

Agenda

Meeting: Audit and Assurance Committee

Date: Friday 14 September 2018

Time: 2.00pm

**Place: Paddington Room, 11th Floor,
Palestra, 197 Blackfriars Road,
London, SE1 8NJ**

Members

Anne McMeel (Chair)

Dr Lynn Sloman (Vice-Chair)

Kay Carberry CBE

Dr Mee Ling Ng OBE

Dr Nelson Ogunshakin OBE

Copies of the papers and any attachments are available on [tfl.gov.uk How We Are Governed](http://tfl.gov.uk/How-We-Are-Governed).

This meeting will be open to the public, except for where exempt information is being discussed as noted on the agenda. There is access for disabled people and induction loops are available. A guide for the press and public on attending and reporting meetings of local government bodies, including the use of film, photography, social media and other means is available on www.london.gov.uk/sites/default/files/Openness-in-Meetings.pdf.

Further Information

If you have questions, would like further information about the meeting or require special facilities please contact: Sue Riley, Secretariat Officer; telephone: 020 7983 4392; email: SueRiley@tfl.gov.uk.

For media enquiries please contact the TfL Press Office; telephone: 0845 604 4141; email: PressOffice@tfl.gov.uk

Howard Carter, General Counsel
Thursday 6 September 2018

**Agenda
Audit and Assurance Committee
Friday 14 September 2018**

1 Apologies for Absence and Chair's Announcements

2 Declarations of Interests

General Counsel

Members are reminded that any interests in a matter under discussion must be declared at the start of the meeting, or at the commencement of the item of business.

Members must not take part in any discussion or decision on such a matter and, depending on the nature of the interest, may be asked to leave the room during the discussion.

**3 Minutes of the Meeting of the Committee held on 7 June 2018
(Pages 1 - 8)**

General Counsel

The Committee is asked to approve the minutes of the meeting of the Committee held on 7 June 2018 and authorise the Chair to sign them.

4 Matters Arising and Actions List (Pages 9 - 14)

General Counsel

The Committee is asked to note the updated actions list since the last meeting.

External Audit Items

5 Annual Audit Letter (Pages 15 - 38)

Statutory Chief Finance Officer

The Committee is asked to note the letter.

6 Effectiveness Review of External Auditors (Pages 39 - 42)

Statutory Chief Finance Officer

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

Audit, Risk and Assurance

7 Risk and Assurance Quarter 1 Report 2018/19 (Pages 43 - 86)

Director of Risk and Assurance

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

8 Strategic Risk Management Update (Pages 87 - 96)

Director of Risk and Assurance

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

9 Anti-fraud and Corruption Policy and Procedure (Pages 97 - 108)

Director of Risk and Assurance

The Committee is asked to approve the Anti-fraud and Corruption Policy and Procedure.

10 Independent Investment Programme Advisory Group - Review Implementation (Pages 109 - 112)

Director of Risk and Assurance

The Committee is asked to note the update on the implementation of the IIPAG review recommendations.

11 Management Response to the Independent Investment Programme Advisory Group Quarterly Report (Pages 113 - 122)

Director of Risk and Assurance

The Committee is asked to note the IIPAG Quarterly Report and the management responses.

12 Crossrail Audit Committee (Pages 123 - 124)

Director of Risk and Assurance

The Committee is asked to note the paper.

Accounting and Governance

13 TfL Statement of Accounts Year Ended 31 March 2018 - Changes Made Prior to Finalisation (Pages 125 - 126)

Statutory Chief Finance Officer

The Committee is asked to note the paper.

14 Freedom of Information and General Data Protection Compliance Update (Pages 127 - 132)

General Counsel

The Committee is asked to note the paper.

15 Register of Gifts and Hospitality for Members and Senior Staff (Pages 133 - 140)

General Counsel

The Committee is asked to note the paper.

16 Mayoral Directions Update (Pages 141 - 148)

General Counsel

The Committee is asked to note the paper.

17 Transformation Programme Update (Pages 149 - 150)

Transformation Director

The Committee is asked to note the update.

18 Member suggestions for future agenda discussions (Pages 151 - 154)

The Committee is asked to note the forward programme and is invited to raise any suggestions for future discussion items for the forward programme and for informal briefings.

19 Any Other Business the Chair Considers Urgent

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

20 Date of Next Meeting

Thursday 29 November 2018 at 10.00am.

21 Exclusion of Press and Public

The Committee is recommended to agree to exclude the press and public from the meeting, in accordance with paragraphs 3, 5 & 7 of Schedule 12A to the Local Government Act 1972 (as amended), in order to consider the following items of business.

Agenda Part 2

Papers containing supplemental confidential or exempt information not included in the related item on Part 1 of the agenda.

22 Effectiveness Review of External Auditors (Pages 155 - 158)

Exempt supplemental information relating to the item on Part 1.

23 Risk and Assurance Quarter 1 Report 2018/19 (Pages 159 - 164)

Exempt supplemental information relating to the item on Part 1.

24 Strategic Risk Management Update (Pages 165 - 184)

Exempt supplemental information relating to the item on Part 1.

Agenda Item 3

Transport for London

Minutes of the Audit and Assurance Committee

**Committee Rooms 1 and 2, Ground Floor, Palestra,
197 Blackfriars Road, London, SE1 8NJ
10.00am, Thursday 7 June 2018**

Members

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

Executive Committee

Howard Carter	General Counsel
Vernon Everitt	Managing Director, Customers, Communication and Technology
Simon Kilonback	Chief Finance Officer

Staff

Richard Bevins	Head of Information Governance and Data Protection Officer (Minute Reference 39/06/18)
Sarah Bradley	Group Financial Controller and Statutory Chief Finance Officer
Michael Bridgeland	Head of TfL Project Assurance (Minute References 31-32/06/18)
Rob Brooker	Fraud Investigation Manager (Minute Reference 37/06/18)
Patrick Doig	Finance Director, Surface Transport
Ben Graham	Transformation Programme Manager (Minute Reference 43/06/18)
Justin Kennedy	Project Manager, Finance (Minute Reference 42/06/18)
Nico Lategan	Head of Enterprise Risk
Sue Riley	Secretariat
Howard Smith	Director of Operations – Crossrail (Minute Reference 42/06/18)
Clive Walker	Director of Risk and Assurance

Also In Attendance

Karl Havers	Partner, Ernst & Young LLP (EY)
Caroline Mulley	Partner, EY
Colin Porter	Chair of Independent Investment Programme Advisory Group

20/06/18 Apologies for Absence

An apology for absence was received from Dr Nelson Ogunshakin OBE.

21/06/18 Declarations of Interest

Members confirmed that their declarations of interests, as published on tfl.gov.uk, were up to date and there were no interests that related specifically to items on the agenda.

22/06/18 Minutes of the Meeting Held on 6 March 2018

The minutes of the meeting held on 6 March 2018 were approved as a correct record and signed by the Chair.

23/06/18 Matters Arising and Actions List

The Committee noted the Actions List and the Chair's Delegation.

24/06/18 Annual Report 2017/18

Vernon Everitt presented the Annual Report for 2017/18.

The Committee welcomed the report as accessible and easy to read. Secretariat would check and confirm Member Board attendance figures. **[Action: Secretariat]**

Other suggestions for improvement included:

- (a) a section on traffic collisions, mitigating actions being taken to reduce accidents, and progress to the Mayor's Vision Zero;
- (b) Commissioner's Foreword to include an acknowledgement of a difficult year for employees and the organisation, due to terrorist events and organisational change;
- (c) references to the financial challenges and constraints faced by TfL; and
- (d) consistency in the approach to naming fatality victims.

Vernon Everitt would consider the suggestions for improvement prior to submitting the Annual Report to the Board. **[Action: Vernon Everitt]**

The Committee noted the Annual Report and agreed the delegation to the Managing Director, Customers, Communication and Technology, of the task of making any adjustments prior to submission to the Board.

25/06/18 TfL's Statement of Accounts for the Year Ended 31 March 2018

Sarah Bradley introduced the Statement of Accounts for the year ended 31 March 2018.

There had been three minor changes to the accounts that had not been reflected in the version circulated: the loss on disposal of Property Plant and Equipment included an amount for write-off of expenditure on abortive projects and this had been presented separately; the accounting policies were being updated to include text explaining the level of judgement required in considering whether TfL had sufficient control to recognise an asset in Property Plant and Equipment, particularly where ownership of the underlying asset was split between TfL and a third party; and expenditure on the electrification of the Gospel Oak to Barking line previously included in assets under construction had been transferred to prepayments.

The Committee noted that the accounts included the anticipated impact of the adoption of the two new accounting standards covering financial instruments and revenue recognition, and that the impact of these statements in 2018/19, the first year of adoption, was expected to be minimal.

Although TfL had performed well compared with the previous year, revenue was down against the previous five year Business Plan published in 2016 and the Budget published in 2017.

Members asked about useable reserves and how the transfer from earmarked reserves to the general fund was determined. Earmarked reserves were held to finance future projects and, where project costs impacted the general fund, a transfer was made up from earmarked reserves back to the general fund to bring it back up to the minimum level of £150m.

The Committee noted the draft Statement of Accounts and agreed the delegation to the Statutory Chief Finance Officer to make any adjustments arising from the ongoing audit work, prior to submission to the Board.

26/06/18 Review of Governance and the Annual Governance Statement for Year Ended 31 March 2018

Howard Carter presented the review of governance and the Annual Governance Statement for the year ended 31 March 2018.

It was agreed that the Annual Governance Statement should include references to: the additional meetings of the Safety, Sustainability and Human Resources Panel, following the tram derailment at Sandilands, Croydon, and other safety related issues; and the establishment of the Risk and Assurance Directorate to implement a programme of assurance mapping to ensure clearly defined assurance of TfL's strategic risks using the 'three lines of defence model'. **[Action: Howard Carter]**

The Committee approved the Annual Governance Statement, as set out in Appendix 1 to the paper, subject to the amendments above, for signing by the Chair of TfL and the Commissioner, for inclusion in the 2017/18 Annual Report and Accounts, and noted the progress against the 2017/18 Improvement Plan, as set out in Appendix 2 of the paper and the proposed Plan for 2018/19, as set out in Appendix 3 of the paper.

27/06/18 EY Report to Those Charged with Governance

Karl Havers introduced the report from EY to those charged with governance, including the supplemental information on Part 2 of the agenda.

Members discussed the fare allocation dispute with the Train Operating Companies and noted that legal proceedings were ongoing.

The Chief Finance Officer was in negotiation with the Department for Transport regarding Crossrail funding requirements and project costs.

The Committee congratulated staff on the production of the Statement of the Accounts and their approval by EY, and asked that Members' thanks be passed on to the relevant staff.

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

28/06/18 EY Letter on Independence and Objectivity

Karl Havers presented the EY letter on independence and objectivity.

The Committee noted the letter.

29/06/18 EY Report on Non-Audit Fees for the Year Ended 31 March 2018

Karl Havers introduced the report setting out EY non-audit fees for the year ended 31 March 2018.

The Committee noted the paper.

30/06/18 Annual Audit Fee 2018/19

Simon Kilonback and Sarah Bradley presented the report setting out the annual audit fee for 2018/19.

The Committee noted the paper.

31/06/18 Independent Investment Programme Advisory Group (IIPAG) – Review Implementation

Michael Bridgeland updated the Committee on progress against the actions required to implement the IIPAG review recommendations.

The Chair requested that her thanks to the Chair and IIPAG Advisers, on behalf of the Committee, be recorded, during this period of transition.

The Committee noted the update on the implementation of the IIPAG review recommendations.

32/06/18 Independent Investment Programme Advisory Group Quarterly Report

Michael Bridgeland presented the Independent Investment Programme Advisory Group's Quarterly report.

Clive Walker would review how project assurance actions might be incorporated into the quarterly reporting of overdue actions, as appropriate. **[Action: Clive Walker]**

The Committee noted the report and approved the proposed actions for the Independent Investment Programme Advisory Group for the next quarter.

33/06/18 Strategic Risk Management Update

Nico Lategan updated the Committee on progress with development of TfL's approach to Strategic Risk Management.

An identifiable list of risks would be allocated to the appropriate Committees and Panels in time for the autumn cycle of meetings. Work was ongoing in mapping risks against the Mayor's Transport Strategy and an update would be included in the report at the next meeting. **[Action: Nico Lategan]**

The Committee thanked staff for all their hard work to date.

The Committee noted the paper.

34/06/18 Internal Audit Quarter 4 Report 2017/18

Clive Walker updated the Committee on Internal Audit work completed in Quarter 4 of 2017/18, the work in progress at the end of Quarter 4, the work planned for Quarter 1 of 2018/19 and the status of agreed audit actions.

An amended Appendix 6 was circulated at the meeting.

Future reporting on outstanding actions would be more focused on actions closed on time, and consideration would be given as how best to present the control environment trend indicators over time.

The Committee noted the report.

35/06/18 Internal Audit Annual Report 2017/18

Clive Walker introduced the paper setting out the Internal Audit opinion on TfL's internal control environment, and a summary of the results of Internal Audit's work for the year ended 31 March 2018 and other activities of the team during the year.

The Risk and Assurance Directorate Strategy document would be submitted to the next meeting. **[Action: Clive Walker]**

The Committee congratulated staff on the continued positive stakeholder feedback, as set out in the report, particularly in the context of Transformation.

The Committee noted the report.

36/06/18 Half Yearly Fraud Report 2017/18

Rob Brooker introduced the half-yearly fraud report summarising work undertaken by the Fraud Team during the second half of 2017/18 (Periods 7 to 13).

Further details on the investigation reported in Part 2 of the agenda would be circulated outside of the meeting. **[Action: Rob Brooker]**

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

37/06/18 Crossrail Audit Committee

Clive Walker reported on matters discussed at the Crossrail Audit Committee meeting held on 12 March 2018.

It was noted that Crossrail had proposed its Audit Committee should be dissolved following its next meeting, to be held on 8 June 2018. The Chair stated that it would be important to ensure that risk and control matters related to the delivery of the Crossrail project should continue to be dealt with through the Crossrail governance framework.

The Committee noted the paper.

38/06/18 Implementation of the General Data Protection Regulation

Richard Bevins provided an update on implementation in TfL of the General Data Protection Regulation and related legislation.

The Committee noted the update.

39/06/18 Register of Gifts and Hospitality for Members and Senior Staff

Howard Carter presented the regular paper setting out details of the gifts and hospitality declared by the Board and senior staff for the period 1 February to 30 April 2018.

The Committee noted the paper.

40/06/18 Legal Compliance Report (1 October 2017 - 31 March 2018)

Howard Carter presented the information provided by each TfL Directorate for the Legal Compliance Report for the period 1 October 2017 to 31 March 2018.

It was reported that the incident regarding the injured contractor at Whitechapel station had been discussed in detail at the Safety, Sustainability and Human Resources Panel.

An update report on Freedom of Information requests would be submitted to the next meeting. **[Action: Richard Bevins]**

Members congratulated staff on their good work attaining prompt response times to Freedom of Information requests.

The Committee noted the report.

41/06/16 Crossrail Transition Update

Howard Smith and Justin Kennedy provided an update on Crossrail transition arrangements.

The Committee sought and was given assurances that the back office transition arrangements were robust and timely, with clear lines of accountability.

The Committee noted the paper.

42/06/18 Transformation Programme Update

Vernon Everitt and Ben Graham introduced the paper setting out the update on the Transformation programme.

Cultural measures would be integrated into the People Strategy and would include diversity indicators.

It was agreed that pride in public service and improving life for Londoners be included as part of the five themes for the new Operating Model. **[Action: Tricia Wright]**

The Committee noted the paper.

43/06/18 Member Suggestions for Future Agenda Discussions

Howard Carter presented the Forward Programme.

The Committee noted the Forward Programme.

44/06/18 Any Other Business the Chair Considers Urgent

There was no urgent business.

45/06/18 Date of Next Meeting

The next scheduled meeting was due to be held on Thursday 13 September 2018 at 10.00am.

46/06/18 Exclusion of Press and Public

The Committee agreed to exclude the press and public from the meeting, in accordance with paragraph 3 of Schedule 12A to the Local Government Act 1972 (as amended), in order to consider the following items of business: EY Report to Those Charged with Governance and Half Yearly Fraud Report 2017/18.

The meeting closed at 1.15pm.

Chair: _____

Date: _____

Audit and Assurance Committee



Date: 14 September 2018

Item: Actions List and Matters Arising

This paper will be considered in public.

1 Summary

1.1 This paper informs the Committee of progress against actions agreed at previous meetings.

2 Recommendation

2.1 **The Committee is asked to note the Actions List.**

List of appendices to this report:

Appendix 1: Actions List

List of Background Papers:

Minutes of previous meetings of the Committee

Contact Officer: Howard Carter, General Counsel
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Audit and Assurance Committee Actions List (reported to 14 September 2018 meeting)

Actions from last meeting

Minute No.	Item/Description	Action By	Target Date	Status/note
24/06/18	Annual Report 2017/18 Secretariat to check and confirm Member Board attendance figures.	Secretariat	25 July 2018 Board meeting.	Amended figures included in the Annual Report approved by the Board. Completed.
	Vernon Everitt to consider the suggestions for improvement prior to submitting the Annual Report to the Board.	Vernon Everitt	25 July 2018 Board meeting.	Amendments included in the Annual Report approved by the Board. Completed.
26/06/18	Review of Governance and the Annual Governance Statement for Year Ended 31 March 2018 The Annual Governance Statement to be amended as agreed in the minutes.	Howard Carter	25 July 2018 Board meeting.	Amendments included in the Annual Report approved by the Board. Completed.
32/06/18	Independent Investment Programme Advisory Group Quarterly Report To review how project assurance actions might be incorporated into the quarterly reporting of overdue actions, as appropriate.	Clive Walker/ Michael Bridgeland	14 September 2018 meeting.	The quarterly update report now includes a summary report by Project Assurance which reports on action status. Completed.

Minute No.	Item/Description	Action By	Target Date	Status/note
33/06/18	Strategic Risk Management Update An identifiable list of risks to be allocated to the appropriate Committees and Panels in time for the autumn cycle of meetings. Work was ongoing in mapping risks against the Mayor's Transport Strategy and an update would be included in the report at the next meeting.	Nico Lategan	14 September 2018 meeting.	Report on agenda. Completed.
35/06/18	Internal Audit Annual Report 2017/18 The Risk and Assurance Directorate Strategy to be submitted to the next meeting.	Clive Walker	14 September 2018 meeting.	Report on agenda. Completed.
36/06/18	Half Yearly Fraud Report 2017/18 Further details on the investigation reported in Part 2 of the agenda would be circulated outside of the meeting.	Rob Brooker	Following the meeting.	Information circulated. Completed.
40/06/18	Legal Compliance Report (1 October 2017 - 31 March 2018) An update report on Freedom of Information requests to be submitted to the next meeting.	Richard Bevins	14 September 2018 meeting.	Report on agenda. Completed.
42/06/18	Transformation Programme Update Pride in public service and improving life for Londoners be included as part of the five themes for the new Operating Model.	Tricia Wright	Following the meeting.	Being fed into the ongoing People Strategy and Values development work. Completed.

Actions from previous meetings

Minute No.	Item/Description	Action By	Target Date	Status/note
06/03/18	<p>Integrated Assurance Plan 2018/19 The future Plan to include information on the model of assurance being used, once the Strategic Risks and controls in place had been mapped.</p>	Dili Origbo/ Clive Walker	March 2019.	Scheduled. On Forward Plan.
31/07/17	<p>External Quality Assessment of Internal Audit Involvement of the Committee in evaluating and monitoring future performance of internal audit would be discussed once Transformation was completed.</p>	Clive Walker	14 September 2018 meeting.	The quarterly update report contains a summary dashboard by internal audit, including information we would expect to report to the Committee with regards to performance. The Committee provides regular feedback on what other aspects of internal audit work should be monitored. The Q1 update report also contains an additional section addressing this action. Completed.

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Audit and Assurance Committee



Date: 14 September 2018

Item: Annual Audit Letter

This paper will be considered in public

1 Summary

1.1 To inform the Audit and Assurance Committee of the status of the Annual Audit Letter issued by Ernst & Young (EY).

2 Recommendation

2.1 The Committee is asked to note the letter.

3 Background

3.1 The Annual Audit Letter is prepared by EY and summarises their conclusions on the Annual Statement of Accounts and Value for Money. This letter is issued at the conclusion of the annual audit process and following certification of the Whole of Government Accounts return in late September/early October each year.

4 Update

4.1 EY issued unqualified opinions on the TfL financial statements, including the value for money conclusion, and on the Whole of Government Accounts return.

4.2 EY certified the Whole of Government Accounts return on 14 August 2018 and this has now been submitted to HM Treasury.

