, and the authorisation controls needed strengthening. We also noted some elements of repairs and maintenance that had been incorrectly capitalised. We concluded that controls over LTM fixed assets required improvement.
- 10.3 We carried out a review of the effectiveness of controls over sponsorship in the LTM. We highlighted opportunities to maximise the benefits from working jointly with TfL, and recommended a review of authority limits in the Standing Orders. However, overall we concluded that LTM Sponsorship is adequately controlled.
- 10.4 We also carried out an audit of the adequacy and effectiveness of controls over the operation of the LTM's heritage vehicles. The draft report is currently with LTM management for review.

## Internal Audit Strategy 2013 - Status update

	Strategic Deliverable	Status
Our Customers		
1	Raise awareness with stakeholders around the business of the support that Internal Audit is able to provide through consultancy type assignments.	<p>In progress</p> <p>We have worked with TfL Commercial to support its development of a 'Consultancy' Category. This would require staff wishing to engage external consultants to first consider whether there is internal capability to carry out the work. Internal Audit would be one of a number of potential providers of consultancy services across TfL. This proposal is awaiting agreement by the Leadership Team.</p>
2	Improve the quality of our progress reporting on delivery of the Integrated Assurance Plan to ensure this provides useful focused information to senior management.	<p>Complete/ Ongoing</p> <p>We now provide a periodic Assurance Progress Report to the Rail and Underground Value Programme Board (VPB) setting out assurance work delivered during the period, work in progress and planned, and the status of management actions. The VPB has praised the clarity of the report, which it uses, in particular, to increase scrutiny of overdue management actions.</p> <p>We have recently started using the same format of report for the Surface Transport Board, although this will remain a quarterly report in view of the lower volume of audits in Surface Transport.</p>
3	Develop our working relationship with IIPAG, looking for opportunities for joint working so as to further streamline assurance processes.	<p>In progress</p> <p>There have not been any opportunities for joint working with IIPAG. We continue to liaise regularly with the Project Assurance team, and will seek further opportunities for joint working following the team's move into Finance.</p> <p>We will also seek to develop links with the newly formed Commercial Development Advisory Group.</p>

	<b>Strategic Deliverable</b>	<b>Status</b>
4	Take on an oversight role with regard to the 'audit' activity embedded within Surface Transport and London Rail to ensure it is carried out to appropriate standards and that findings are reported appropriately, so as to further integrate the provision of assurance across TfL.	<p>In progress</p> <p>We have identified over 20 individuals around the business, outside of Internal Audit, who are responsible for carrying out audits as part of their job. We are now receiving regular updates from some of these on the results of audits performed and are including this information in quarterly reports to the Audit and Assurance Committee.</p> <p>We recently held the first 'Community of Auditors' workshop for this group, which was well attended and will take forward an agenda looking at integration of planning and reporting, aligning audit processes and auditor competencies.</p>
Our People		
5	Deliver a programme of change aimed at addressing the issues arising out of the Viewpoint survey, particularly around communication and consistency of management.	<p>In progress</p> <p>We completed a programme of actions aimed at improving communication within the department and made changes to management reporting lines to clarify responsibilities.</p> <p>Following the 2014 Viewpoint survey we have now initiated further actions aimed at addressing issues highlighted, including improving the consistency and effectiveness of management and improving interactions between different sections within the department.</p>
6	Identify opportunities for secondments both into and out of the department, with the aim of broadening the experience of our own staff and refreshing the team's skill sets.	<p>In progress</p> <p>We have had several inward and outward secondments during the course of 2014/15, and we continue to see this activity as valuable, both to develop our own staff and to get new perspectives into the department. However, this continues to be ad hoc rather than planned. We will seek to identify areas of the business with which we can develop an ongoing programme of inward and outward secondments.</p>

	<b>Strategic Deliverable</b>	<b>Status</b>
7	Draw on expertise from within the business to provide support in specialist areas where the skills/ knowledge are not available 'in house'.	<p>Complete/ Ongoing</p> <p>We have had a small number of instances, for example in Crossrail, where we have drawn on expertise from elsewhere in the business where knowledge was not available within the team. This worked well, but is likely to be an infrequent occurrence. We therefore do not believe there is a need to develop any new procedures for dealing with this and it should be seen as 'business as usual' going forward.</p>
8	Develop a competency matrix for staff, having regard to the different skill sets required for consultancy assignments, and take action to address identified gaps.	<p>In progress</p> <p>We have identified relevant competencies (including qualifications, experience and knowledge), which vary between the different teams in the department. The next stage will be to develop this into a practical tool that can be used to assist in planning for training and development, and recruitment.</p>
9	Where appropriate implement a more structured approach to training and development to ensure greater consistency of skills and knowledge.	<p>Under development</p> <p>This will be taken forward once the competency matrix has been completed.</p>
<b>Our Delivery</b>		
10	Develop an enhanced performance management regime with improved visibility of the effectiveness of our delivery. Use this information to drive improvement in the timeliness of completion of audits and investigations.	<p>In progress</p> <p>An Internal Audit Performance Dashboard, incorporating a range of performance metrics has been in use throughout the year and we continue to refine it and improve the quality of data. The dashboard is reviewed each period by the IA Leadership Team and at team meetings to ensure ongoing visibility of and focus on departmental performance.</p>