List of appendices to this report:

Appendix 1: EY's Annual Audit letter 2017/18

List of Background Papers:

None

Contact Officer: Sarah Bradley, Group Financial Controller and
Statutory Chief Finance Officer

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Transport for London

Annual Audit Letter for the year
ended 31 March 2018

August 2018

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Focused on
your future



Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk)

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The 'Terms of Appointment (updated 23 February 2017)' issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



01

Executive Summary

Executive Summary

We are required to issue an annual audit letter to Transport for London (the Corporation) following completion of our audit procedures for the year ended 31 March 2018.

Below are the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Corporation's:	Unqualified - the financial statements give a true and fair view of the financial position of the Corporation as at 31 March 2018 and of its expenditure and income for the year then ended.
▶ Financial statements	
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the Annual Accounts.
Concluding on the Corporation's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources.

Area of Work	Conclusion
Reports by exception:	
▶ Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Corporation.
▶ Public interest report	We had no matters to report in the public interest.
▶ Written recommendations to the Corporation, which should be copied to the Secretary of State	We had no matters to report.
▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Corporation's Whole of Government Accounts return (WGA).	We had no matters to report.

Executive Summary (cont'd)

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Corporation communicating significant findings resulting from our audit.	Our Audit Results Report was issued on 7 June 2018.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 29 August 2018.

We would like to take this opportunity to thank the Corporation's staff for their assistance during the course of our work.

Karl Havers
Partner
For and on behalf of Ernst & Young LLP



02

Purpose and Responsibilities

Purpose and Responsibilities

The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Corporation.

We have already reported the detailed findings from our audit work in our 2017/18 Audit Results Report to the 7 June 2018 Audit Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Corporation.

Responsibilities of the Appointed Auditor

Our 2017/18 audit work has been undertaken in accordance with the Audit Plan that we issued on 11 October 2017 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- ▶ Expressing an opinion:
 - ▶ On the 2017/18 financial statements; and
 - ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Corporation has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
 - ▶ If the annual governance statement is misleading or not consistent with our understanding of the Corporation;
 - ▶ Any significant matters that are in the public interest;
 - ▶ Any written recommendations to the Corporation, which should be copied to the Secretary of State; and
 - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The extent of our review and the nature of our report are specified by the NAO.

Responsibilities of the Corporation

The Corporation is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement. In the AGS, the Corporation reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Corporation is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.



03

Financial Statement Audit



Financial Statement Audit

Key Issues

The Corporation's Statement of Accounts is an important tool for the Corporation to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited the Corporation's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office and issued an unqualified audit report on 31 July 2018.

Our detailed findings were reported to the 7 June 2018 Audit Committee.

The key issues identified as part of our audit were as follows:

Significant Risk	Conclusion
Management override of controls, required by ISA (UK and Ireland) 240	We have not identified any material weaknesses in controls or evidence of material management override.
Inappropriate Revenue Recognition , required by ISA (UK and Ireland) 240	We concluded that the basis on which fares revenue is recognised is reasonable. The judgements made related to fares revenue in the financial statements have been appropriately reflected. We also concluded that we are satisfied that the position recorded within the financial statements relating to the potential revenue due to the Train Operating Companies is within an acceptable range, using the latest available information in respect of the discussions.
Inappropriate capitalisation or potential impairment of capital projects	We are satisfied that the capitalised costs in the year are appropriate. We also consider that management's forecasts of future cost commitments, including those related to Crossrail, demonstrate the availability of cashflows, reserves and borrowing facilities to meet such commitments. We note that the funding required for the completion of Crossrail (declared in the report to Parliament on 24 July), is disclosed in the accounts. We agree that there should be no impact on current projects, but unforeseen additional funding could well impact Transport for London's (TfL's) ability to fund future projects.
Significant accounting estimates, including complexity of provisions and accruals	We have concluded that the provisions made are within an acceptable range, based on latest available information and are therefore materially correct.
Complexity of accounting for TfL's property portfolio	We have concluded that property valuations were within an acceptable range.
Judgemental assumptions impacting on TfL's pension deficit	We have concluded that the assumptions used in determining the actuarial valuations are within an acceptable range.

Financial Statement Audit (cont'd)

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	<p>We determined planning materiality to be £106.08m (2017: £108.0m), which is 1% of total gross expenditure - revenue and capital reported in the accounts of £10,608 million.</p> <p>We consider total gross expenditure - revenue and capital, to be one of the principal considerations for stakeholders in assessing the financial performance of the Corporation.</p>
Reporting threshold	We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £5.3m (2017: £5.4m)



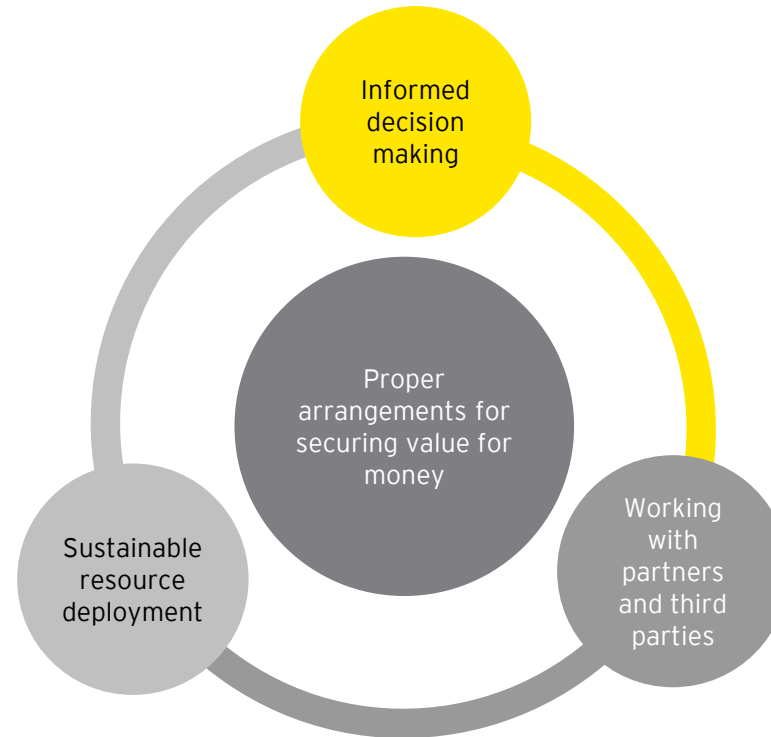
04 Value for Money

£ Value for Money

We are required to consider whether the Corporation has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- ▶ Take informed decisions;
- ▶ Deploy resources in a sustainable manner; and
- ▶ Work with partners and other third parties.



We identified significant risks in relation to these arrangements. The tables on the following pages present the findings of our work in response to the risks identified and any other significant weaknesses or issues to bring to your attention.

We have performed the procedures outlined in our audit plan. We did not identify any significant weaknesses in the Corporation's arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

£ Value for Money (cont'd)

We therefore issued an unqualified value for money conclusion on 31 July 2018.

Significant Risk	Conclusion
<p>TfL has significant financial risks in its Business Plan to 2020/21 and we note that a revised Business Plan will be published in December covering the period to 2021/22. TfL's external funding sources are reducing and are subject to change and uncertainty in future years. In addition, significant cumulative cost reductions are planned for over the course of the next five years to 2020/21.</p>	<p>Through its year end capital and revenue outturn, annual budget setting, use of reserves and its medium term financial planning, TfL continues to plan well to secure sustainable resource deployment.</p> <p>Passenger income for the year was 3% below budget, this was driven by lower than anticipated journeys on London Underground and Rail services. Buses passenger numbers were higher than forecast, reflecting the improvement in bus speeds in comparison to the prior year. Lower revenue has been mitigated through additional reductions in operating costs, with the net operating surplus for 2017/18 being £26m above budget.</p> <p>The 2018/19 budgeting process is soundly based, with a detailed economic model supporting passenger and revenue forecasts. Arrangements underpinning the 2018/19 budget are considered good, with TfL leveraging the work being performed elsewhere as part of the cost reduction programme.</p> <p>The forecast operating surplus for 2018/19 included in the budget is consistent with business plan published in December at £12m, with minor adjustments in the forecasts for revenue and operating costs reflecting updated forecasts. This will be the first year where TfL receives no revenue grants from central government. Planned passenger and revenue growth are at the pessimistic range of forecasts, reflecting the uncertainties in the wider economy which impact on discretionary journeys.</p> <p>We note that TfL continues to have a challenging future, as a result of continued reduction in grant funding, Mayoral priorities, the need to fund ongoing capital projects, deliver cost savings and deliver success in various commercialisation programmes, which will create continued pressure on liquidity.</p>
<p>TfL's operations and ongoing Investment Programmes are subject to a number of risks, particularly the exposure to economic risks associated with revenue reductions, and financial markets disruption impacting on TfL's ability to borrow.</p>	<p>Some of the future challenges facing TfL include:</p> <ul style="list-style-type: none"> ▶ government funding and grant reductions, revenue grant funding reducing to nil in 2018/19; ▶ planning for future assumptions on fare inflation, growth and charges; ▶ volatility in business rate income forecasts that the GLA itself is subject to, and the impact this may have on future levels of business rates income due from GLA; and ▶ impact on capital projects of changes in policy and funding. <p>These are particularly challenging aspects to budget for, adding a significant degree of uncertainty to TFL's funding position in the medium term.</p> <p>Achieving the target of a net surplus on operations after financing cost by 2021/22, will be a significant challenge, one that dependent on the effective execution of the commercialisation programme and the continued cost reduction programme.</p> <p>External borrowing is a key source of TFL's financing for future capital projects, and therefore it is crucial that financial performance metrics such as EBITDA are the focus for business, to reassure lenders of TFL's ongoing stability.</p>

Value for Money (cont'd)

Other matters to report

Overall we have considered TfL's arrangements to:

- ▶ Take informed decisions;
- ▶ Deploy resources in a sustainable manner; and
- ▶ Work with partners and other third parties.

As noted above our risk focus for 2017/18 was on how TfL deploys resources in a sustainable manner. However, we also considered the arrangements in place for TfL to take informed decisions and work with partners and other third parties as part of our overall VFM work, we have no other observations to report.



05

Other Reporting Issues



Other Reporting Issues

Whole of Government Accounts

We performed the procedures required by the National Audit Office on the accuracy of the consolidation pack prepared by the Corporation for Whole of Government Accounts purposes. We had no issues to report.

Annual Governance Statement

We are required to consider the completeness of disclosures in the Corporation's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern.

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Corporation or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Corporation to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

Objections Received

We did not receive any objections to the 2017/18 financial statements from members of the public.

Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Independence

We communicated our assessment of independence in our Letter on Independence and Objectivity to the Audit Committee on 7 June 2018. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.



Other Reporting Issues (continued)

Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

Our audit did not identify any controls issues to bring to the attention of the Audit Committee.



06 Focused on your future



Focused on your future

The Code of Practice on Local Authority Accounting in the United Kingdom introduces the application of new accounting standards in future years. The impact on the Corporation is summarised in the table below.

Standard	Issue	Impact
IFRS 9 Financial Instruments	<p>Applicable for local authority accounts from the 2018/19 financial year and will change:</p> <ul style="list-style-type: none"> ▶ How financial assets are classified and measured; ▶ How the impairment of financial assets are calculated; and ▶ The disclosure requirements for financial assets. <p>There are transitional arrangements within the standard and the 2018/19 Accounting Code of Practice for Local Authorities has now been issued, providing guidance on the application of IFRS 9. In advance of the Guidance Notes being issued, CIPFA have issued some provisional information providing detail on the impact on local authority accounting of IFRS 9, however the key outstanding issue is whether any accounting statutory overrides will be introduced to mitigate any impact.</p>	<p>Although the Code has now been issued, providing guidance on the application of the standard, along with other provisional information issued by CIPFA on the approach to adopting IFRS 9, until the Guidance Notes are issued and any statutory overrides are confirmed there remains some uncertainty. However, what is clear is that the Corporation will have to:</p> <ul style="list-style-type: none"> ▶ Reclassify existing financial instrument assets ▶ Re-measure and recalculate potential impairments of those assets; and ▶ Prepare additional disclosure notes for material items.
IFRS 15 Revenue from Contracts with Customers	<p>Applicable for local authority accounts from the 2018/19 financial year. This new standard deals with accounting for all contracts with customers except:</p> <ul style="list-style-type: none"> ▶ Leases; ▶ Financial instruments; ▶ Insurance contracts; and ▶ For local authorities; Council Tax and NDR income. <p>The key requirements of the standard cover the identification of performance obligations under customer contracts and the linking of income to the meeting of those performance obligations.</p> <p>Now that the 2018/19 Accounting Code of Practice for Local Authorities has been issued it is becoming clear what the impact on local authority accounting will be. As the vast majority of revenue streams of Local Authorities fall outside the scope of IFRS 15, the impact of this standard is likely to be limited.</p>	<p>As with IFRS 9, some provisional information on the approach to adopting IFRS 15 has been issued by CIPFA in advance of the Guidance Notes. Now that the Code has been issued, initial views have been confirmed; that due to the revenue streams of Local Authorities the impact of this standard is likely to be limited.</p> <p>The standard is far more likely to impact on Local Authority Trading Companies who will have material revenue streams arising from contracts with customers. The Corporation will need to consider the impact of this on their own group accounts when that trading company is consolidated.</p>



Focused on your future (cont'd)

Standard	Issue	Impact
IFRS 16 Leases	<p>It is currently proposed that IFRS 16 will be applicable for local authority accounts from the 2019/20 financial year.</p> <p>Whilst the definition of a lease remains similar to the current leasing standard; IAS 17, for local authorities who lease a large number of assets the new standard will have a significant impact, with nearly all current leases being included on the balance sheet.</p> <p>There are transitional arrangements within the standard and although the 2019/20 Accounting Code of Practice for Local Authorities has yet to be issued, CIPFA have issued some limited provisional information which begins to clarify what the impact on local authority accounting will be. Whether any accounting statutory overrides will be introduced to mitigate any impact remains an outstanding issue.</p>	<p>Until the 2019/20 Accounting Code is issued and any statutory overrides are confirmed there remains some uncertainty in this area.</p> <p>However, what is clear is that the Corporation will need to undertake a detailed exercise to identify all of its leases and capture the relevant information for them. The Corporation must therefore ensure that all lease arrangements are fully documented.</p>

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ED None

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Audit and Assurance Committee



Date: 14 September 2018

Item: Effectiveness Review of the External Auditors

This paper will be considered in public

1 Summary

- 1.1 To report to the Audit and Assurance Committee on external auditor effectiveness.
- 1.2 A more detailed paper is included on Part 2 of the agenda which contains exempt supplementary information. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains detailed comments on Ernst & Young's (EY's) performance during the audit, which are commercially sensitive. Any discussion of that exempt information must take place after the press and public have been excluded from the meeting.

2 Recommendation

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

3 Background

- 3.1 The Terms of Reference of the Committee as set out in the document "TfL Committees and Panels" require the Committee to review formally the performance of the external auditors at least annually. This review covers the performance of the external auditors of all parts of the TfL Group where EY are auditors.
- 3.2 The Terms of Reference do not specify the means by which auditor performance is to be assessed. Other guidance is available, one of the more recent of which is the Financial Reporting Council 2016 publication "Guidance on Audit Committees". This is an update of guidance first published in 2003 and subsequently updated in 2008. It is based on the UK Corporate Governance Code, and although this relates to listed companies, the principles are also relevant to entities such as TfL.
- 3.3 The Guidance identifies four criteria in assessing external auditors:
 - (a) qualification;
 - (b) expertise and resources;
 - (c) effectiveness; and
 - (d) independence.

- 3.4 EY are the auditors of all entities within the TfL Group (with the exception of London Transport Museum which was audited by Kingston Smith LLP). Both EY and Kingston Smith LLP are “registered auditors” and are required to comply with the Audit Regulations which cover such matters as independence and integrity, maintaining competence, compliance with technical standards and monitoring compliance with the Regulations. These requirements ensure that the criterion regarding qualification is addressed.
- 3.5 Independence of the external auditors is dealt with through separate reports to the Committee on fees for non-audit services and on independence and objectivity, both reported twice a year. The external auditors are appointed by Public Sector Audit Appointments Limited, the successor body to the Audit Commission, under a statutory process, and this provides additional safeguards in terms of independence.
- 3.6 This paper deals with assessing the remaining two criteria in the Guidance, namely the effectiveness, and also the expertise and resources, of EY as external auditors. The Museum is not material to the group as a whole and the effectiveness of the Museum audit was discussed at their own Audit Committee.

4 Methodology for Assessing External Auditor Effectiveness and Expertise

- 4.1 A questionnaire was devised and distributed to key finance staff and senior management to obtain their views on the conduct and effectiveness of the external audit, including the expertise and resources of the external auditors.
- 4.2 A separate questionnaire was also devised and distributed to members of the Committee to assess the quality and effectiveness of EY’s performance and reporting across the Group in respect of the audit of the year ended 31 March 2018.
- 4.3 Responses from key staff were sought under four main headings:
- (a) audit planning and preparation;
 - (b) field work;
 - (c) closing meetings and sign-off; and
 - (d) general.
- 4.4 Responses from the Committee were sought under the headings:
- (a) assessing the auditor’s judgements about materiality;
 - (b) risk assessment;
 - (c) nature and extent of audit work; and
 - (d) audit conclusions and auditor reporting.
- 4.5 The questionnaires provided respondents with an opportunity to comment on the specific questions and also respond on more general free-form topics.
- 4.6 Questionnaires were sent out to all parts of the business and to the Committee Members, and most were completed and returned. Some parts of the business consolidated their responses into one return for that business

unit. The Financial Services Centre and the Group Accounting team were also covered.

- 4.7 Respondents were asked to score responses on a 1 to 3 scale, with 3 being the top score. Average scores were calculated for each part of the questionnaire.

5 Conclusions on External Auditor Effectiveness and Expertise

- 5.1 Overall, Committee members were satisfied with EY's performance as external auditors during 2017/18. Average scores ranged from 2.8-3.0.
- 5.2 TfL finance staff were also generally satisfied with EY performance. Given that this was the third year of EY as auditors the scores on average were consistent or higher than prior years, although the range remained similar with individual questions achieving average scores ranging from 1.9-3.0 (2016/17: 2-3). The average score across all questions was 2.7 (2016/17: 2.6).
- 5.3 It was noted that the efficiency and focus of the audit were improved on the prior year, and that EY had taken on board suggested improvements from the 2016/17 feedback. It was also observed that EY made good use of their data analytic tools and used these to feed back insightful comments to management. There are some minor areas of improvement that have been communicated to EY.
- 5.4 The questionnaire asked if there were any members of the audit team that TfL staff would single out for their strong personal contribution. Several names were mentioned and these have been fed back to the partners.

List of appendices to this report:

Exempt supplementary information is included in a paper on Part 2 of the agenda.

List of Background Papers:

None

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Date: 14 September 2018

Item: Risk and Assurance Quarter 1 Report 2018/19

This paper will be considered in public

1 Summary

- 1.1 The purpose of this report is to inform the Committee of the work completed by the Risk and Assurance Directorate in Quarter 1 of 2018/19, the work in progress and planned to start, and other information about the Directorate's activities.
- 1.2 A paper is included on Part 2 of the agenda which contains exempt supplementary information. The information is exempt by virtue of paragraphs 5 and 7 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to ongoing fraud and criminal investigations and the disclosure of this information is likely to prejudice the prevention or detection of crime and the apprehension or prosecution of offenders. Any discussion of that exempt information must take place after the press and public have been excluded from the meeting.

2 Recommendation

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

3 Background

- 3.1 The new Risk and Assurance Directorate went live in February 2018 and comprises five teams as follows:
 - (a) Enterprise Risk;
 - (b) Internal Audit;
 - (c) Integrated Assurance;
 - (d) Project Assurance; and
 - (e) Fraud.
- 3.2 This is the first time that we have presented a single quarterly report to the Committee covering the activities of these teams. The approach to reporting and the formats in which information is presented differ significantly from previous reports to the Committee. We welcome the Committee's opinions on the effectiveness of the report in helping them to understand the outcomes of the Directorate's work and to monitor its performance. We anticipate that the format of this report will evolve over the course of the year in response to the feedback received.

4 Enterprise Risk Management






- 4.1 Over the past few months the Enterprise Risk Management Framework (ERMF) and the Enterprise Risk Assessment Matrix (ERAM) have been finalised and approved by the TfL Executive Committee. A revised set of 16 TfL Strategic Risks has also been agreed by the Executive Committee and 'deep dive' reviews have been completed for each of them. Further details can be found in a separate paper on this agenda.
- 4.2 In future, as Enterprise Risk Management activity transitions to business as usual, we anticipate that updates will be incorporated into the Risk and Assurance quarterly reports.

5 Audit and Assurance

- 5.1 In TfL, assurance is delivered in accordance with the 'three lines of defence' model:
 - (a) First line of defence – control and monitoring arrangements carried out by the functions responsible for managing the risks/ controls;
 - (b) Second line of defence – typically audit and inspection regimes carried out by teams separate from those responsible for managing the risks/ controls, but reporting through the TfL management hierarchy; and
 - (c) Third line of defence – fully independent audit and review activities, typically with a strategic focus, and reporting to Executive Committee, Audit and Assurance Committee and other Board Committees and Panels.
- 5.2 Within the Risk and Assurance Directorate, the Internal Audit function provides third line assurance, whilst the Integrated Assurance and Project Assurance teams provide second line assurance. Further information of the work of these teams during Q1 is set out below.
- 5.3 We have started to work with the business on mapping the control activities for each of TfL's Strategic Risks against the sources of assurance, using the three lines of defence model. This will help ensure that assurance activity is effectively targeted in the future.
- 5.4 The table below maps the outcomes of audit and project assurance reviews carried out by the teams in Risk and Assurance during Q1 against the TfL Strategic Risks. If a risk is not listed, this means that no work has been completed against it in the quarter.

	2nd line assurance				3rd line assurance				
SRI – Achieving Safety Outcomes	1	1							
SR2 – Talent Attraction and Retention					1				
SR3 – Governance Suitability					1				
SR7 – Financial Sustainability					1		1		
SRI2 – Delivery of Key Investment Programmes	2	10							
SR 13 – Operational Reliability	2	2							
SRI6- Opening of the Elizabeth Line			3	2	1		4	3	2

Audit rating/PA review outcome

	Poorly controlled
	Requires improvement/Critical recommendations
	Adequately controlled/Recommendations
	Well controlled
	Memo

Internal Audit

- 5.5 The Internal Audit plan for 2018/19 forms part of the integrated assurance plan that was approved by the Audit and Assurance Committee on 6 March 2018. Internal Audit Reports carry an overall conclusion on the area under review, which can be Well Controlled, Adequately Controlled, Requires Improvement or Poorly Controlled. Individual issues raised in Internal Audit Reports are classified from Priority 1 (most significant) to Priority 3 (least significant) and audit actions are agreed with the responsible managers to address any issues raised.
- 5.6 Internal Audit also issue some advisory reports and memorandums, which do not carry an overall conclusion, although they may still give rise to management actions to take forward.
- 5.7 Schedule 1: Internal Audit Q1 summary, includes highlights from work done during the quarter, an overview of progress with the delivery of the audit plan, a summary of the reports issued and conclusions and information on overdue audit actions.

Management Actions

- 5.8 Internal Audit monitors the completion of all management actions and confirms whether they have been adequately addressed by management. For the first time, we are reporting by directorate on the percentage of actions closed on time over the past six months. This shows that less than 45 per cent of management actions due to close over that period were closed on time. This figure reflects the fact that the business has not previously been measured against this metric, with the focus previously on actions more than 60 days overdue. We would expect this to improve over the course of the year as a result of it now being monitored.
- 5.9 Several actions are recorded in the table in Schedule 1, as overdue for more than 100 days. These relate to the following audits:

Surface Transport

- (a) 16 417 PCIDSS (CPOS) (1x Priority 1): This is a long running issue to identify and then agree a technical solution with Barclaycard and various third parties. The former Director of Enforcement and On-street Operations has previously attended a meeting of the Committee to discuss this issue. Good progress has been made, and a technical solution has been agreed with Barclaycard. The team is currently awaiting confirmation from the Metropolitan Police's digital team, that the agreed solution meets their confidentiality and privacy requirements. Once received this action can be closed.
- (b) 16 129 Data Privacy and Protection – Traffic Management Cameras – LSTCC and LSTOC (4x Priority 2, 3x Priority 3): These actions relate to the implementation of policy and procedural changes necessary to satisfy data privacy requirements. Closure of these issues has been impacted by a lack of overall accountability, and Surface Transport transformation activities. While there has been significant progress in recent months, it remains unclear when the business will be able to close these actions. The Director of Network Management, Surface Transport has been invited to the Committee to discuss.

Pan-TfL

- (c) 16 410 Controls over disclosure of personal information to external agencies (1x Priority 2): The action related to update of Taxi and Private Hire's (TPH's) protocols for sharing personal information with City of London Police (CoLP) and the Home Office. Information Governance (IG) has revised the Overarching Protocol with the CoLP, and the Information Sharing Procedures (ISPs) relating to cab related offences. These were shared with CoLP in July, and IG are awaiting comments. The current TPH and Home Office ISP requires GDPR update. Work to do that is about to begin.

Finance

- (d) 15 125 Financial Controls in Commercial Development – Communication of changes to Scheme of delegation: The action relates to the timely communication of changes to the list of Delegated Authorities. The Scheme of Delegation has been agreed with the Director of Commercial Development, and will be presented to the Chief Finance Officer for approval.

Changes to audit plan

- 5.10 There were three changes to the plan during the quarter; one audit was deferred for consideration at a later date, one was cancelled due to changing business priorities, and a new audit was added to the plan.

Detailed audit reports

- 5.11 A full list of audit reports issued during the quarter can be found as Appendix 1. Audits in progress at the end of Q1 can be found in Appendix 2, work planned to start in Q2 and details of changes to the audit plan can be found in Appendix 3, and the work planned to start in the remainder of 2018/19 can be found in Appendix 4.

Schedule I: Internal Audit QI summary

Reports

- Our audit of the use of surveillance cameras across LU stations was concluded as 'Poorly Controlled' and raised five Priority I issues. These related to data security, effectiveness of legal agreements and data retention periods. Root causes of issues identified by LU included: lack of centralised administration, inconsistent account management processes and a lack of overall accountability.
- Two other reports issued during QI that raised Priority one issues were:
 - Temporary Agency Workers - approvals for agency staff on high rates and pre-employment screening
 - LTM Management Information - relating to the quality of the management information.

Work in progress / planned to start

- Significant audits that were in progress at the end of QI include: Single Sourcing in LU, Cash Forecasting and Payroll Controls.
- Also in progress in an audit of Clean Mobile Energy (CME). This is part of a series of audits where we verify claimed expenditure in respect of EU grants awarded to TfL. Our work has saved the CME project approximately £15,000 in accounting fees to date.
- Significant audits due to start in Q2 include: Use of Personal Data in HR, Demobilisation and Transfer of staff from Crossrail to TfL.

Reports

13 reports issued

8% poorly controlled

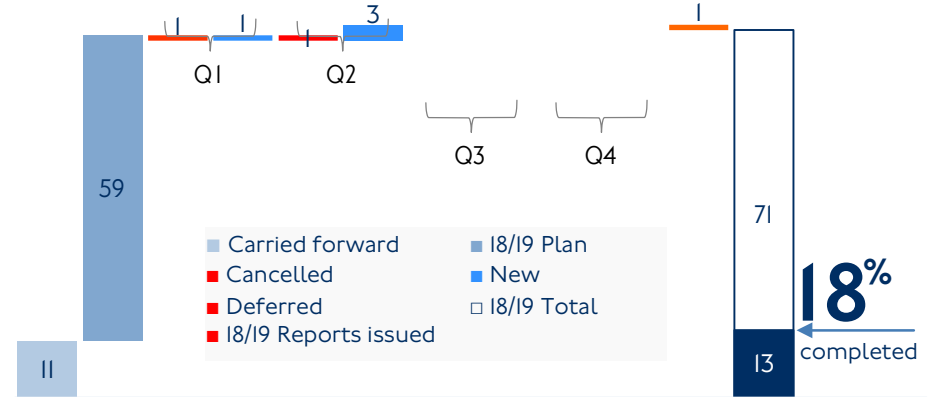
Notable audits

Directorate	Audit	PI	Conc.
LU	Data Privacy and Protection - Surveillance Cameras LU	5	PC

Key
 PC = poorly controlled RI = requires improvement
 AC = adequately controlled WC = well controlled

	PC	RI	AC	WC	Memo
Crossrail			4	3	2
CCT		1			
Finance					1
General Counsel					
HR		1			
LU	1				
MPD					
Pan TfL					
Surface Transport					
QI total	1 (8%)	2 (15%)	4 (31%)	3 (23%)	3 (23%)
2018/19 to date	8%	15%	31%	23%	23%
2017/18	5%	31%	25%	18%	21%

Audit plan (to Period 5)



Progress to plan delivery

- At 18%, plan delivery is slightly behind schedule due to organisational change and resourcing challenges
- Prioritisation against the newly-approved strategic risks may result in further changes

Action management (to Period 5)

19 overdue

42% closed on time*

	Overdue	Closed on time*
Crossrail		67%
CCT	1	47%
Finance	1	59%
General Counsel	1	33%
HR	2	25%
LU		
MPD		
Pan TfL	2	40%
Surface Transport	1	24%

*based on actions due in the last six periods

Priority one issues raised

8 priority I issues

Directorate	Audit	#
LU	Data Privacy and Protection - Surveillance Cameras LU	5
Surface	Temporary Agency Workers	2
CCT	LTM Management Information	1

Integrated Assurance

- 5.12 The Integrated Assurance team carries out second line of defence audits, primarily in relation to health and safety and engineering compliance, and compliance with Payment Card Industry Data Security Standard (PCI DSS). Audit reports issued by the team follow the same system of audit conclusions and priority ratings for issues as the Internal Audit team.
- 5.13 A summary of work carried out by Integrated Assurance can be found in Schedule 2: Integrated Assurance Q1 summary.

Project Assurance

- 5.14 The Project Assurance team carries out assurance reviews of projects and programmes across TfL's Investment Programme, with individual projects selected for review following a risk based assessment. Projects with an estimated final cost (EFC) over £50m are also subject to (third line) input from the IIPAG. The quarterly report on IIPAG's activity can be found elsewhere on this agenda. Reports from Project Assurance Reviews (PARs) are considered alongside the Authority request at the sub-programme board or operating business board depending on the size of the project.
- 5.15 Project Assurance also conducts reviews of the sub-programmes to inform their annual request for Authority at the Programmes and Investment Committee.
- 5.16 Project Assurance reviews do not carry an overall conclusion in the same way as audit reports. However particular issues raised may be designated as critical issues. The project assurance team follows up on all recommendations to ensure they've been addressed.
- 5.17 A summary of the work of Project Assurance during Q1 can be found in Schedule 3: Project Assurance Q1 summary.

Schedule 2: Integrated Assurance Q1 Summary

Key Issues this Quarter

Work Complete

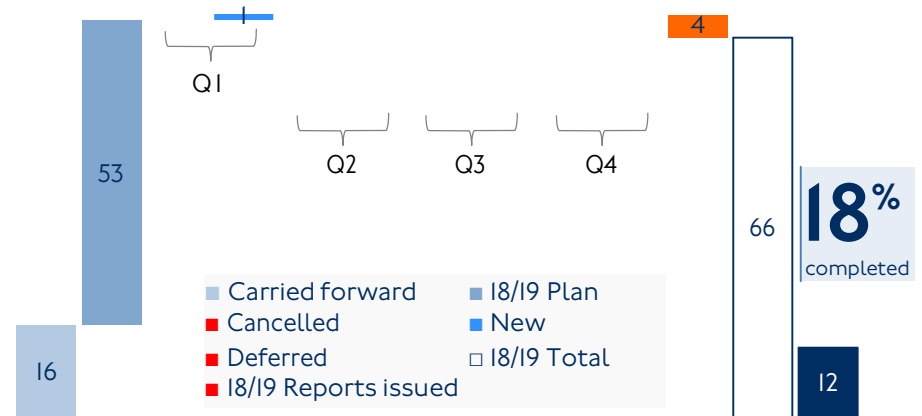
Progress against the audit plan is slightly behind schedule at Q1 end at 18%, this reflects the level of organisational and procedural change at this time and should be recoverable during quarters two and three.

Five of the audits addressed handover of assets from the Crossrail project to the Elizabeth line, all were concluded as 'Adequately Controlled or Well Controlled'. The Occupational Noise audit was concluded as 'Requires Improvement' (a follow up to the previous Requires Improvement audit in 2016). Two priority one findings were raised concerning the implementation of legal requirements into TfL management systems. HSE have a programme of actions to revise the management system.

Work in Progress / Planned

The consultancy review of Near Miss Reporting Arrangements was in progress at the end of quarter 1. In quarter 2 we will commence audits of Earth Structures and of Asset Data Management, both are follow ups to previously Poorly Controlled audits. Other work of note is an audit of LU Stations Competence Management.

18/19 Audit Schedule Progress



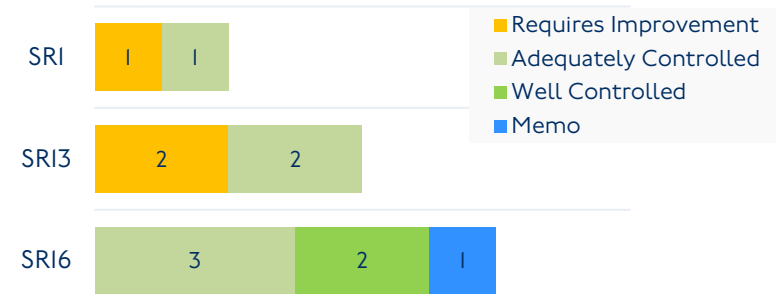
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Audit Conclusions by Directorate

	PC	RI	AC	WC	Memo
Commercial		1			
Crossrail			3	2	1
HSE		1			
LU Asset Ops.			2		
LU R&E		1	1		
Q1 total	0%	25%	50%	17%	8%
2018/19 to date	0%	25%	50%	17%	8%
2017/18	4%	19%	60%	16%	1%

Audits Issued this Quarter

by Strategic Risk



Action Management (to Period 5)

Measure	#	%	6-period trend graph
Number of actions closed on time* (inc extended actions)	60	44%	
No of actions granted an extension*	65	47%	

*of those due in the last six periods

Schedule 3: Project Assurance Q I Summary

Reviews undertaken this quarter continue to highlight the budget pressures being experienced by TfL. To address this we are increasing our focus on initiation reviews to ensure affordability and value for money are thoroughly reviewed.

Sub- Programme Reviews

Key
I= Identified
R= Rejected

	Recommendations		Critical Issues		Commentary
	I	R	I	R	
LU Deep Tube Upgrade Programme	3	0	0	0	Rolling stock – procurement authority was granted at PIC. There has been a legal challenge to the preferred bidder announcement. Signalling and Train Control (S&TC) – tender documentation was issued to bidders in May.
Barking Riverside	10	0	0	0	Following the collapse of Carillion, two tender returns were received on 27 June. There are significant Network Rail stakeholder management challenges.

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Overdue Recommendations

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

Project Reviews

Project Assurance have completed 10 project reviews in Q1. IIPAG participated in six of these.

Critical Issues

	Critical Issue	Action Being Taken
A23/A232 Fiveways Junction	One critical issue identified relating to lack of alignment with current Mayor's Transport Strategy.	Business case to be strengthened to demonstrate why this old scheme is still a priority.
Highbury Corner Gyratory Removal	One critical issue identified relating to concept design completion.	Significant design aspects are to be completed and further modelling undertaken.

Customer Feedback

- 5.18 At the end of every audit (including internal audits and integrated audits) we send a feedback form to the principal auditee requesting their views on the audit process and the report. A summary of the responses to the questionnaire, together with the comparative figures for the previous quarter is included as Appendix 5.

6 Fraud

- 6.1 The Fraud team carries out investigations in all cases of suspected and alleged fraud. They also carry out a proactive programme of fraud awareness, prevention and detection activities designed to minimise TfL's exposure to fraud risk. A summary of the Fraud Team's activities during Quarter 1, including information on significant closed fraud investigations is set out in Schedule 4: Fraud Q1 Summary.
- 6.2 Details of significant new and ongoing fraud investigations during Q1 can be found in the Part 2 Fraud Report 2018 paper.

Schedule 4: Fraud QI Summary

Key points

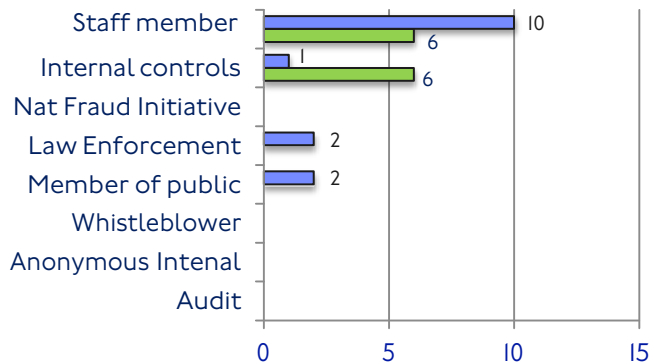
Fraud investigation – there have been 12 new fraud cases in Q1, compared to 23 in the whole of 2017/18. This increase is in part due to improved working protocols following transformation including a new fraud referral process with LU Revenue Control. We believe it also reflects an increase in fraud awareness and prevention activities.

Fraud prevention – (1) Completion of the online 'Ezone' Fraud Awareness Course increased by 28% over Q1 with 2841 staff now having completed the course. A revised version of the course has recently been released and will be publicised through Source and other media, with targeting of higher risk areas. (2) Three fraud prevention training sessions were undertaken, focussed on CCT Contact Centre and Visitor Centre staff. (3) A new Fraud Prevention Manager joined the team in mid August, and will take forward a comprehensive fraud awareness and prevention plan. (4) The Anti-fraud and Corruption Policy and Procedure have been updated and can be found elsewhere on this agenda. Following approval they will be publicised across TfL

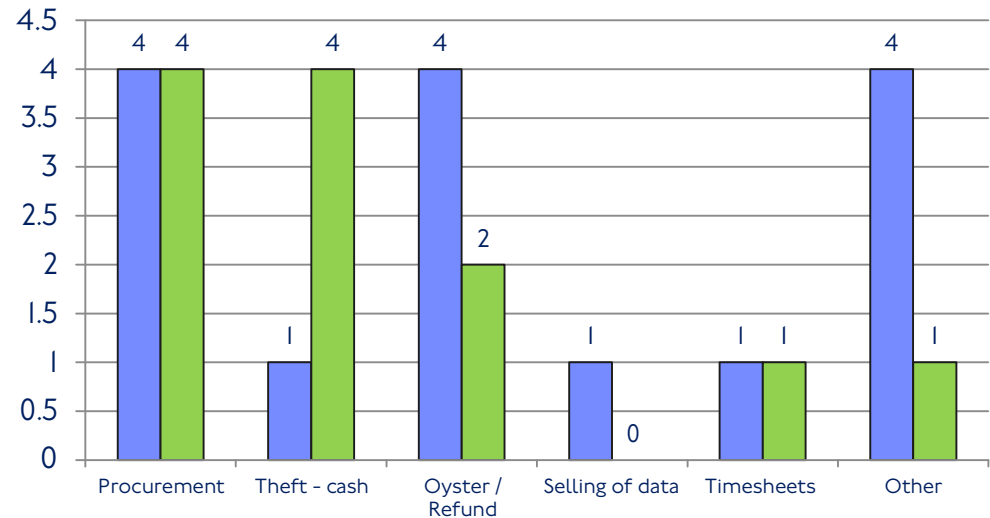
Investigations	B/F	New	Closed	G/F
Surface Transport	3	2	0	5
LU	8	7	0	15
CCT	2	3	0	5
Crossrail	1	0	0	1
Commercial Dev't	1	0	0	1
Total	15	12	0	27

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BF / New cases by source



BF / New cases by type



Significant closed cases

No cases closed during Q1

7 Risk and Assurance Strategy

- 7.1 Since our new Risk and Assurance Directorate went live in February 2018, we have developed a Strategy setting out a programme of activities that will update processes, systems and ways of working. This will enable the benefits of the integrated risk and assurance functions to be fully realised.
- 7.2 The Risk and Assurance Directorate Strategy is included as Appendix 6. It sets out five work streams through which the strategy will be delivered, as follows:
- (a) culture and behaviours;
 - (b) governance framework;
 - (c) integration, collaboration and communication;
 - (d) capability and people development; and
 - (e) delivery processes and systems.
- 7.3 Work on delivering the Strategy is already well underway. There is a more detailed delivery plan supporting the strategy, which sets out owners and timescales for each of the actions.

8 Resources

- 8.1 At the beginning of the financial year, the Directorate was carrying a substantial number of vacancies and we have been working to fill those over recent months.
- 8.2 The Fraud team and the Enterprise Risk team are now fully staffed. There are a small number of vacancies remaining in the Integrated Assurance (two vacancies) and Project Assurance (one vacancy) teams. The majority of our vacancies are within the Technology, Information and Security audit team in Internal Audit, in which only the Data Analyst role is currently filled. Recruitment to fill the roles is in progress.
- 8.3 We have put in place a contract with Mazars LLP for specialist Internal Audit services. This is a tactical measure to ensure that we deliver the technology and security related audit work identified on the 2018/19 plan.

9 Control Environment Trend Indicators

- 9.1 On 7 March 2018, the Committee approved a set of Control Environment Trend Indicators. Data for some of the indicators is not yet available, but is under development, and we hope to be able to start reporting against these in 2018/19. The Q1 indicators are attached as Appendix 7.