	<b>Strategic Deliverable</b>	<b>Status</b>
11	Improve our use of technology within the audit process, through development of AutoAudit functionality, including Issue Track, and enhanced use of IDEA.	<p>Complete/ Ongoing</p> <p>Issue Track functionality for our AutoAudit software is now live and provides improved real time visibility of the status of audit actions.</p> <p>We use IDEA on a regular basis to support audits and fraud investigations, and continue to maintain the software at the most recent release.</p>
12	Incorporate Internal Audit methodologies into the TfL Management System.	<p>In progress</p> <p>We have worked with the team who are implementing the TfL Management System on codification of the various governance documents relating to assurance. This has included development of some general Audit Guidance that is applicable to anyone carrying out audits in TfL. This should assist with delivery of item 4 above.</p> <p>We are now waiting for this material to go live on the TfL Management System.</p>
Value for Money		
13	Focus specific audit topics on value for money (VFM) and cost consciousness to help the business implement new initiatives to reduce cost.	<p>In progress</p> <p>There are a number of audits in our plan for 2015/16 that are focused on VFM, and we seek to include VFM considerations, where applicable, in all of our audits.</p> <p>We will develop some guidance to assist auditors in thinking about VFM. There may also be a need for some specific training for staff.</p>

	<b>Strategic Deliverable</b>	<b>Status</b>
14	Identify best practice through audit activity, prioritise the most cost efficient options, and then promulgate these across the business.	<p>In progress</p> <p>We do seek to promulgate good practice within the business, and, for example, several of our recent procurement audits have highlighted aspects that could be used as exemplars to inform similar upcoming procurements.</p> <p>This continues to be relatively ad hoc, however, and we have incorporated identification of good practice into both our period end reporting processes and as a standing item on our quarterly management meeting agendas with the aim of ensuring it gets an appropriate level of attention.</p>
15	Improve detection and prevention of fraud through intelligence led counter fraud activity.	<p>In progress</p> <p>An Anti-Fraud and Corruption Strategy is in place, and we continue to carry out a range of activities aimed at preventing fraud through improved awareness and detection. This includes delivery of fraud awareness training, facilitation of fraud risk workshops, fraud awareness messages on Source, including publicity for successful convictions of fraudsters, and some targeted fraud detection audits.</p> <p>We are working to provide more structure for this activity through development of a Fraud Prevention Plan incorporating targets and milestones.</p>

**INTERNAL AUDIT CUSTOMER FEEDBACK FORM  
SUMMARY OF RESPONSES FOR 2014/2015**

We send a customer feedback form to our principal auditee at the conclusion of each audit. This table sets out the questions asked and the responses, including a selection of the freeform comments that we have received.

**Customer Feedback Forms Sent (Period 1 – 13) = 247 (2013/14 = 104)**

**Customer Feedback Forms Returned (Period 1 – 13) = 103 (2013/14 = 58)**

		No score given	Very poor	Poor	Satisfactory	Good	Very good
<b>ASSIGNMENT ASSESSMENT CRITERIA</b>		1	2	3	4	5	
<b>PLANNING AND TIMING</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)	1 (4)	9 (4)	34 (25)	58 (25)
2)	The assignment was completed and the report issued within appropriate timescales	0 (0)	1 (0)	3 (4)	10 (12)	32 (23)	57 (19)
<b>COMMUNICATION</b>							
3)	Communication prior to the assignment was appropriate, including the dates and objectives	1 (0)	0 (0)	0 (1)	8 (11)	39 (26)	55 (20)
4)	Throughout the assignment I was informed of the work's progress and emerging findings	1 (1)	0 (0)	3 (3)	16 (14)	32 (27)	51 (13)
<b>CONDUCT</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	2 (0)	0 (1)	2 (3)	13 (17)	36 (23)	50 (14)
6)	The Internal Audit team acted in a constructive, professional and positive manner	0 (0)	0 (0)	0 (3)	8 (2)	30 (28)	65 (25)
<b>RELEVANT AND USEFUL ADVICE AND ASSURANCE</b>							
7)	A fair summary of assignment findings was presented in the report	1 (0)	1 (0)	1 (4)	15 (8)	34 (24)	51 (22)
8)	Assignment recommendations were constructive, practical and cost-effective	1 (0)	0 (0)	1 (4)	18 (6)	32 (31)	51 (17)
9)	My concerns were adequately addressed and the review was beneficial to my area of responsibility and operations	1 (1)	0 (0)	0 (4)	19 (8)	38 (25)	45 (20)

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

*This was my first internal audit and overall I found it to be a positive experience. The only area I was disappointed about was that in the penultimate review meeting we were told that there were no Severity 1 issues, but when the report was issued there was a Severity 1 included. I felt that this situation could have been better managed in terms of expectations. The Auditor worked well with my team and I was impressed with her diligence and professionalism.*

*Some of the recommendations were items that were known issues in TfL and were already being actioned. I don't know if there would be a way of highlighting items such as this in a different way to show that they were known issues before the audit?*

*My experience dealing with the audit team was a positive one and every effort was made to meet the tight timescales that were required in order to support the project.*

*I feel that some items were explained and did not need to be on the report*

*Excellent business knowledge allowed for an effective and probing audit to test our works and afford credible value for any future dealings with the Office of the Rail Regulator (ORR).*

*The audit was very helpful in identifying a few issues which none of my staff or peers were aware of while confirming that we are adequately controlled.*

*Given that the audit commenced during an incredibly busy stage of the project, as we were entering the competitive dialogue phase of the procurement, I felt like the appropriate consideration was given by the internal audit team, with regards to the time requested from the project team, and the interaction between the teams. I also feel that the audit team got the balance about right between asking for information and questions, and providing constructive input into the process.*

*I was not kept informed of audit findings, the auditor did not have much knowledge of the business area and recommendations were unreasonable.*

*This was a piece of consultancy rather than an audit and a trial of using internal resource rather than external consultants. I feel external consultants would have had more urgency and managed TfL more to complete the work in a shorter timescale.*

*Surprisingly, a high level knowledge in what is a small and specialist area. And they were informative, highlighting issues I was completely unaware of and had not been briefed upon before.*