List of appendices to this report:

- Appendix 1 – Internal audit reports issued in Q1 2018/19
- Appendix 2 – Work in Progress at the end of Q1 2018/19
- Appendix 3 – Work Planned for Q2 2018/19/Changes to the audit plan
- Appendix 4 – Work planned to start in the rest of 2018/19 – rolling audit plan
- Appendix 5 – Customer Feedback Form – Summary of Responses Q1
- Appendix 6 – Risk and Assurance Directorate Strategy
- Appendix 7 – Control Environment Trend Indicators

Exempt supplementary information is included in a paper on Part 2 of the agenda.

List of Background Papers:

Audit reports, Project Assurance reports.

Contact Officer: Clive Walker, Director of Risk and Assurance
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Transport for London Audit and Assurance Committee

Internal audit reports issued in Q1 2018/19 Grouped by Strategic Risk

Appendix I:

Strategic risk	Directorate	Audit title	Objective	Last action date	Conclusion	Current status	P1	P2	P3
Financial sustainability	Finance	TfL Scorecards	To provide assurance that the year-end outturns on the scorecard indicators are being reported accurately		Memo	Complete	0	0	0
Talent attraction and retention	HR	Temporary Agency Workers	To provide assurance on the controls governing the recruitment and management of non-permanent labour; including use of personal service companies	30/09/2019	Requires Improvement	Follow-up	2	6	1
Governance and control suitability	LT Museum	LTM Management Information	To review the range of management information available to enable LTM management and the Trustee Board to monitor LTM's financial and trading performance	30/04/2019	Requires Improvement	Follow-up	1	2	0
	LU	Data Privacy and Protection - Surveillance Cameras LU	To provide assurance that LU's use, management, and control of surveillance cameras are in accordance with the relevant TfL policies, laws and relevant codes of practice	30/06/2019	Poorly Controlled	Follow-up	5	4	0

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Strategic risk	Directorate	Audit title	Objective	Last action date	Conclusion	Current status	P1	P2	P3
Opening of the Elizabeth Line	Crossrail	Estates Management following demobilisation	To review Estates Management following demobilisation and the closing down of Crossrail sites, covering health & safety, and commercial perspectives		Well Controlled	Complete	0	0	0
		Delivery of Over Site Development (OSD)	To review the arrangements for delivering OSD, including construction assurance where developments are being progressed through Crossrail / TfL	31/08/2018	Adequately Controlled	Complete	0	1	0
		Employers' Completion Process	To review the closeout dashboard and the underlying evidence, covering quality, NCRs, risk and commercial aspects		Well Controlled	Complete	0	0	0
		Crossrail Handover Strategy & Plan	A review of Crossrail readiness for handover, focusing on the nine key requirements of the handover strategy and plan		Adequately Controlled	Complete	0	0	0
		Asset information and alignment between Crossrail and its Partner organisations	A review of the quality of asset information and identification of asset information requirements / expectations with what will be delivered		Adequately Controlled	Complete	0	0	0
		Crossrail Complaints Commissioner Accounts	A review of the Crossrail Commissioner Accounts to ensure accuracy		Memo	Complete	0	0	0

Strategic risk	Directorate	Audit title	Objective	Last action date	Conclusion	Current status	P1	P2	P3
Opening of the Elizabeth Line	Crossrail	Testing and Commissioning	A review of the Testing and Commissioning Strategies and Plans for delivering the Crossrail Project focused on a sample of Delivery teams and contractors	31/05/2018	Memo	Complete	0	0	0
		Disposal of Crossrail non-railway assets	A review of arrangements for disposal of non-permanent assets, for example, staff mobile devices and PCs. This will cover data security aspects of the disposal.	31/05/2018	Adequately Controlled	Complete	0	1	0
		Management of Crossrail Voluntary Severance Payment	Management of Payroll processes, to include the process for calculating and then making atypical payments to individuals on leaving Crossrail		Well Controlled	Complete	0	0	0
Total						13	8	14	1

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Transport for London Audit and Assurance Committee

Work in progress at the end of Q1 2018/19 Grouped by Directorate

Appendix 2:

Strategic risk	Directorate	Audit title	Objective	Current status
Major cyber security incident	Customers Communication and Technology	Cybersecurity Strategy and Operating Model	To evaluate whether the strategy and operating model are designed appropriately to meet strategic objectives, and industry best practice	In Planning Final report due 26/09/2018 Audit partner (Mazars)
Financial sustainability	City Planning	Clean Mobile Energy	As a First Lever Controller, certify costs in respect of EC funding for Clean Mobile Energy.	In Progress Certification report due 31/08/2018
		EC Grant Agreement Cost Certification Old Oak Common	To certify costs in respect of EC funding for Old Oak Common	In Progress Final report due 31/10/2018
Inability to deliver predicted revenue growth	Commercial Development	Exterior Capital Expenditure Programme	To review and provide assurance over the delivery of the Capital Expenditure programme	Follow-up
		Sponsorship of the Elizabeth Line-Shortlisting	To provide assurance on the effective management of the procurement of sponsors for the Elizabeth Line up to Issue of ITT documentation.	Complete
		Telecoms Commercialisation Project -SSQ and ITT development	To provide assurance over the project, procurement and financial controls in place for the TCP Project	In progress – Fieldwork Final report due 26/10/2018
Opening of the Elizabeth Line	Crossrail	Management of Stakeholders and Interfaces	A review of the arrangements for managing Crossrail stakeholders as the activity transitions to TfL.	Complete
		Training of Operators	To review the arrangements for training of operations staff (e.g. signallers) and maintenance staff	Complete

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Financial sustainability	Finance	Revenue apportionment to train operating companies	To provide assurance that there are effective arrangements in place to ensure that key IT Risks (transitional/ Non-transitional) are appropriately identified, and mitigated; and To provide assurance that there is clear accountability for ongoing management of IT risks in line with the LTM risk appetite	Complete
		Payroll	Provide assurance on the adequacy and effectiveness of key controls with payroll	Draft Report – Final report due 07/09/2018
		Cash Forecasting	To provide assurance on the adequacy and effectiveness of controls in place for short and long term forecasting of cash	Reporting
LTM	LT Museum	LTM New Web Shop	To provide assurance over the new arrangements for the web shop including IM and stock controls	Reporting
Delivery of key investment programmes	Pan TfL	Building Information Modelling Governance	To provide assurance on the effectiveness of the implementation of Building Information Modelling	In Progress Final report due 23/11/2018
Financial sustainability		Single Sourcing Governance Assurance (LU)	To ensure that the procurement process used for single sourcing is managed effectively, including the frequency and legitimacy of single sourcing, and the robustness of the approval process	Reporting - Management response received Final report due 05/07/2018
Financial sustainability	LU	Management of Fraud Risk in London Underground	To provide assurance that fraud risks are being managed across all areas of LU and that there is an awareness of fraud amongst personnel	Drafting report
Operational reliability	Surface Transport	ST Supplier Assurance (Non Rail)	To provide assurance that ST has a Supplier Quality Assurance System that ensures risks to TfL objectives are identified, controlled and assured throughout the contract life cycle	Follow-up

Total

16

Transport for London Audit and Assurance Committee

Work planned to start during Q2 2018/19

Appendix 3

Grouped by Strategic Risk

- Of the 43 audits that remain on the rolling-audit plan, eight will start during the second quarter
- Below is a summary of those audits, as well as an indication as to their current status

Strategic risk	Directorate	Audit title	Objective	Planned period	Status at P5-end
Achieving safety outcomes	Surface	ST Supplier Assurance (rail)	To provide assurance over the effectiveness of Surface Transport's arrangements for 'Supplier Assurance' throughout the contract life cycle and in line with regulations set out by the Office of Rail and Road.	5	Deferred from P1 Letter of engagement issued
Governance and control suitability	HR	Use of Personal Data within HR	To provide assurance that personal data is shared and processed in a manner commensurate with GDPR	6	Letter of engagement pending
	Pension Trust	Pension Fund Trustee Board Effectiveness Review	To provide assurance on the adequacy and effectiveness of the Pension Fund Board and its committees	6	Letter of engagement issued
Financial sustainability	Finance	Governance and Financial Controls for the use of Framework suppliers (CPC Project Services)	To provide assurance that the controls over the use of framework suppliers are effective, and used in accordance with TfL processes	6	Not started
Operational reliability	Surface	Management of Nominally Accumulated Customer Hours (NACHs) 4G modelling project	To provide assurance that the controls over the management of the NACH's 4G modelling project (Lost Customer Hours) are effective	6	Letter of engagement issued
Opening of the Elizabeth Line	Crossrail	Demobilisation and transfer of staff to TfL	A review of the demobilisation processes including readiness and effectiveness of the transfer of staff from Crossrail to TfL including transition plan, and 'hold points' should the project be behind schedule	6	Deferred from P3 Letter of engagement pending

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	Archiving Process	To review the archiving process before and after transfer of documents to TfL	6	Letter of engagement Pending
Total				7

Changes to audit plan at the end of Q1 2018/19

Audit title	Status	Comments	
2018 18 401 IT Disaster Recovery and Operational Resilience (TfL)	Deferred	Audit carried forward from the 2017/18 plan for consideration as part of 2018/19. Work is required to understand current arrangements post Tech. and Data transformation. Level I risk management is underway; prioritisation of audit will take place during quarter three.	
2018 18 127 Property Management including vetting of tenants	Cancelled	Cancelled as Property Management are undergoing extensive review of their processes and system and it is expected that these will change significantly	
2018 18 029 ST Supplier Assurance (rail)	New	To provide assurance that Surface Transport's arrangements for 'Supplier Assurance' throughout the contract life cycle are effective and in line with Office of Rail and Road regulations	
Total			3

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Work planned to start in the rest of 2018/19 - rolling audit plan Grouped by Directorate

Appendix 4:

Strategic risk	Directorate	Audit title	Objective	Planned period	Status at P5-end
Opening of the Elizabeth Line	Crossrail	Demobilisation and transfer of staff to TfL	A review of the demobilisation processes including readiness and effectiveness of the transfer of staff from Crossrail to TfL including transition plan, and 'hold points' should the project be behind schedule	7	Deferred from P3 Letter of engagement pending
		Organisational Governance	To review the governance of the closeout organisation This will look at good / best practice and compliance with the PDA / regulatory requirements	9	
		Management and close out of commercial contracts	To review the management and close out of commercial contracts, including the financial calculations made by the Crossrail Finance Team. The purpose will be to include having sufficient information to defend subsequent claims for compensation from contractors	9	
		Network Rail allocation and validation of costs	To review the Network Rail allocation and validation of costs to ensure that costs are supported by assurance evidence	13	
Major cyber security incident	Customers Communication and Technology	IT Software Licence Management Governance	To assess the framework and process controls in place to manage risks associated with software licensing across TfL	10	
		The Strategic Approach to Cloud Computing Governance	To review the arrangements that TfL has established to manage its use of cloud computing, including policies and procedures, architectural design, and security controls To Provide assurance that the security controls are operating effectively	8	Deferred from P3

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Strategic risk	Directorate	Audit title	Objective	Planned period	Status at P5-end
Delivery of key investment programmes	Finance	Re-tender of the Professional Services Framework (EPMF4)	To provide assurance that the Procurement of the Professional Services Framework is carried out in an efficient and effective manner	7	Deferred from P3
Financial Sustainability		Operating Leases	To provide assurance over TfL's approach to identifying operating leases within contracts in preparation for the inception of International Accounting Standard 17 in 2019	13	
		Governance and Financial Controls for the use of Framework suppliers (4Rail)	To provide assurance that the controls over the framework are effective and it is being used in accordance with TfL processes	8	
		Governance and Financial Controls for the use of Framework suppliers (Delatim Ltd)	To provide assurance that the controls over the framework are effective and it is being used in accordance with TfL processes	7	
		Expenditure Controls	Provide assurance on the adequacy and effectiveness of revised cost controls.	13	
		Governance and Financial Controls for the use of Framework suppliers (OTB Engineering)	To provide assurance that the controls over the framework are effective and it is being used in accordance with TfL processes	7	
Governance and control suitability		Business Expenses	To review processes and controls over business expenses	7	
Loss of external stakeholder trust	Procurement of Energy for London	To provide assurance that the procurement process for the Energy for London project is effective.	7		

Transport for London Audit and Assurance Committee

Strategic risk	Directorate	Audit title	Objective	Planned period	Status at P5-end
		Procurement for Energy for London –SSQ	The objective of this audit is to provide assurance that the processes employed for the Procurement of the framework contract for the GLA's Energy for London (EFL) scheme, are in accordance with approved procedures and are open, fair and transparent.	7	
LTM	LT Museum	IT Risk Management: LTM IT Transition Project	To provide assurance that there are effective arrangements in place to ensure that key IT Risks (transitional/ Non-transitional) are appropriately identified, and mitigated; and To provide assurance that there is clear accountability for ongoing management of IT risks in line with the LTM risk appetite	7	
		Safeguarding: Nib Report follow up	To provide assurance that actions from the previous Safeguarding audit and Nib recommendations have been implemented	9	
Achieving safety outcomes	LU	Safety and Engineering assurance within capital and maintenance programme	Provide assurance on the robustness of safety and engineering processes within capital and maintenance programmes	9	
		Principal Contractor Arrangements	To provide assurance on the effectiveness of revised arrangements governing LU acting as Principal Contractor, including review of effectiveness of 2nd line of defence activities	9	Deferred from P6
Opening of the Elizabeth Line	LU	HSE audit of the Elizabeth line	To review the effectiveness of HSE protocols and procedures on the new railway	13	
		Reporting processes	To review the Elizabeth Line reporting processes – commercial and performance / fault reporting.	13	

Transport for London Audit and Assurance Committee

Strategic risk	Directorate	Audit title	Objective	Planned period	Status at P5-end
		Rolling stock assurance	To review the assurance of rolling stock from a commercial aspect. The purpose is to ensure the assurance of units signed-off as fit for purpose – in relation quality of manufacture.	13	
Achieving safety outcomes	Pan TfL	Safeguarding Assurance (TfL)	To provide assurance on the adequacy and effectiveness of controls in place over safeguarding across TfL.	9	
		Effectiveness of the new safety complaints process	To provide assurance that the new complaints process is effective and efficient	13	
Achieving safety outcomes		Bus Operations - Fatigue Management Assurance	To assess the effectiveness of TfL's management arrangements for minimising the risk from fatigue.	9	
		London Overground Safety Assurance Arrangements	To provide assurance on the effectiveness and timeliness of safety assurance arrangements including information flow, issue resolution, risk ownership and Lessons Learned	8	Deferred from P6
Delivery of key investment programmes	Surface	Healthy Streets Portfolio	To provide assurance over the controls over small project spend	9	
Operational Reliability		Bus Contracting Process	To provide assurance over the processes governing changes to key processes affecting revised Bus contracts	9	
Finance Sustainability		Congestion Charging	To provide assurance on the adequacy and effectiveness of financial and business controls within Congestion Charging	9	Deferred from P2 Not started

Transport for London Audit and Assurance Committee

Strategic risk	Directorate	Audit title	Objective	Planned period	Status at P5-end
		Single Sourcing Governance Assurance (ST)	To ensure that the procurement process used for single sourcing is managed effectively, including the frequency and legitimacy of single sourcing, and the robustness of the approval process.	8	Deferred from P2
Governance and control suitability		Cycle Hire	To provide assurance over the operation of key business and financial controls following signing of a new contract and implementation of the revised back office and governance arrangements between Serco and Cubic from July 217.	7	
		Ultra-Low Emissions Zone	To provide assurance over the preparation for go live.	9	
Governance and control suitability	TFL Pension Fund	Pensions Risk Framework	To provide assurance on the adequacy and effectiveness of the Pension risk framework	9	
Major cyber security incident		Pension Data - Access Security	To provide assurance on the adequacy and effectiveness of security controls over access to pension data	7	Deferred from P2 Report due 24/09/2018
Financial sustainability	Transformation Team	Transformation - Close out process	To provide assurance and real time feedback on the effectiveness and application of the close out process, ensuring initial benefits stated have been realised.	9	
Total				35	

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

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: Q1 = 18 (Q4 = 30)

Customer Feedback Forms Returned: Q1 = 13 (Q4 = 19)

ASSIGNMENT ASSESSMENT CRITERIA	No score given		Very poor 1		Poor 2		Satisfactory 3		Good 4		Very good 5		Average Score	
	Q1	Q4	Q1	Q4	Q1	Q4	Q1	Q4	Q1	Q4	Q1	Q4	Q1	Q4
PLANNING AND TIMING													4.7	4.5
The assignment timing was agreed with me and there was appropriate consideration of my other commitments as the work progressed	0	0	0	0	0	0	1	3	4	3	8	13	4.5	4.5
The assignment was completed and the report issued within appropriate timescales	0	0	0	0	0	0	0	3	3	3	10	13	4.8	4.5
COMMUNICATION													4.4	4.1
Communication prior to the assignment was appropriate, including the dates and objectives	0	0	0	0	0	0	2	2	5	9	6	8	4.3	4.3
Throughout the assignment I was informed of the work's progress and emerging findings	0	0	0	0	0	2	0	5	6	5	7	7	4.5	3.9
CONDUCT													4.6	4.5
The Internal Audit team demonstrated a good understanding of the business area under review and associated risks, or took time to build knowledge and understanding as the work progressed	0	0	0	0	0	1	0	3	8	5	5	10	4.4	4.3
The Internal Audit team acted in a constructive, professional and positive manner	0	0	0	0	0	0	0	1	3	4	10	14	4.8	4.7
RELEVANT AND USEFUL ADVICE AND ASSURANCE													4.6	4.3
A fair summary of assignment findings was presented in the report	0	0	0	0	0	0	0	2	4	9	9	8	4.7	4.3
Assignment recommendations were constructive, practical and cost-effective	0	0	0	0	0	1	0	2	7	7	6	9	4.5	4.3
My concerns were adequately addressed and the review was beneficial to my area of responsibility and operations	0	0	0	0	0	0	0	2	4	8	9	9	4.7	4.4
Overall assessment													4.6	4.4

Other comments including suggested improvements and areas of good performance:

- "This is a very complex area and the team took a lot of trouble to ensure they understood it correctly."
- "The audit has provided a very useful health check on the overall status of the handover process. It has also been useful to confirm that the right risks are being addressed and mitigated".
- "Professionally led on the day of the audit".
- "Communications between myself, the auditor and auditees was very good throughout, and any issues openly discussed which led to a very satisfactory result"
- " The audit team were fully acquainted with my teams processes in advance and well aligned to fully engage in reviewing our processes"
- "Audit was carried out to a high standard, very impressed with conduct and performance"
- "There were a number of differing departments identified with responsibility for the various actions in the audit, which complicated things. However, the auditor worked tirelessly to ensure that the audit was fair"
- "The [Team] feel understood and the risks well known and the level of understanding of our operating model and challenges is known by Audit who are experienced and familiar with our operation".
- " The recommendations are sensible, practical and where there are difficulties in delivering these in a practical and cost-effective way, alternatives have been proposed and are being accepted".

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Risk and Assurance Directorate – Strategy

Clive Walker



Key Responsibilities

Risk and Assurance (R&A) is a new Directorate within General Counsel that brings together the former Internal Audit, Fraud and Project Assurance teams and strategic and operational risk management activities.

Developing, maintaining and supporting TfL's Enterprise Risk Management Framework

Ensuring integrated assurance of TfL's business risks using the 3 lines of defence model

Delivering an independent Internal Audit service (3rd line assurance)

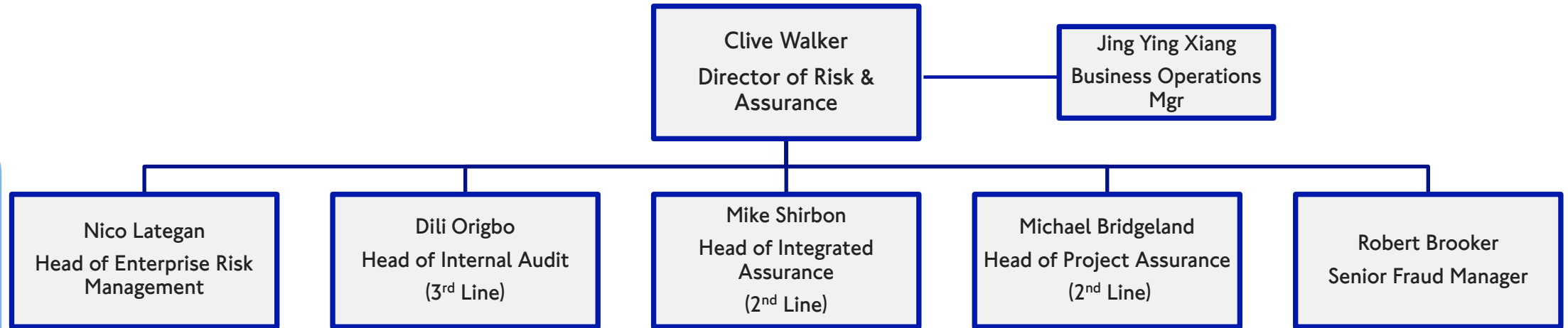
Provision of an HSE and quality audit resource (2nd line assurance)

Assurance over the delivery of major projects and programmes

Delivery of fraud awareness, detection and investigation services



Our Team Structure



How our key responsibilities relate to TfL priorities

Risk and Assurance responsibilities	TfL Priorities					
	To put customers and users at the core of all of our decision making	To drive improvement in reliability and safety across our network	To accelerate the growth and increase the capacity of our network	To invest in our people and lead them to be the best they can be every day	To cost less, be more affordable and to generate more income	To exploit technology to produce better and faster results
Developing, maintaining and supporting TfL's Enterprise Risk Management Framework	●	●	●	●	●	●
Ensuring integrated assurance of TfL's business risks using the 3 lines of defence model	●	●	●	●	●	●
Delivering an independent Internal Audit service (3rd line assurance)	●	●	●	●	●	●
Provision of an HSE and quality audit resource (2nd line assurance)	●	●	●	●	●	●
Assurance over the delivery of major projects and programmes	●	●	●	●	●	●
Delivery of fraud awareness, detection and investigation services	●	●	●	●	●	●

Key: ● The outputs of this responsibility indirectly relate to this TfL priority.

● The outputs of this responsibility directly relate to this TfL priority.



Our Vision

To be a valued business partner providing robust independent advice and assurance to help TfL deliver for London more effectively and efficiently. We will achieve the vision through the following:

- Our teams will work together, collaboratively, with everyone focused on delivering their very best for TfL, and people will be measured on results.
- Delivery will be supported by effective systems and processes.
- We will trust each other and treat each other with respect
- We will be a Directorate where people want to work and enjoy working.



Five Workstreams

Culture and Behaviours

- To encourage an empowered, engaged, high performing team that is clear on its vision, direction and contribution and where decisions are made swiftly and at the right level.

Governance Framework

- To deliver the foundations for an efficient, cost focused and effective risk and assurance service; clear on our accountabilities and responsibilities

Collaboration, Integration and Communication

- To increase engagement across the department and with the wider business, promoting more integrated, efficient and collaborative working.

Capability and People Development

- To develop a diverse, skilled, confident and progressive team; able to effectively lead risk and assurance work

Delivery Processes and Systems

- To develop efficient and effective delivery processes, removing duplication and introducing consistency across the department and embedded functions in the wider organisation



Workstream - Culture and Behaviours

We will foster a culture in which everyone is encouraged and inspired to be the best they can be.

Objective

- We trust and support each other and treat each other with respect.
- Sharing information within teams and between teams is second nature.
- Leadership is seen as an attribute for everyone, not just the managers.
- Managers trust their teams to deliver and make the right decisions without 'micromanaging' them.
- Staff take responsibility for their decisions and outputs, keeping their managers informed and asking for help if they need it.
- Everyone takes pride in their work and seeks to do the best job that they can.
- We don't punish people for making mistakes in good faith but we do take responsibility and learn from them.
- We will have internal debates but speak as one to our customers.

How to get there

- We will continue our programme of activities about behaviours, leadership and trust.
- We will agree a set of team values, both at Directorate and individual team levels.
- We will put arrangements in place to facilitate knowledge sharing.
- We will develop a Risk & Assurance "identity" with Directorate contacts for each major stakeholder group.



Workstream – Governance Framework

Objective

Key elements of the governance framework will include:

- Policies and rules governing the delivery of R&A services to TfL
- The internal standards with which R&A will comply
- The measures by which R&A's performance will be assessed

How to get there

Policies and rules

- Enterprise Risk – Develop a clear Policy and Framework that is understood and applied consistently throughout TfL. These will be approved by the TfL Executive Committee (ExCo) and the TfL Audit and Assurance Committee (AAC).
- Internal Audit – Updated Internal Audit Charter setting out the purpose authority and responsibility of the function approved by the AAC on 6 March 2018. [EQA Recommendation 4]
- Integrated Assurance – to document governance arrangements for the Integrated Assurance team 30 September 2018.
- Project Assurance – Produce a “User’s Guide” that sets out what projects should expect from our project reviews and continuous improvement.
- Independent Investment Programme Advisory Group (IIPAG) - The revised Terms of Reference for the IIPAG were approved by the TfL Board on 30 January 2018. In addition, we will establish a TfL – IIPAG memorandum of understanding setting out how IIPAG will deliver its service to TfL.
- Fraud – Review and update the Anti-Fraud and Corruption Policy and Procedure setting out TfL’s commitment and approach to managing the risk of fraud and corruption and the role of the Fraud Team in that. The Policy and Procedure will be approved by the ExCo and the AAC.

Internal Standards

- Develop local protocols to ensure compliance with General Data protection Regulation (GDPR)
- Develop Directorate wide policy and procedure to ensure compliance with TfL Code of Conduct and mitigate potential impairments to objectivity, including conflicts of interest and gifts and hospitality.

KPIs and Performance Reporting

- Develop a set of key performance indicators at team level to ensure overall delivery of the directorate.



Workstream– Integration, Collaboration and Communication

Objective

- Integrated R&A teams that work collaboratively to provide efficient and effective value adding risk and assurance services to TfL.
- R&A will collaborate with the rest of TfL to support high quality enterprise risk management, and to deliver effective, targeted assurance and promote the sharing of knowledge.
- Provide regular, high quality reports to senior management, the Executive Committee and the Audit and Assurance Committee summarising the significant matters arising from the directorate's work.

How to get there

Integration within the Directorate

- Establish mechanisms for sharing information within the Directorate
- Develop a collaborative process for preparing the Integrated Assurance Plan, driven by the Assurance Mapping process.
- Establish protocols for more integrated engagement with IIPAG.

Collaboration with the business

- Develop a coordinated approach to contacts with stakeholders, including assigning stakeholder managers where appropriate.
- Enterprise Risk – develop process and plan for regular operational and strategic risk reviews across the organisation.
- Integrated Assurance – Develop methodology and engagement plan for assurance mapping against the TfL Strategic Risks.
- Fraud – Establish protocols for working with areas of the business whose work potentially leads them into fraud related areas.
- Fraud - Develop a plan of engagement with the business to deliver a programme of fraud awareness, prevention and detection activities.

Reporting to the business

- Ensure the directorate's information on Source is maintained up to date.
- Develop our approach to periodic and quarterly reporting of the Directorate's activities to senior management, the ExCo and the AAC.
- Establish mechanisms for sharing good practice and other lessons learned through our work more widely across the business.



Workstream – Capability and People Development

Objective

- To establish and develop a diverse team of skilled professionals, representative of London, who between them have the capability and capacity to deliver the full range of the Directorate's services and to add value to TfL.

How to get there

- Establish a Competence Framework for the Directorate against which staff can assess themselves and which can be used to identify development needs for individuals and skills gaps within the Directorate as a whole. [EQA Recommendation 1]
- Ensure that all members of the team have challenging but fair performance objectives against which they are assessed regularly through one-to-ones, with a focus on measuring delivery.
- Develop a L&D strategy for the department, linked to performance objectives and the competence framework to ensure that all staff have the opportunity to develop their skills and capabilities. The strategy will include our approach to ensuring that staff meet their Continuing Professional Education (CPE) requirements where applicable [EQA Recommendation 2]
- Develop a resourcing strategy for the directorate that makes use of inward and outward secondments to refresh the skillsets of the team and allow staff members to develop new skills [EQA Recommendation 5]



Workstream – Delivery Processes and Systems 1

Objective

- Improve the integration of our teams, including ensuring that assurance activities can be properly mapped to TfL's strategic risks
- Ensure that our work is carried out as efficiently as it can be, minimising bureaucracy, whilst ensuring that quality is maintained.
- Facilitate the production of high quality and timely reports of findings from reviews, audits and investigations to maximise the value they provide to management.

How to get there

Enterprise Risk Management

- Establish and embed consistent processes for managing risk across TfL, utilise ARM to ensure rapid escalation of risk where required.

Internal Audit & Integrated Assurance

- Review the Internal Audit Process (documented in the Internal Audit Manual) with the aim of making it as 'lean' as possible. In particular the key risks to be addressed should be identified through the planning process, and the audit work should be restricted to assuring the controls over those risks. [EQA Recommendations 3 and 6]
- Similarly review the process for Integrated Audits.
- Identify opportunities to make better use of technology within the audit process – eg improved use of analytics [EQA Recommendation 7]
- Review the format of audit reports and the process for preparing them with a view to making the process slicker, and the reports shorter, better focused and more accessible.
- Review the process for ensuring audit actions are addressed on a timely basis with a focus on ensuring more visibility of overdue actions and earlier escalation
- Review and update the Quality Assurance and Improvement Programme to include coverage of changes implemented as a result of Transformation and the recommendations from the 2017 External Quality Assessment. [EQA Recommendation 8]



Workstream – Delivery Processes and Systems 2

Objective

- Improve the integration of our teams, including ensuring that assurance activities can be properly mapped to TfL's strategic risks
- Ensure that our work is carried out as efficiently as it can be, minimising bureaucracy, whilst ensuring that quality is maintained.
- Facilitate the production of high quality and timely reports of findings from reviews, audits and investigations to maximise the value they provide to management.

How to get there

Project Assurance

- Review the methodologies for carrying out project assurance reviews with a view to further reducing the use of external experts and identifying opportunities to use audit resources from within the Directorate instead.

Fraud

- Review the Fraud Investigation process (as set out in the Fraud Manual) with a particular focus on enhancing capability to report on the status of frauds.
- Develop a process for timely reporting on control issues arising out of fraud investigations

Pan-TfL Risk and Assurance

- Research, procure and implement a new system for managing audit work as a replacement for Auto Audit. The new system should have the capability to easily produce reports for purposes of periodic and quarterly reporting and to facilitate clear linkages with risk management information.
- Develop methodologies for Consultancy work.



Q & A

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EVERY JOURNEY MATTERS

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Control Environment – Trend Indicators

Audit							
%age of audit reports (rolling annual average) that are:	Q1 18/19	Q4 17/18	Q3 17/18	Q2 17/18	Q1 17/18	FY 16/17	Trend
Poorly Controlled	7.2%	5.4%	3.6%	3.9%	2.0%	2.4%	↓
Requires Improvement or Poorly Controlled	20.8%	29.2%	32.7%	32.4%	32.0%	34.0%	↑

Finance							
	Q1 18/19	Q4 17/18	Q3 17/18	Q2 17/18	Q1 17/18	Q4 16/17	Trend
% invoices submitted by SMEs paid within 10 days	92.2%	90.3%	92.0%	92.6%	92.4%	92.7%	↔
% invoices paid within terms (BVPI8)	97.3%	97.7%	97.7%	97.9%	98.0%	98.0%	↓
Payments incorrectly made to staff who have left TfL	5.8%	Data under development					

Commercial							
	Q1 18/19	Q4 17/18	Q3 17/18	Q2 17/18	Q1 17/18	FY 16/17	Trend
%age of expenditure where PO issued retrospectively	2.6%	2.0%	2.3%	Not available		2.5%	↓
%age of expenditure outside of approved agreements	Data under development						
%age of expenditure that is single sourced	Data under development						

- Commercial have committed to developing an improved method for capturing, and monitoring the data concerning Single Sourcing (SS) in response to the internal audit findings.
- Commercial plan to develop a tracker, trial and refine it, and then start capturing SS data

Technology							
	Q1 18/19	Q4 17/18	Q3 17/18	Q2 17/18	Q1 17/18	FY 16/17	Trend
%age of time internal systems are available	Not available	99.5%	99.48%	98.68%	99.87%	O/S	↑

- Technology and data has changed the way in which they report on system availability since the last report.
- Work is needed to understand new reporting to identify a new/ similar metric going forward

Information Governance indicator							
	Q1 18/19	Q4 17/18	Q3 17/18	Q2 17/18	Q1 17/18	Q4 16/17	Trend
FOI requests							
Number received over past year	3034	3053	3100	2869	2713	2616	
%age responded to on time	91.7%	91.2	88.9	85.5	82.1	80.7	↑

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Audit and Assurance Committee



Date: 14 September 2018

Item: Strategic Risk Management Update

1 Summary

- 1.1 The purpose of this paper is to provide an update to the Committee on changes to the Enterprise Risk Management Framework, the Enterprise Risk Assessment Matrix and the TfL strategic risks (Level 0).
- 1.2 Exempt supplemental details pertaining to the strategic risk deep dives are included in the paper on Part 2 of the agenda. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial or business affairs of TfL.

2 Recommendation

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

3 Background

- 3.1 Since early 2018 TfL has been carrying out a wide ranging review of its approach to Enterprise Risk Management, in liaison with the Board and senior management. This has included development of a consistent Enterprise Risk Management Framework (ERMF) and Enterprise Risk Assessment Matrix (ERAM), applicable across TfL, and a programme of deep dive reviews of TfL's strategic risks. Progress with this work has previously been reported to the Committee at its meetings in March and June.
- 3.2 The ERMF has been updated to incorporate changes suggested by the Executive Committee at a meeting held on 2 May 2018. The changes included adding 'Corporate Strategy' as an enabler to best practice Enterprise Risk Management and to illustrate that 'Professional Services' is a support function to the London Underground, Surface Transport, Major Projects Directorate and Commercial Development business areas.
- 3.3 The ERAM has similarly been updated to incorporate changes suggested by the Executive Committee at the same meeting. The changes included changing the 'Reputation' impact category to 'Stakeholder Impact', and reflecting that 'loss of license to operate' could be a result of the highest impact category.
- 3.4 We presented a subsequent Enterprise Risk update to the Executive Committee on 8 August 2018. The Executive Committee approved the updates to the ERMF and ERAM, both of which are attached as Appendices 1 and 2.
- 3.5 We developed a new template to capture strategic risk information on one page. This includes specific causes and consequences, quantification of financial impact ranges, provision for recording of insurance information, current and target risk assessments against risk tolerance levels using the ERAM, key risk

indicators (KRIs) which provides a means of linking risk to performance of scorecard measures, preventative and corrective controls, assurance assessments and further actions required. The template is attached as Appendix 3.

- 3.6 We have concluded deep dive reviews on TfL's set of 16 level 0 strategic risks using this new template. The updated set of risks was presented to the Executive Committee and is attached as Appendix 4.
- 3.7 The Executive Committee considered whether 'Disorderly Brexit' should be assessed as a strategic risk. It concluded that this should be considered as a possible cause for a number of existing strategic risks. This includes 'challenging macro-economic conditions' as a possible cause to strategic risks 7, 8 and 9, and 'labour market changes' as a possible cause to strategic risk 2.

4 Next Steps

- 4.1 Each strategic risk has now been assigned to a lead committee or panel, and progress on the management of strategic risks will be reported to the respective panels and committees. We will agree a programme to take these forward with the panel and committee chairs and the risk owners. The lead committee or panel for each risk is shown in the list in Appendix 4.
- 4.2 The Executive Committee has made a recommendation to widen the scope of 'SR4: Major Cyber Security Incident' to include security more generally. This review should take place in the next quarter.
- 4.3 TfL's Risk Policy is due for review. A new version has been drafted and is currently going through the approvals process. The updated policy will be presented at the next meeting of this Committee.
- 4.4 Level 1 Strategic Risk deep dives are currently under way in the London Underground and Surface Transport business areas.

List of appendices to this report:

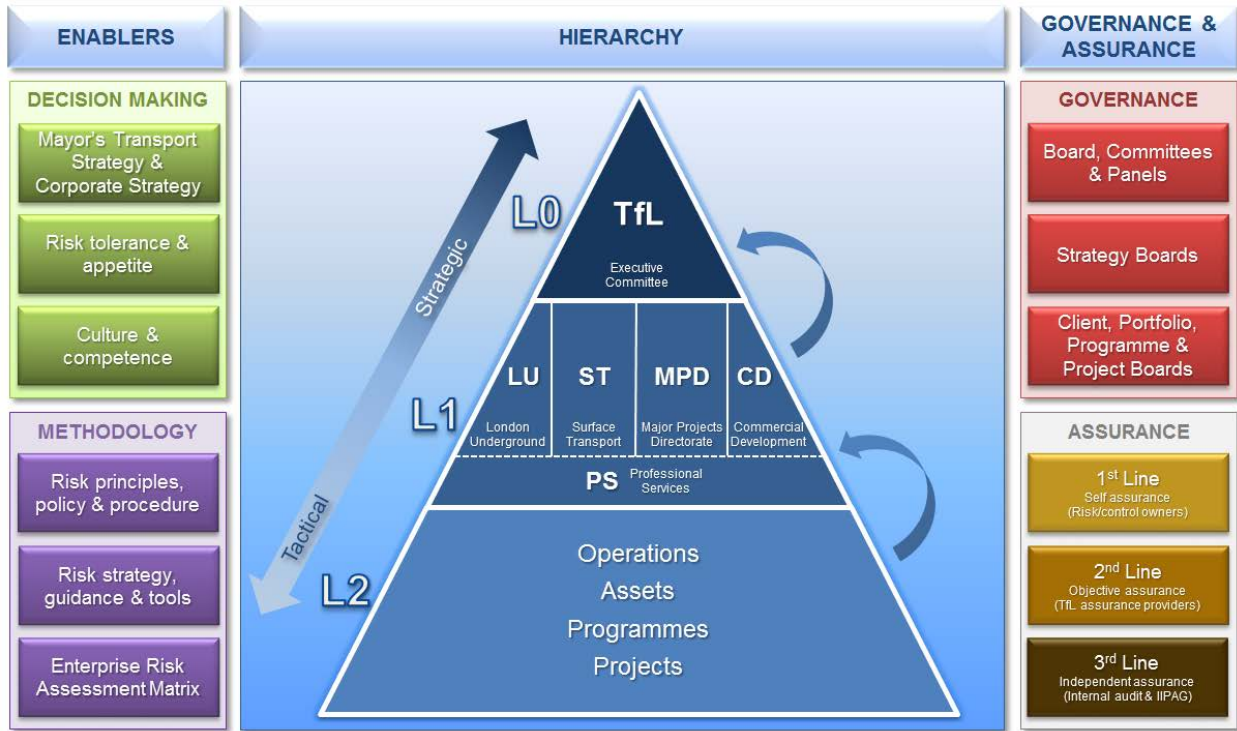
Appendix 1 – Updated Enterprise Risk Management Framework (ERMF)
Appendix 2 – Updated Enterprise Risk Assessment Matrix (ERAM)
Appendix 3 – TfL's new Strategic Risk Template
Appendix 4 – TfL's Strategic Risks
Exempt supplementary information is included in a paper on Part 2 of the agenda.

List of Background Papers:

None

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



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Appendix 2: TfL's updated Enterprise Risk Assessment Matrix (ERAM)

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


	1. Very Low	2. Low	3. Medium	4. High	5. Very High
Probability	<5%	5% to <25%	25% to <50%	50% to <80%	≥80%
Frequency	Less than once in 20 years	Less than once in 5 years	Between once in 5 and once in 2 years	More than once in 2 years	Once or more per year

OPPORTUNITY ASSESSMENT MATRIX	1. Very Low	2. Low	3. Medium	4. High	5. Very High
Health, Safety & Environment	Negligible health, safety and environmental benefits	Minimum health and wellbeing benefits or Reduction in minor injuries or Minimum environmental benefits	Moderate health and wellbeing benefits or Reduction in major injuries or Moderate environmental benefits	Significant health and wellbeing benefits or Reduction in multiple major injuries/ single fatality or Significant environmental benefits	Sustained health and wellbeing benefits or Reduction in multiple fatalities or Sustained environmental benefits
Customer & Stakeholder	Minor improvement to services.	Minor improvement to services. Enhanced relations with local stakeholders for less than a month.	Moderate improvement to services. Enhanced relations with local stakeholders for longer than a month. An element of the MTS delivered quicker and over and above expectations.	Major improvement to services. Significantly enhanced relations with key stakeholders for less than a month. Some elements of the MTS delivered quicker and over and above expectations.	Exceptional improvement to services. Significantly enhanced relations with key stakeholders for more than a month. Significant elements of the MTS delivered quicker and over and above expectations.
Finance	<£1m	£1m to <£5m	£5m to <£10m	£10m to <£50m	≥£50m
Stakeholder Confidence	Positive feedback from customers or stakeholders via the Customer Service Centre, media outlets, Twitter or blogs.	Short term positive media coverage.	Positive media coverage resulting in temporarily increased confidence from regulator or stakeholders.	Ongoing positive media coverage resulting in temporarily increased confidence from regulator or key stakeholders.	Extensive ongoing positive media coverage resulting in sustained increased confidence from regulator or key stakeholders.

	1. Very Low	2. Low	3. Medium	4. High	5. Very High
Probability	<5%	5% to <25%	25% to <50%	50% to <80%	≥80%
Frequency	Less than once in 20 years	Less than once in 5 years	Between once in 5 and once in 2 years	More than once in 2 years	Once or more per year

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Appendix 3: TfL's new Strategic Risk Template



TRANSPORT FOR LONDON

TfL Strategic Risk Template

Template version: 1.1
Author: Nico Lategan

TfL Confidential

RISK ASSESSMENT

	HSE					CUSTOMER / STAKEHOLDER					FINANCE					STAKEHOLDER CONFIDENCE				
	5	4	3	2	1	5	4	3	2	1	5	4	3	2	1	5	4	3	2	1
Probability	5	4	3	2	1	5	4	3	2	1	5	4	3	2	1	5	4	3	2	1
Impact	5	4	3	2	1	5	4	3	2	1	5	4	3	2	1	5	4	3	2	1

RISK DETAILS

Risk Level:

Stakeholders:

Risk Owner (Accountable):

Responsible Manager:

Risk Title:

Risk Description:

MTS / Corporate Strategy:

Panel / Committee oversight:

Objective:

Overall Control Effectiveness Rating:

RISK ASSESSMENT

	CURRENT Assessment					TARGET Assessment					ASSESSMENT RATIONALE				
	5	4	3	2	1	5	4	3	2	1					
Probability:	5	4	3	2	1	5	4	3	2	1					
HSE:	5	4	3	2	1	5	4	3	2	1					
Customer/Stakeholder:	5	4	3	2	1	5	4	3	2	1					
Finance (fm):	5	4	3	2	1	5	4	3	2	1					
Stakeholder Confidence:	5	4	3	2	1	5	4	3	2	1					
Overall Risk Rating:	5	4	3	2	1	5	4	3	2	1					

PRE-RISK EVENT

Key Risk Indicator:

Location:

POST-RISK EVENT

CONSEQUENCES Title	Description	Insurance		Quantified Financial Impact	
		Type	Excess	Minimum	Maximum

CONTROLS (corrective) Title	Description	Control Effectiveness		Assurance 1st/2nd/3rd line
		Design	Operation	

ACTIONS Title	Description	Owner	Start Date	Due Date	Status

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Appendix 4: TfL's Strategic Risks

Changed risks	
Risk	Change description
SR1 – Safety standards	Renamed to SR1 – Achieving safety outcomes
SR4 – Foresight strategy	Closed as this is now a business as usual activity
SR5 – Technological or market developments	Responsible manager changed from Shashi Verma to Michael Hurwitz
SR6 – External stakeholder expectations	Renamed to SR6 – Loss of external stakeholder trust Responsible manager changed from David McNeill to Matt Brown
SR7 – Financial sustainability	Responsible manager changed from Tom Page to Sarah Bradley
SR8 – Delivery of commercial revenue targets	Renamed to SR8 – Inability to deliver predicted revenue growth
SR9 – Ability to meet changing demand	Risk owner changed from Mark Wild to Simon Kilonback Responsible manager changed from David Hughes to Shashi Verma
SR11 – Significant technology failure or major cyber security incident	Split into SR11 – Significant technology failure and SR4 – Major cyber security incident
SR14 – TfL's impact on the environment	Renamed to SR14 – TfL's environmental impact
SR15 – External environment impact on TfL	Renamed to SR15 – Resilience to climate change and extreme weather

List of Strategic Risks					
#	Risk	Owner	Manager	Mayors Transport Strategy / Corporate Strategy	Suggested Panel / Committee
SR1	Achieving safety outcomes	Gareth Powell	Jill Collis	MTS: Healthy streets and healthy people	SSHHP
SR2	Talent attraction and retention	Tricia Wright	Rachel Kerry	CS: People	SSHHP
SR3	Governance and controls suitability	Howard Carter	Andrea Clarke	MTS: All MTS outcomes	AAC
SR4	Major cyber security incident	Vernon Everitt	Shashi Verma	MTS: Healthy streets and healthy people	AAC
SR5	Technological or market developments	Vernon Everitt	Michael Hurwitz	MTS: All MTS outcomes	CS&OP
SR6	Loss of external stakeholder trust	Vernon Everitt	Matt Brown	MTS: All MTS outcomes	CS&OP
SR7	Financial sustainability	Simon Kilonback	Sarah Bradley	CS: Finance	FC
SR8	Inability to deliver predicted revenue growth	Graeme Craig	Ken Youngman	MTS: New homes and jobs	FC
SR9	Ability to meet changing demand	Simon Kilonback	Shashi Verma	MTS: New homes and jobs	FC
SR10	Catastrophic event	Mark Wild	Nigel Holness	MTS: Healthy streets and healthy people	SSHHP
SR11	Significant technology failure	Vernon Everitt	Shashi Verma	MTS: A good public transport experience	AAC
SR12	Delivery of key investment programmes	Stuart Harvey	Nick West	MTS: New homes and jobs	PIC
SR13	Operational reliability	Mark Wild	Nigel Holness	MTS: A good public transport experience	CS&OP
SR14	TfL's impact on the environment	Alex Williams	Sam Longman	MTS: Healthy streets and healthy people	SSHHP
SR15	Resilience to climate change and extreme weather	Alex Williams	Sam Longman	MTS: All MTS outcomes	SSHHP
SR16	Opening of the Elizabeth Line	Mark Wild	Howard Smith	MTS: New homes and jobs	PIC

Panels & Committees key:	
SSHHP	Safety, Sustainability & Human Resources Panel
AAC	Audit and Assurance Committee
FC	Finance Committee
CS&OP	Customer Services & Operational Performance Panel
PIC	Programmes and Investment Committee

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Date: 14 September 2018

Item: Anti-fraud and Corruption Policy and Procedure

This paper will be considered in public

1 Summary

- 1.1 The purpose of this report is to inform the Committee of the update to the Anti-fraud and Corruption Policy and Procedure.

2 Recommendation

- 2.1 **The Committee is asked to approve the updated Anti-fraud and Corruption Policy and Procedure.**

3 Background

- 3.1 TfL's Anti-fraud and Corruption Policy was first approved by the TfL Board on 3 December 2003, and was last updated on 6 November 2013.
- 3.2 This update to the Policy represents a significant change of format, with the content now split between two documents: a short, one-page Policy statement, and a more detailed Procedure. This aligns with current guidance on the Content Framework for TfL's Management System.
- 3.3 The Policy states TfL's commitment to a 'zero tolerance' approach to fraud, bribery and corruption, and to ensuring that all allegations are investigated proportionately and appropriately. It sets out, at a high level, the requirement for TfL management to ensure that risks from fraud, corruption and bribery are properly considered and that suitable controls are established to minimise the opportunities for fraud. The Policy also places a responsibility on all members of staff to report immediately if they suspect that fraud is being or may be committed.
- 3.4 The Procedure provides more detail on how the Policy will be implemented within TfL. It sets out TfL's overall strategy for minimising losses due to fraud and corruption. This includes ensuring a good level of fraud awareness across the organisation; ensuring effective internal controls to prevent and detect fraud; and demonstrating a zero tolerance culture by ensuring all cases of suspected fraud are investigated, and disciplinary and/ or legal action taken against perpetrators.
- 3.5 Once the revised Anti-fraud and Corruption Policy and Procedure have been approved and issued they will be publicised through Source and other media.

3.6 The updated Anti-fraud and Corruption Policy and Procedure are included as Appendices 1 and 2.

List of appendices to this report:

Appendix 1 – Anti-fraud and Corruption Policy

Appendix 2 – Anti-fraud and Corruption Procedure

Background papers:

None

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Policy

P105 R2.4

Anti-fraud and corruption policy

Our commitment

We have a zero tolerance to fraud, bribery and corruption. We are committed to ensuring our resources are appropriately protected and to preventing and addressing all forms of wrongdoing.

We are an organisation which strives to conduct its activities to the highest ethical standards and in full compliance with all legal requirements. As such we expect the highest standards of conduct, performance and integrity from employees, consultants and agents.

We are committed to taking all reports of fraud, bribery and corruption seriously. We will maintain a Fraud Team to ensure all allegations are investigated proportionately and appropriately. TfL will seek to take disciplinary and/or legal action against those who commit, or assist anyone committing, fraudulent or corrupt activities and to recover any losses incurred.

How we go about this

We have in place rules and procedures in regards to the conduct expected from those that work for the organisation which are set out in the [Code of Conduct](#), [Business Ethics policy](#) and the [Anti-fraud and Corruption procedure](#). It is important that you read these and understand them – if you do not then speak to your line manager.

Senior management has the overall responsibility for the implementation of, and compliance with, the anti-fraud and corruption management arrangements. Adequate and appropriate resources will be provided to implement this policy and to ensure it is communicated and understood.

As with any risk faced by the organisation it is the responsibility of managers at all levels to ensure that the risk from fraud, corruption and bribery which the organisation may reasonably anticipate is adequately considered within business plans and risk assessments.

Managers at all levels will ensure that suitable controls, checks and monitoring are in place to prevent fraud, bribery and corruption and the opportunities for fraud are minimised.

Managers will also ensure that staff have received the appropriate training in order for them to be able to understand the risks and their obligation to help prevent incidents occurring.

What we can all do

Every member of staff has a responsibility to report immediately if they suspect fraud, bribery or corruption has been, is being or may be committed. It is also important that any weaknesses in procedures, controls or checks which help prevent wrongdoing are reported. In this way we can work together to safeguard TfL resources.

igned by:

Date:

Mike Brown MVO, Commissioner

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Procedure

PRxxx R1

Anti-fraud and corruption procedure

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Printed copies of this document are uncontrolled.
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1 Purpose

- 1.1 This procedure supports the TfL Anti-fraud and Corruption Policy (*insert link*) and its implementation. It outlines the responsibilities of both senior management and staff for ensuring that appropriate actions are taken for the prevention and detection of fraud, corruption and bribery and sets out the processes to be followed where this type of wrongdoing is detected or suspected.

2 Scope

- 2.1 This procedure applies to all bodies included in the TfL Group and:
- All TfL Board members and advisers
 - All TfL employees
 - All agency and consultancy staff and contractors who undertake work on TfL's behalf

3 Background Information

- 3.1 TfL has a zero tolerance approach to fraud, bribery and corruption and expects the highest standards of conduct, performance and integrity from all staff. The standards required are set out in the TfL Code of Conduct and the Business Ethics and Anti-fraud and Corruption policies. These apply to all staff, both permanent and temporary, along with anyone engaged through a third party or otherwise working on TfL's behalf.
- 3.2 TfL is responsible for the appropriate use and safeguarding of public funds. It also has a legal responsibility under the Accounts and Audit Regulations 2015 for ensuring that the financial management of TfL is adequate and effective and that TfL has a sound system of internal control which facilitates the effective exercise of TfL functions which includes arrangements for the management of risk. TfL is determined to deter, prevent and detect all forms of fraud, bribery and corruption committed against it whether by internal or external parties.
- 3.3 We are committed to protecting our assets. All TfL employees and third parties must at all times safeguard the resources for which they are responsible. Fraud and corruption are ever present threats to these resources which may include material, property, plant, equipment, cash, staff time, software, confidential information and intellectual property. All staff are expected to play a role in promoting an anti-fraud culture.

4 Definitions

- 4.1 Fraud is a general term used in this procedure to refer to the use of deception with the intention of making a gain for oneself or others, or causing loss, or risk of loss, to another. The gain or loss does not actually have to take place as long as the intention is there.
- 4.2 Corruption is a form of dishonest or unethical conduct by a person entrusted with a position of authority, often to acquire personal benefit. Corruption may include other



activities such as bribery. Where this procedure refers to corruption this is also intended to include bribery.

- 4.3 The Bribery Act 2010 broadly defines bribery as giving or receiving a financial or other advantage in connection with the "improper performance" of a position of trust, or a function that is expected to be performed impartially or in good faith. In essence, the Act makes it a criminal offence to offer, seek or accept a bribe from a public or private individual. It also creates a new offence which can be committed by commercial organisations which fail to put in place adequate procedures to prevent bribery and corruption.

5 Procedure

5.1 Anti-fraud and corruption strategy

- 5.1.1 TfL's strategy for minimising losses due to fraud and corruption incorporates the following key elements:

- Ensuring a good level of awareness of fraud risk across the organisation
- Ensuring that effective mechanisms to prevent and detect fraud and corruption are incorporated into policies and systems
- Maintaining an effective fraud prevention, detection and investigation function
- Maintaining a 'zero tolerance' culture, in which all cases of suspected fraud are investigated and disciplinary and/ or legal action taken against anyone found to have perpetrated a fraud

This strategy is delivered through the following key activities:

- Identification and evaluation of risks of fraud and corruption
- Awareness and training
- Effective governance and controls
- Mechanisms to support the reporting of suspicions of fraud
- Investigation and enforcement
- Reporting and lessons learned

Further details of the responsibilities of managers and staff in each of these areas are set out in the sections below.



5.2 Managing the risk of fraud and corruption

- 5.2.1 Managers must ensure that the risks to the organisation from fraud and corruption are identified and evaluated. The risk from fraud and corruption must be considered when preparing risk assessments in support of business plans, projects and other activities. In making this assessment it is important to consider the risk of fraud occurring in the future rather than the actual incidents of fraud which have occurred in the past.
- 5.2.2 Once the fraud risks have been evaluated managers must ensure that effective internal controls are in place to mitigate those risks. Managers must also ensure that appropriate arrangements are in place to provide assurance that the internal controls continue to be effective.
- 5.2.3 The Fraud Team within Risk and Assurance can assist managers with the identification and evaluation of fraud risks and provide guidance on the implementation of suitable internal controls.

5.3 Awareness and training

- 5.3.1 All staff are expected to play a key role in promoting an anti-fraud culture. Managers and staff must ensure that they have received an appropriate level of training so they understand their responsibilities to help prevent fraud and corruption, and the risks applicable to their role. As a minimum all staff must complete the Fraud Awareness Training on Ezone. More detailed fraud awareness briefing sessions are available by contacting the Fraud Team. Further information on the warning signs of fraud can be found in RXXX(*to be inserted*).
- 5.3.2 Section 7 of this procedure lists a number of related policies, compliance with which will help to reduce the risk of fraud and corruption occurring. All staff must make themselves aware of these.

5.4 Prevention including deterrence and detection

- 5.4.1 Effective corporate governance procedures are a strong safeguard against fraud and corruption. Adequate supervision, scrutiny and healthy scepticism must not be seen as distrust but simply as good management practice shaping attitudes and creating an environment opposed to fraudulent activity.
- 5.4.2 Directors and managers must set an example by refusing to endorse improper behaviour or “sharp practice” and are expected to deal swiftly and robustly with those who defraud the organisation or who are corrupt.
- 5.4.3 It is important for the purposes of public confidence and probity that decisions taken by staff are not influenced by any potential conflicts of interest. Staff must declare any private interests relating to their public duties and take steps to resolve any conflicts arising in a way that protects the public interest as laid out in the TfL Code of Conduct and Business Ethics Policy.
- 5.4.4 Wherever possible, the results of fraud investigations, including any judicial action taken, will be publicised as part of the strategy to help deter fraud.
- 5.4.5 The TfL Fraud Team carries out a rolling programme of activities aimed at raising awareness of fraud risks, reducing the likelihood of fraud being committed and

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improving the chances of early detection where it does occur. Activities undertaken include running tailored fraud awareness sessions, facilitating fraud risk management workshops, regular fraud awareness messages on TfL's intranet and pro-active fraud detection work using data mining and analysis.

5.5 Reporting suspected fraud and corruption

- 5.5.1 Every member of staff must immediately report to their employing manager, or another senior manager in their department, if they suspect that fraud or corruption has been, is being or may be committed. The manager must inform the Director of Risk and Assurance or the Senior Fraud Manager without delay.
- 5.5.2 Where a staff member does not feel comfortable reporting suspicions of fraud and corruption to the management team within their department, they can report it directly to the TfL Fraud Team, or to SafeLine, TfL's independent and confidential reporting service. Contact details for both can be found on the [Challenging Wrongdoing](#) page on the intranet.
- 5.5.3 TfL aims to ensure an open and accountable environment exists in which employees feel able to raise concerns internally without fear of disciplinary or any other action being taken against them and be assured that an investigation will take place. Further details can be found in the TfL Whistleblowing Policy.
- 5.5.4 Under no circumstances must any member of management or staff attempt to deal with the suspected fraud themselves. They must not attempt to interview implicated staff as this may jeopardise the collection of evidence and subsequent opportunities for prosecution or recovery of assets.
- 5.5.5 Reports of suspicions of fraud and corruption should be made in good faith. If allegations are found to be malicious or vexatious, disciplinary action will be taken against the person making the allegation.

5.6 Investigating suspected fraud and corruption

- 5.6.1 Any concerns raised will be treated in confidence and will be appropriately investigated by the TfL Fraud Team.
- 5.6.2 It is recognised that, on occasions, suspicions of fraud or corruption may be groundless due to misunderstanding or circumstances. Accordingly initial inquiries carried out by the Fraud Team will be on a discreet basis. Conversely, should the suspicions be justified, this approach will help to minimise the risk of loss of evidence. In any case the number of individuals who have knowledge of the circumstances will be kept to the minimum on a need to know basis.
- 5.6.3 Where initial investigations suggest evidence of criminality the Fraud Team is required to notify the relevant law enforcement agency. This may lead to a joint investigation being carried out.
- 5.6.4 Where investigations reveal evidence of fraudulent or dishonest behaviour, corrupt practice or other culpable acts, TfL will take appropriate steps which may include disciplinary procedures, dismissal and/or legal action. TfL will always seek to recover losses resulting from the fraud and a civil action against the perpetrator may be appropriate. Investigations will also consider whether there has been any



culpable failure of supervision. Where this has occurred appropriate disciplinary action will be taken against those responsible.

5.7 Reporting

- 5.7.1 The Fraud Team, will keep relevant managers informed of the progress of their investigations, whilst having regard for the need to maintain confidentiality.
- 5.7.2 The Director of Risk and Assurance will report regularly on the status of fraud cases to the Audit and Assurance Committee, the Commissioner, Executive Committee members and other relevant members of TfL senior management.
- 5.7.3 In cases where it is identified that control weaknesses have allowed the fraud to be perpetrated, the Senior Fraud Manager will ensure these control weaknesses are reported to the responsible management and ensure that action plans are agreed to address them. In some cases there may be a need for a broader audit to be carried out by the Internal Audit team to fully establish the extent of the control issues. Accountability for implementing agreed action plans rests with the responsible managers.
- 5.7.4 Any lessons learnt from fraud investigations will be shared with relevant senior managers around the business in order to mitigate the risk of similar occurrences elsewhere.
- 5.7.5 It is recognised that those who report suspicions of fraud or corruption need to be assured that the matter has been properly addressed. Where possible and appropriate the TfL Fraud Team will ensure that the person raising the concern (where contact details are supplied) is kept informed of the investigation and its outcome.

5.8 Support and advice

- 5.8.1 Support and advice can be obtained through speaking to your manager or by contacting the TfL Fraud Team (email fraud@tfl.gov.uk or Auto: 87888)

6 Person accountable for this document

Name	Job title
Clive Walker	Director of Risk and Assurance

7 References

Document no.	Title or URL
P105	TfL Anti-fraud and Corruption Policy
P078	TfL Code of Conduct
P088	TfL Business Ethics Policy
P048	TfL Whistleblowing Policy
P080	TfL Policy on Accepting Gifts & Hospitality
Rxxx	Fraud Risks and Warning Signs



8 Document history

Any proposed change to this document must go through the TfL Management Change Control process.

Issue no.	Date	Changes	Author
R1	January 2018	New document incorporating requirements from previous version of Anti-fraud and Corruption Policy as per change number	Paula Barber

DRAFT

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Audit and Assurance Committee



Date: 14 September 2018

Item: Independent Investment Programme Advisory Group (IIPAG) – Review Implementation

This paper will be considered in public

1 Summary

1.1 This paper updates the Committee on progress against the actions required to implement the IIPAG review recommendations.

2 Recommendation

2.1 **The Committee is asked to note the update on the implementation of the IIPAG review recommendations.**

3 Background

3.1 IIPAG was established in May 2010, with no material changes to its Terms of Reference since October 2010. In October 2016 the Committee agreed to a proposed review of the role and remit of IIPAG. TC Chew was appointed to lead the review.

3.2 TC Chew's final report was presented to the Committee at its meeting on 13 July 2017 and its recommendations were endorsed. An action plan for the implementation of the review's recommendations was presented to the Committee in its October 2017 meeting. An update on progress against the actions required to implement all of the review's recommendations is included in Appendix 1.

List of appendices to this report:

Appendix 1 – IIPAG Review Action Plan update

List of Background Papers:

Audit and Assurance Committee Paper – IIPAG Review – 13 July 2017
Audit and Assurance Committee Paper – IIPAG Review – 11 October 2017
Audit and Assurance Committee Paper – IIPAG Review – 14 December 2017
Audit and Assurance Committee Paper – IIPAG Review – 6 March 2018
Audit and Assurance Committee Paper – IIPAG Review – 7 June 2018

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Appendix 1 – IIPAG Review Action Plan update. **Key changes since June 2018 update in red.**

Action	Owner	Due Date	Current Status
Recruitment Plan. A recruitment plan will be prepared that sets out the next steps for the recruitment of the Chair, members and Pool of Experts.	Head of Project Assurance	Oct 2017	Ongoing. Interviews for the IIPAG Chair took place in June 2018. Following a recommendation from the interview panel – Anne McMeel, Nelson Ogunshakin, Stuart Harvey and Shashi Verma – Heidi Alexander, Deputy Chair of the TfL Board appointed Alison Munro as the new Chair of IIPAG. Alison will begin her new role from 10 September and introductions to Committee Members will be arranged. Following Alison’s appointment, work is progressing to recruit a number of IIPAG members. Initial interviews have been arranged for August and September. A second round of interviews will be held with Alison Munro, Anne McMeel and Nelson Ogunshakin. The appointment of further members will be made by the Chair of the Audit and Assurance Committee.
Revise Mayoral Direction. TfL will draft revised wording for a Mayoral Direction to reflect review recommendations.	General Counsel	Nov 2017	Complete. The revised Mayoral Direction for IIPAG was signed by the Mayor on 18 December 2017.
Appoint Relationship Sponsors. Relationship Sponsors, drawn from across the business will be appointed, initially to provide input to the IIPAG-TfL MoU. They will then provide an ongoing point of contact for IIPAG and support their area of the business in understanding the role of IIPAG.	Head of Project Assurance	Nov 2017	Complete. David Hughes (Director of Strategy & Network Development), Shashi Verma (Director of Technology and Data), Ben Plowden (Director of Project & Programme Sponsorship) and Stuart Harvey (Major Projects Director) have agreed to be Relationship Sponsors.
Amend AAC and PIC Terms of Reference. Small changes to the AAC and PIC Terms of Reference are required to implement the IIPAG review recommendations	General Counsel	Nov 2017	Complete. The amendments were agreed by the TfL Board at its meeting on 9 November 2017.

Action	Owner	Due Date	Current Status
Director of Risk and Assurance to work with IIPAG to agree how its work can be coordinated with the work of the wider Risk and Assurance Directorate.	Director of Risk and Assurance	Dec 2017	Ongoing. The Integrated Assurance Plan for 2018/19 was submitted to the Committee at its March meeting, including a short section on the IIPAG Work Plan. Further integration will be planned with the new Chair and through the new Directorate of Risk and Assurance, which encompasses both Internal Audit and Project Assurance.
Revise Terms of Reference. IIPAG Terms of Reference to be revised to reflect review recommendations.	Head of Project Assurance	Jan 2018	Complete. The TfL Board approved a revised Terms of Reference for IIPAG on 30 January 2018.
Produce TfL-IIPAG Memorandum of Understanding (MoU). To include expected ways of working and communications, timescales for written reports and responses, and clear escalation processes. The MoU will be drafted, drawing on the points raised in the review and input from IIPAG and the business. The MoU will be formally agreed by ExCo and IIPAG.	General Counsel	Feb 2018	Ongoing. The Memorandum of Understanding is being drafted and will be finalised by the new IIPAG Chair and the Relationship Sponsors in the coming months.

Audit and Assurance Committee



Date: 14 September 2018

Item: Management Response to the Independent Investment Programme Advisory Group Quarterly Report

This paper will be considered in public

1 Summary

1.1 The purpose of this paper is to present the Independent Investment Programme Advisory Group (IIPAG) Quarterly Report and the management response.

2 Recommendation

2.1 **The Committee is asked to note the IIPAG Quarterly Report and the management responses.**

3 Background

3.1 IIPAG produces quarterly reports for the Audit and Assurance Committee of its advice on strategic and systemic issues, logs of progress on actions and recommendations and the effectiveness of the first and second lines of project and programme assurance. IIPAG's quarterly report is attached as Appendix 1.

3.2 TfL's Management Response to the matters raised in the IIPAG's report is set out in section 4 below.

4 Management Response

Effectiveness of the First and Second Lines of Project Assurance

4.1 The Integrated Assurance Plan (IAP) is agreed between the Project Assurance Team, IIPAG and the Sub Programme Sponsor and Delivery teams. Following feedback from IIPAG, the Project Assurance Team has developed a new template to provide greater consistency and more clarity on the expected deliverables. The new template will be applied to all sub-programmes by the time of the October 2018 Programmes and Investment Committee meeting.

4.2 A process for reviewing and updating the IAPs each quarter has been initiated, and will be in place by the time of the October 2018 Programmes and Investment Committee meeting.

4.3 The arrival of an additional Assurance Portfolio Manager to the team will allow further improvements in consistency and effectiveness of the second line assurance functions including developing and maintaining robust continuous assurance processes.

- 4.4 The process for managing the closure of assurance recommendations is being strengthened to provide IIPAG with the confidence that closure is appropriate. The eight recommendations highlighted by IIPAG will be subject to this improved process.

Strategic and Systemic Risks and Issues

- 4.5 **Telecoms:** As described in the management response on 3 July 2018 presented to the Programmes and Investment Committee, we are following a strategy for telecommunication networks approved by the TfL Executive Committee in May 2016. This consists of three parts – bought-in networks, owned networks and commercial exploitation of our estate for third party use. There is a substantial amount of work going on with telecommunications and we are addressing issues that have not been addressed for a very long time and the issues will take some time to address.
- 4.6 **Transformation Programme:** As described in the management response on 3 July 2018, the Engineering Department and the Programme Management Unit have been transformed into a Professional Service structure, with business partnering and embedded staff, similar to the Commercial Department, Finance and other departments. We will provide a briefing to IIPAG now the new structures have been put into place.
- 4.7 **Risk and Estimated Final Costs:** As described in the management response on 3 July 2018, we welcome IIPAG's support in challenging Estimated Final Costs that are optimistic or unrealistic, as part of the assurance processes.

List of appendices to this report:

Appendix 1 – IIPAG Quarterly Report

List of Background Papers:

None

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Independent Investment Programme Advisory Group – Quarterly Report (September 2018)

This paper will be considered in public

1 Summary

- 1.1 This report sets out the advice of the Independent Investment Programme Advisory Group (IIPAG) on the strategic and systemic issues and risks that it has noted in its reviews of TfL's Investment Programme. It also sets out IIPAG's views on the effectiveness of the first and second lines of assurance.

2 Recommendations

- 2.1 IIPAG recommends that the Audit and Assurance Committee consider whether sub-programme reviews are delivering an appropriate level of assurance for the level of risk to which TfL is exposed.
- 2.2 IIPAG recommends that the effectiveness of the Integrated Assurance Plan (IAP) process be further strengthened by:
- (a) a process for reviewing and updating the IAPs themselves be set out clearly for each project/programme;
 - (b) the process for escalation of issues arising from the continuous monitoring process be clearly set out; and
 - (c) a regular timetable for second line review of the effectiveness of the process be established.

3 Background

- 3.1 IIPAG is required to produce quarterly reports of its advice on strategic and systemic issues, logs of progress on actions and recommendations and the effectiveness of the first and second lines of project and programme assurance for the Audit and Assurance Committee.
- 3.2 This will be the final report written by many of the current IIPAG members. The contracts of three of the five current IIPAG members, together with IIPAG's benchmarking specialist, expire in October 2018. This report sets out areas that remain important for continued focus, based on more than seven years of experience and effort by some of these individuals.

4 Strategic and Systemic Risks and Issues

IIPAG view of areas for continued focus

4.1 A number of themes have recurred in many IIPAG reports over the years, IIPAG's view of progress on the areas and actions that should be taken are set out below. Themes addressed are:

- (a) Telecoms: IIPAG set out its views of telecoms in its June 2018 AAC report. These remain its views.
- (b) Transformation: TfL has undergone a substantial reorganisation in the past two years, with many experienced staff leaving the organisation. While this has been necessary to deliver services to reduced budgets, in practice it has resulted in more junior staff running projects and in less experienced technical resources. Without enhanced assurance, this can increase the risk of significant errors on projects, which could lead to major overspends, non-delivery of benefits or even catastrophic failures.
- (c) Assurance: As noted above, IIPAG considers that the transformation of TfL introduces increased risks to the organisation. IIPAG has noted on many occasions that it considers the sub-programme reviews to be superficial, and remains concerned that they are insufficient to address the risks to which TfL is exposed.
- (d) Risk and Estimated Final Costs: IIPAG set out its views of this area in its June 2018 AAC report. These remain its views.
- (e) Political Pressure: TfL is led by politicians that have an understandable and valid desire to make clear changes in transport across London. This is most easily achieved by the delivery of one, or a small number of, highly visible capital projects. It is important that TfL sets out the benefits and risks of projects with high political profile in a balanced way, and does not undertake projects that are lower value without a clear Direction from the Mayor.

Notable and/or Issues identified since June 2018

4.2 All of the issues noted above have been long-term concerns of IIPAG.

Suggested areas for attention

4.3 IIPAG recommends that the Audit and Assurance Committee consider whether sub-programme reviews are delivering an appropriate level of assurance for the level of risk to which TfL is exposed.

5 Effectiveness of the First and Second Lines of Project and Programme Assurance

5.1 In IIPAG's June 2018 report it stated that it would review the IAPs for the July 2018 Programmes and Investment Committee (PIC) and work with the second line of assurance, TfL Project Assurance to improve future IAPs.

- 5.2 IIPAG reviewed eight IAPs and found significant variation in the consistency and completeness of the plans and little indication of how they were being used. IIPAG recognizes that the process is maturing and commend the increased focus given by Project Assurance recently to improving both its consistency and effectiveness. Project Assurance has developed a new template, in consultation with IIPAG, to promote better consistency and more clarity on the expected deliverables and IIPAG understands that the new template will be applied to all sub-programmes by the time of the Programmes and Investment Committee meeting of 11 October 2018.
- 5.3 The test of the effectiveness of the new approach will be its application and IIPAG therefore recommends close monitoring for the next 12 months as the IAP process matures.
- 5.4 IIPAG recommends that the effectiveness of the IAP process be further strengthened by:
- (a) a process for reviewing and updating the IAPs themselves be set out clearly for each project/programme;
 - (a) the process for escalation of issues arising from the continuous monitoring process be clearly set out; and
 - (b) a regular timetable for second line review of the effectiveness of the process to be established.

6 Reviews and Actions

- 6.1 IIPAG has been involved in a total of six sub-programme reviews and nine Integrated Assurance Reviews since its last report. IIPAG has also undertaken one Interim review.
- 6.2 Figure 1, below, sets out the number of recommendations that are closed, not yet due (or no date noted) or overdue in the recommendations tracker maintained by Project Assurance.

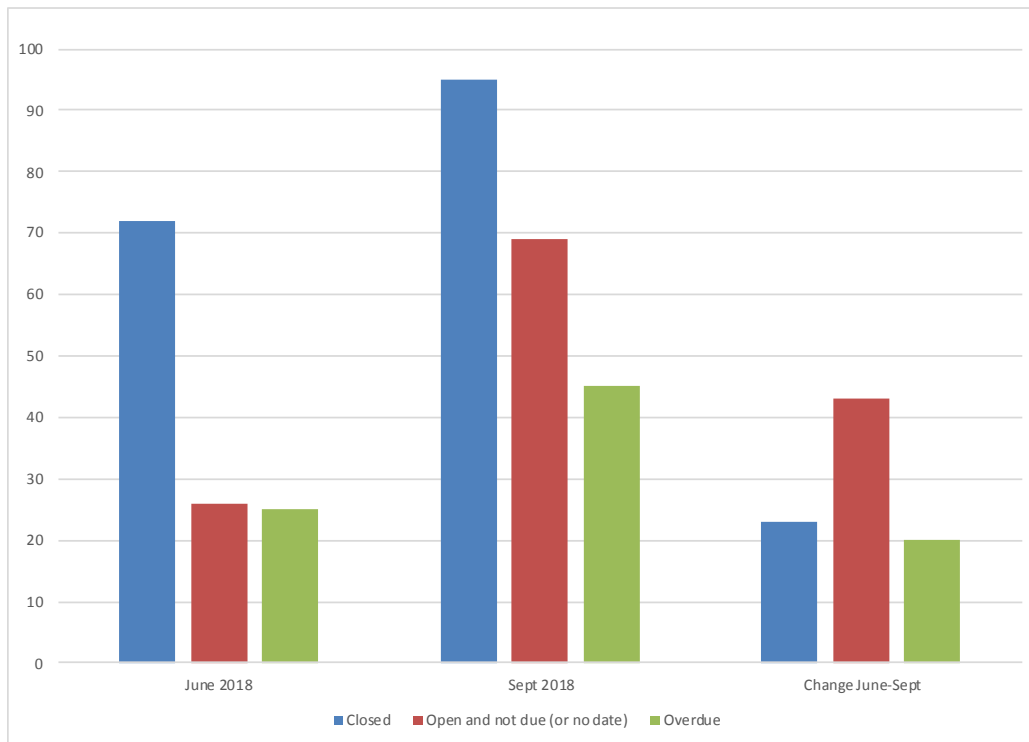


Figure 1: Status of IIPAG Recommendations

- 6.3 The total number of recommendations has increased from 123 to 209 in the past three months, with a total of 86 new recommendations made. Many of these were made for more in-depth reviews of the 4 Lines Modernisation and Deep Tube Upgrade programmes.
- 6.4 There has been an 80 per cent increase in the number of overdue recommendations in the last quarter, and chasing up these actions and ensuring that they are appropriately addressed should be a priority for Project Assurance in the coming months.
- 6.5 IIPAG has found it difficult to assess whether recommendations are agreed, or not, from the information in the management responses. Of the 209 recommendations, 115 are explicitly agreed (or the management response makes it clear that the recommended actions will be undertaken in full), while only eight are not agreed. It is unclear whether the remaining 86 recommendations, 41 per cent of the total, are agreed or not. In many cases the management response sets out steps that have been taken but does not commit to address the recommendation in full. TfL Assurance have undertaken to clarify the status of these management responses such that they can be properly escalated as necessary.
- 6.6 The eight recommendations that IIPAG has classed as not accepted are listed in Annex 1. Only one of these explicitly states that IIPAG's recommendation is not agreed. In most cases they indicate that the project team consider that sufficient has already been done on the subject of the recommendation, but there has been no further communication with IIPAG to ensure that this addresses the action. IIPAG will pursue these recommendations further in the next three months.
- 6.7 IIPAG notes that only one of these eight recommendations was classified as open. All of the remainder had been closed, although enquiries from IIPAG have

resulted in most of them being re-opened. IIPAG considers that it is inappropriate that its recommendations be closed without confirmation from IIPAG that it is content that they have been appropriately addressed, or escalated if they are not agreed. IIPAG recommends that this be built into the process for managing its recommendations.

List of appendices to this report:

Annex 1 – Recommendations that IIPAG considers have not been accepted

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Annex 1 – Recommendations that IIPAG considers have not been accepted

Project Name	Recommendation	Management Response	IIPAG View
Major Stations Sub-Programme	No further Supplemental Agreements or CAP arrangements are put in place until a detailed review of them has been undertaken which identifies any benefits that may have accrued from them and sets out their risks and disadvantages.	CAP is embedded in TfL standard forms of NEC3 contract. Any future Supplemental Agreements in this programme will consider the benefits that will materialise before seeking approval. This approach has been reviewed by IIPAG.	IIPAG remains of the view set out in its recommendation.
Major Stations Sub-Programme	The mechanism for escalating risks associated with claims is clarified and communicated to ensure that it provides appropriate information at all levels in TfL	A general TfL Dispute Management process is available on the Commercial Tool kit. However a specific strategy for each program will be developed as disputes arise. This may need to remain confidential and have restricted circulation to avoid prejudice.	IIPAG has not been provided with the stated information from the Commercial Toolkit and, in its interviews, no individual was aware of any defined process.
Major Stations Sub-Programme	No further Supplemental Agreements or CAP arrangements are put in place until a detailed review of them has been undertaken which identifies any benefits that may have accrued from them and sets out their risks and disadvantages	The benefits of the Supplementary Agreements are summarised below: 1) Compensations events to date are agreed. 2) Specific contentious issues are identified and plan of action agreed. 3) Contractors are incentivised using KPIs to deliver to milestones beneficial to passengers. Any supplemental agreement would have the advantages and disadvantages set out, including the risk opportunities and threats.	IIPAG remains of the view set out in its recommendation.

Project Name	Recommendation	Management Response	IIPAG View
Fiveways Junction A23/ A232	That the Project Team provides the evidence to support its view that the current scheme is the appropriate option to select.	The Project Team feels that sufficient evidence has been provided as part of the IAR that supports the view that the current scheme is the appropriate option to select.	No further information beyond that provided for the IAR received by IIPAG.
Network Access and WAN Services	There should be an independent review of the capex costs included in this contract. TfL's costs to manage this contract effectively should be estimated and also be subject to independent review.	TfL have no issue with sharing the Financial Model that underpins the preferred bidder's tender and capex cost broken down, the purpose of such a review is unclear.	No further information of any independent review received by IIPAG.
Cycle Superhighway 10	HSPB should consider the wider options for access to the rest of the Cycle Superhighway network from the West of London, for example considering whether routes might need to be linked such that there are fewer routes in more central areas.	Alignment of CS10 runs along 2 strategic cycling corridors identified in the Strategic Cycling Analysis (June 17). Opportunity for further routes in future to link other key destinations. Future Cycle Routes programme submitted to HSPB 5 Oct 17.	IIPAG does not believe that the issue was addressed in the Future Cycle Routes programme submission and has received no further information on this recommendation.
Rotherhithe Canary Wharf Crossing	IIPAG recommends that the option selection is deferred until greater certainty can be provided of the likely cost and programme of the navigable bridge and a comparison can be made on a more informed basis of the business case underlying both options	Substantial work has gone in to the options analysis work based on benchmarking data to determine the preferred option. However, a reference design is required to establish a preferred bridge design and to narrow the cost range of the scheme. This will be subject to consideration by IIPAG and by the Healthy Streets Portfolio Board.	IIPAG understands that the bridge option is preferred by TfL and work on finalising cost estimates and seeking to close the significant budget shortfall continues, but the option of a ferry crossing has not yet been discounted.
Rail and Underground Step Free Access	Any works not directly necessary for the SFA scheme be funded and managed outside of the SFA Programme.	Funding: Not agreed. We have committed to fund the wider Accessibility Works as part of the Whole Journey approach to accessibility.	IIPAG agrees with TfL's response.

Audit and Assurance Committee

Date: 14 September 2018

Item: Crossrail Audit Committee

This paper will be considered in public

1 Summary

1.1 The purpose of this paper is to report to the Committee on matters discussed at the Crossrail Audit Committee meeting held on 8 June 2018.

2 Recommendation

2.1 The Committee is asked to note the paper.

3 Background

3.1 The Crossrail Audit Committee held a routine meeting on 8 June 2018. The meeting was attended by the TfL Director of Risk and Assurance and the TfL Group Financial Controller. The Chair of the TfL Audit and Assurance Committee, and the external auditors also attended.

3.2 The Committee reviewed the Annual Report and Financial Statements for the year ended 31 March 2018, and the report thereon by the external auditors, EY. There were no significant matters arising from the external audit.

3.3 The Committee received the regular audit and assurance update report, setting out progress with delivery of the Crossrail Internal Audit Plan. The report also informed the Committee that the Crossrail Integrated Assurance Group and the Fraud Risk Assurance Group had each held their last meetings during May.

3.4 The Committee also reviewed the Internal Audit Annual Report for 2017/18 providing a summary of work done over the year, and the Director of Risk and Assurance's 'clean' audit opinion on Crossrail's overall control environment.

3.5 The Committee received a presentation on how risk management activities would be delivered in Crossrail over the remaining life of the project.

3.6 Finally, the Committee considered a paper on the arrangements for the Crossrail Audit Committee and proposed changes to governance arrangements going forward. The Committee agreed that responsibility for reviewing the Annual Report and Financial Statements for 2018/19 and EY's report thereon would pass to the Crossrail Board. Audit and Risk matters in relation to delivery of the Crossrail Project would also be reported to the Crossrail Board. Matters relating the transition of Crossrail to TfL and preparations for operational running would be reported to the TfL Audit and Assurance Committee.

List of appendices to this report:

None

List of Background Papers:

None

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Audit and Assurance Committee



Date: 14 September 2018

Item: TfL Statement of Accounts Year Ended 31 March 2018 -
Changes Made Prior to Finalisation

This paper will be considered in public

1 Summary

- 1.1 The draft TfL Group Statement of Accounts for the year ended 31 March 2018 was presented at the previous meeting of the Committee where the Statutory Chief Financial Officer was delegated authority to make any adjustments arising from the ongoing audit work prior to submission to the TfL Board.
- 1.2 This paper contains information on the material changes to the Statement of Accounts subsequent to their presentation at the previous meeting.

2 Recommendation

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

3 Background

- 3.1 The Statement of Accounts were signed and approved by the TfL Board on 25 July 2018. At the time that the Statement of Accounts were presented to the Committee in June 2018, the audit was ongoing and there were several adjustments processed in the intervening period.

4 Changes Made prior to Finalisation

- 4.1 The following adjustments and disclosure amendments were made to the accounts prior to their finalisation and approval by the TfL Board:
 - (a) minor cosmetic and wording changes throughout, as well as changes to the wording and tone of the narrative report and financial review;
 - (b) a movement of £20m of property, plant and equipment to short-term debtors relating to the Gospel Oak Barking electrification, as a result of discussions with auditors. This is a Balance Sheet reclassification and has no impact on Group profit and loss;
 - (c) a movement of £4.5m short-term investments to cash and cash equivalents as a result of a previous classification error. This is a Balance Sheet reclassification and has no impact on Group profit and loss;

- (d) as discussed in the audit close meeting, insertion of a judgement note relating to capitalisation of assets with third party involvement; and
- (e) insertion of a post balance sheet event note relating to Crossrail funding. On 24 July 2018, it was announced in a Ministerial Statement that additional funding will be provided to Crossrail Limited and Network Rail in respect of the Crossrail project in the next two years. There is no impact of this additional funding on the 31 March 2018 financial statements, including the carrying values of current projects, there will be no impact on the ability of the TfL Group and its subsidiaries to continue as a going concern. However, after discussions with the auditors, it was decided that this would be included in the Statement of Accounts as a non-adjusting post balance sheet event. Disclosure relating to the announcement was included in Note 42 Events after the balance sheet date.

List of appendices to this report:

None

List of Background Papers:

None

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Audit and Assurance Committee



Date: 14 September 2018

Item: Freedom of Information Performance and General Data Protection Regulation Compliance

This paper will be considered in public

1 Summary

1.1 TfL is subject to both the Freedom of Information (FOI) Act and data protection legislation (the General Data Protection Regulation (GDPR), the Data Protection Act (DPA) 2018 and the Privacy and Electronic Communications Regulations). This paper provides an overview of our performance in processing FOI requests since 2017/18 and an update on our compliance with the new data protection legislation which came into force on 25 May 2018.

2 Recommendation

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

3 GDPR Compliance

3.1 The new data protection legislation changed how we use 'personal data' collected from 'data subjects' (employees, customers and other users of our services), such as contact or biographical details, biometric information (when used to identify an individual) and identifiers such as Oyster card numbers, vehicle registration marks, IP addresses and NI numbers and data showing location or journey history or collected by CCTV, web or WiFi monitoring, if it is linked, or capable of being linked, to an identifiable individual.

3.2 As previously reported to the Committee, TfL ran a GDPR compliance programme to prepare for the new legislation by 25 May 2018. Since that date, a number of implementation activities have continued, particularly in the areas of contract variation, IT systems remediation and data mapping and ongoing compliance is being supported and monitored, with work undertaken across a broad range of projects and operational business areas.

4 Assessment of Current Compliance Position

- 4.1 A new requirement of the GDPR is for all data breaches posing a risk to individuals' rights and freedoms to be reported to the Information Commissioner's Office (ICO), within 72 hours, and for affected data subjects to be informed of the breach if it represents a high risk to their rights and freedoms.
- 4.2 Three data breaches that have occurred since 25 May 2018 have been reported to the ICO – in one case (involving the accidental internal disclosure of employee information) the ICO took no action. In the other two cases, each of the which affected only one individual, the ICO's response is awaited. In all three cases, the affected individuals have been made aware of the incident.

5 2017/18 FOI Performance

- 5.1 The ICO expects public authorities to reply to at least 90 per cent of all FOI requests within the statutory deadline (usually 20 working days). The ICO monitored TfL's performance with FOI requests received between 1 July and 30 September 2017.
- 5.2 TfL processed 20 per cent more FOI requests in 2017/18 (3,201) than 2016/17 (2,676) and over the year as a whole replied to over 10 per cent more requests on time (91.6 per cent) than was achieved in 2016/17 (81.4 per cent). The 2017/18 financial year saw both the highest number of FOI requests received and the highest percentage of requests replied to on time by TfL since the Act came into force in 2005.
- 5.3 The improvement in performance over the year reflected process changes, some additional resource and a sustained effort in the FOI Team and across the business to ensure that responses were given in a timely manner.

6 2018/19 FOI Performance to Date

- 6.1 Progress is continuing into 2018/19, with 96.2 per cent of requests replied to on time, against the 91 per cent posted at this same time in 2017/18. Volumes are also currently slightly higher than in 2017/18, with 1,211 requests received as of 28 August, compared to 1,209 at the same point last year.
- 6.2 Approximately 20 per cent of requests come from journalists, bloggers and other stakeholders. The remainder of requests generally come from users of our services, residents/campaigners affected by our plans, interested members of the public and transport enthusiasts.

- 6.3 The requests we receive cover every area of the organisation, with Surface Transport being the subject of the majority (53 per cent of all requests in 2017/18). The Taxi and Private Hire directorate in particular is frequently the subject of the largest volume of requests (around 500 requests were received in 2017/18). However, there has been a 53 per cent reduction in requests relating to Taxi and Private Hire in a comparable period from 2017/18 to 2018/19, which we attribute to a somewhat lower media profile for the industry and us proactively publishing more data, as well as increased transparency around our decision making.
- 6.4 However, it is notable that this decrease has been, in overall terms, offset by increases across the majority of other business areas which suggests the recent trend of increasing total request volumes is likely to continue.
- 6.5 Appendix 1 shows the comparative response rates for each period that we have complete figures for. As shown, the response rate has been rising each period and the response rates for periods 2 to 4 of this year have all exceeded any period of 2017/18, which was itself a previous best in terms of performance.
- 6.6 Information subject to an FOI request can be withheld from disclosure where one or more exemptions set out in the FOI Act apply. Around 16 percent of requests are subject to exemptions, nearly always to withhold only some of the requested information rather than all. The most common reason for refusing a request is that the information is already published, but requests may also be refused if the cost of responding is too high or the request is vexatious. Additionally, some information might be withheld from a response to protect personal data, commercial confidentiality, public safety or the environment.
- 6.7 Replies to all requests received since 1 January 2017 have been published on the TfL website, which supports the Transparency Strategy, and we have been able to answer more requests by simply referring to previously published replies, or other information published on the website. New requests are also analysed to identify new topics which may be suitable for more pro-active publication of information.
- 6.8 These improvements have had a direct impact on reducing the number of internal review requests received (internal reviews can be requested if an FOI applicant considers our initial reply to their request to be unsatisfactory). We have had 45 internal review requests received in 2018/19 (3.7 per cent of caseload), as of 28 August 2018, compared to 65 at the same point last year (5.6 per cent of caseload).
- 6.9 Scrutiny from the ICO remains an ongoing risk but we have also substantially reduced the number of complaints escalated to the Information Commissioner for consideration. As of 28 August 2018, only four cases have been escalated to the Information Commissioner this year. There had been 13 cases escalated at the same point in 2017/18. Complaints escalated to the ICO regarding our failure to meet the statutory deadline present a risk of the Information Commissioner resuming her monitoring of our compliance. So far not a single case has been escalated to the ICO regarding our failure to meet the statutory deadline in 2018/19, whereas at this stage last year the ICO had received six complaints of this nature.

6.10 The progress made in achieving GDPR compliance and a consistently high FOI response rate across all areas of TfL has required a sustained effort and we will retain a commitment and focus across the organisation on the requirements of the legislation to maintain this.

List of appendices to this report:

Appendix 1 - FOI Volumes and Performance 2017/18 and 2018/19 (to date)

List of Background Papers:

None

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Appendix 1

2017/18				2018/19		
Period	Total Received	Period Response Rate	Cumulative (YTD)	Total Received	Period Response Rate	Cumulative (YTD)
P1	209	87.56%	87.56%	216	93.98%	93.98%
P2	240	91.25%	89.53%	212	95.28%	94.63%
P3	281	93.59%	91.10%	244	95.90%	95.09%
P4	212	91.04%	91.08%	250	98%	95.88%
P5	224	94.64%	91.77%	240	n/a	n/a
P6	230	93.48%	92.05%			
P7	279	94.27%	92.42%			
P8	272	90.07%	92.09%			
P9	279	89.61%	91.78%			
P10	170	87.06%	91.44%			
P11	280	92.14%	91.52%			
P12	306	93.14%	91.68%			
P13	219	90.87%	91.63%			

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Audit and Assurance Committee



Date: 14 September 2018

Item: Register of Gifts and Hospitality for Members and Senior Staff

This paper will be considered in public.

1 Summary

- 1.1 This paper sets out details of the gifts and hospitality declared by the Board and senior staff. This report covers the period 1 May to 31 July 2018. Details of the gifts and hospitality accepted by Members and the most senior staff are already routinely published on our website.

2 Recommendation

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

3 Background

- 3.1 TfL's policy on gifts and hospitality applies to TfL Board Members, all staff who work for TfL and staff contracted to work for TfL including on advisory groups or through a third party. It covers both gifts and hospitality offered directly or offered through a spouse or partner.
- 3.2 The policy was last reviewed and updated in November 2017. It starts from the premise that any gifts or hospitality offered should usually be declined. No offer should be accepted where there is a possibility, or a perception, of being influenced by it. The guidance provides advice on the few circumstances where acceptance might be appropriate but, as a guiding principle, Members and staff are advised to err on the side of caution. Acceptance of any offer requires line manager approval and an explanation as to why acceptance is appropriate.
- 3.3 Board Members and staff are required to register with the General Counsel any gift or hospitality received in connection with their official duties that has a value of £25 or over, and also the source of the gift or hospitality. For staff, declarations are made at the end of every month. As the acceptance of any offers of gifts or hospitality by Members is uncommon, they are asked to confirm any declarations at the end of every quarter. Offers accepted by Members and the most senior staff are then reviewed and published on tfl.gov.uk on a quarterly basis.
- 3.4 Gifts and hospitality declarations from Members, the Commissioner and Managing Directors, the General Counsel and the Chief Finance Officer have been published on tfl.gov.uk since 2012.

- 3.5 As part of the revised GLA Group Framework Agreement, considered by the Board on 22 September 2016, we committed to also provide a regular report to the Audit and Assurance Committee on the gifts and hospitality accepted. For these reports, the staff coverage has been extended to all staff that appear on the top level organisation chart published on <https://tfl.gov.uk/corporate/about-tfl/how-we-work/corporate-governance/chief-officers>.

4 Reporting Period and Issues for Consideration

- 4.1 During this period, one Member, Lynn Sloman, declined an invitation to a reception following a Centre for London conference about the 'Future of Transport in London' on 4 July 2018. There were no other declarations by Members during this period.
- 4.2 Appendix 1 sets out gifts and hospitality declared by senior staff over the three month period from 1 May to 31 July 2018 (the latest reporting period).
- 4.3 A total of 249 declarations were made by senior staff in relation to gifts and hospitality offered at a value of £25 or over within the period covered by the report (three months). A total of 185 offers were declined and 64 were accepted. Table 1 provides a summary of the number of offers accepted and declined by senior staff who received more than ten offers during the period.

Table 1: Staff receiving more than ten offers during the reporting period

Name	Role	Offers	Accepted	Declined
Mike Brown MVO	Commissioner	33	10	23
Graeme Craig	Director of Commercial Development	59	9	50
Stephen Field	Director of Pensions and Reward	25	2	23
Sam Mullins	Director, London Transport Museum	21	8	13
Mark Wild	Managing Director London Underground	28	1	27

- 4.4 Table 2 shows the figures provided in previous reports since June 2017 (the reporting periods have varied from two to three months) and then breaks these down to a monthly average for each period reported, to enable some trend analysis.
- 4.5 On a monthly average basis, the actual number of offers received has fluctuated from a high of 90.3 to a low of 55. The number of offers received and accepted in the latest period (May-July 2018), although higher than the previous two reporting periods, is lower than the nearest similar period in 2017 (June-August 2017). The offers received and accepted have been reviewed to ensure they comply with the Policy and guidance. Where there are concerns that the policy or guidance is not being followed, these are raised with the member of staff and their line manager.

- 4.6 At the start of September 2018, all staff will be reminded of the Policy and the requirement to accurately record any offers received in the corporate register and to ensure they are approved before being accepted.

Table 2: Figures reported to previous meetings and monthly averages

	01/06/17-31/08/17	01/09/17-30/11/17	01/12/17-31/01/18	01/02/18-30/04/18	01/05/18-31/07/18
Period reported to Committee	3 months	3 months	2 months	3 months	3 months
Total offers	271	250	110	237	249
Total declined	192	177	78	201	185
Total accepted	79	73	32	36	64
Monthly average					
Total offers	90.3	83.3	55	79.3	83
Total declined	64	59	39	67	62
Total accepted	26.4	24.3	16	12	21.3

List of appendices to this report:

Appendix 1: Gifts and Hospitality Register, Members and Senior Staff 1 May to 31 July 2018.

List of Background Papers:

Corporate Gifts and Hospitality Register.

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**Gifts and Hospitality - TfL Board Members and Senior Officers
1 May - 31 July 2018**

Name of Officer	Offer Status	Donor/Provider of Gift/Hospitality	Detail of Gift/Hospitality	Reason for Accepting Gift / Hospitality	Date of Event/Hospitality
Adams Simon	Accepted	ICE	Launch event for Project 13	Industry Event	01/05/2018
Barton Glynn	Accepted	Conference & Exhibition	COLD COMFORT - Coventry	To enable TfL Rd Network to manage winter weather even more efficiently	16/05/2018
Brand Justin	Accepted	JC Decaux	Strategy Meeting followed by Dinner	On-going relationship with JCD	25/07/2018
Brown Mike	Accepted	NWEC (Jace Tyrell, CEO & Sir Peter Rogers, Chair)	NWEC Board Dinner	Discuss 'Making the West End a better place to live work and visit'	17/05/2018
Brown Mike	Accepted	Kevin Ellis, PWC	RHS Chelsea Flower Show Gala Preview	Networking	21/05/2018
Brown Mike	Accepted	Richard Robinson, CEO AECOM	CBI Annual Dinner	Networking	29/05/2018
Brown Mike	Accepted	Mr Cai Qi, Secretary of the Beijing Municipal Cmt of the CPC Central Cmt	decorated display plate with stand	Beijing delegation visit to TfL to discuss MTS and travel in London	14/05/2018
Brown Mike	Accepted	The Arts Club	Dinner following Panel event	The Commissioner sat on the panel at the monthly Arts Club speaker series, dinner was provided to the panel members afterwards	24/05/2018
Brown Mike	Accepted	Nelson Ogunshakin (Board Member)	ACE Consultancy & Engineering Awards	Networking and receiving an award	06/06/2018
Brown Mike	Accepted	PwC, Kevin Ellis (Chairman and Senior Partner)	PwC Chairman & CEO dinner	Leaders discussion on issues impacting the UK and international business	04/06/2018
Brown Mike	Accepted	Craig McWilliam, CEO Grosvenor Britain & Ireland	Frida Kahlo book	Memento from declined event	21/06/2018
Brown Mike	Accepted	T C Chew, Global Rail Leader, Arup	Dinner with T C Chew	Networking	21/06/2018
Brown Mike	Accepted	Derek Dawson, McKennas	Dinner with McKennas during a site visit to their factory in Manchester	Dinner hosted by McKennas during a site visit to their factory in Manchester	17/07/2018
Cernoia-Russo Emanuela	Accepted	RBS - Giacomo Montrasio, MD Large Corporate & Sectors	Breakfast meeting	Business relationship update meeting	07/06/2018
Cernoia-Russo Emanuela	Accepted	High Commissioner for Canada	Canada Day Reception - Refreshments/Canapes	Business Relationship meeting	28/06/2018
Coff Tanya	Accepted	KPMG	Everywoman in Transport & Logistics Awards	Networking opportunity	14/06/2018
Coff Tanya	Accepted	Sue Kershaw (Managing Director, Major Projects Advisory) KPMG	Everywoman awards lunch and ceremony	WildTfL employees nominated for awards and networking opportunities	14/06/2018
Craig Graeme	Accepted	Grosvenor's London Estate	Spring Drinks Reception	Networking	02/05/2018
Craig Graeme	Accepted	Mount Anvil	RESI Awards 2018 Dinner	Networking	16/05/2018
Craig Graeme	Accepted	Tony Pidgeley - Berkeley Homes	Catch Up	Networking	24/05/2018
Craig Graeme	Accepted	LREF	Opening Reception	Networking	12/06/2018
Craig Graeme	Accepted	EGi	LREF VIP Dinner	Networking	13/06/2018
Craig Graeme	Accepted	WPA	30th Anniversary Reception	Networking	14/06/2018
Craig Graeme	Accepted	NLA (New London Architecture)	Discussion - LREF Unlocking Public Land	Networking	14/06/2018
Craig Graeme	Accepted	Arcadis	Roundtable Dinner - Steven Norris	Networking	27/06/2018
Craig Graeme	Accepted	J C Decaux	Dinner following TfL/J C Decaux Immersion Day	Networking	24/07/2018
Dix Michèle	Accepted	UITP	Executive Board dinner	Michele is on the Board and the official dinner was in the programme of the week	15/05/2018
Dix Michèle	Accepted	UITP	UITP Official Dinner	Michele is on the board and the official dinner was in the programme of the week	17/05/2018
Field Stephen	Accepted	Ian Pittaway, Partner, Sackers	Sackers Summer Reception	Networking	20/06/2018
Field Stephen	Accepted	Ed Francis, Senior Investment Consultant, Willis Towers Watson	Investment and Actuarial Meeting followed by Dinner	Networking	30/07/2018
Fox Jonathan	Accepted	Arriva	Joint dinner meeting with Arriva / TfL	Joint working dinner	01/05/2018

**Gifts and Hospitality - TfL Board Members and Senior Officers
1 May - 31 July 2018**

Fox Jonathan	Accepted	SNCF MOBILITES - TRANSILIEN	Meeting in Paris to take part as an advisory board member of the Mass Transit - part of SNCF Mobilities	to impart knowledge to the board, at their request / invitation	21/06/2018
Hampson Lester	Accepted	Lesley Jones	Lesley Jones Wine Tasting	Maintaining good business contacts	30/05/2018
Hampson Lester	Accepted	Segro	Segro lunch with Jules Pipe	Business lunch which GLA were invited to also	13/06/2018
Hampson Lester	Accepted	Deloitte Real Estate	Dinner with Deloitte Real Estate	Business dinner	13/06/2018
Hampson Lester	Accepted	Deloitte	London Real Estate Forum	Attendance at LREF	14/06/2018
Holness Nigel	Accepted	Telephonica	Concert ticket - Twickenham	No direct contractual relationship. Telephonica offered as they had a last minute drop out and did not wish to waste the ticket.	19/06/2018
Hughes David	Accepted	Major Projects Association	Attend MPA Annual Dinner at ICE, One George Street, London	Sir Tim Laurence, Chairman, Major Projects Association interview Sir Peter Gershon	20/06/2018
Judge Paul	Accepted	Turner & Townsend	Attendance at T&T Annual Spring Reception	Maintaining an ongoing business relationship & function for networking	23/05/2018
Mann Claire	Accepted	Dawson Group	Parliamentary Reception	Networking	28/06/2018
Mann Claire	Accepted	HCT Group	Drinks Reception	Keeping good relations with Stakeholders	25/07/2018
Mann Claire	Accepted	Go-Ahead	Dinner with Go-Ahead, John Traynor	To keep good communications with supplier	10/05/2018
Mullins Sam	Accepted	Jewish Museum of London	Private view of Asterix exhibition	Networking in museums and heritage sector	10/05/2018
Mullins Sam	Accepted	Museums + Heritage	Awards show dinner	Part of judging panel; networking in museums and heritage sector	16/05/2018
Mullins Sam	Accepted	Association of Leading Visitor Attractions (ALVA)	Lunch at Buckingham Palace	Member of ALVA; networking in cultural and heritage sector	12/06/2018
Mullins Sam	Accepted	The D Group	Dinner with Jim O'Sullivan, Highways England	Networking and leadership dinner; future of roads lecture	26/06/2018
Mullins Sam	Accepted	Dawson rentals bus and coach ltd	Tour and parliamentary reception	Invitation from LTM Patron; networking in transport sector	28/06/2018
Mullins Sam	Accepted	Royal Air Force Museum	Official opening	Networking in museums and heritage sector	29/06/2018
Mullins Sam	Accepted	National Art Collections Fund	Art Fund Museum of the Year 2018	Networking in museums and heritage sector	05/07/2018
Mullins Sam	Accepted	Historic Royal Palaces	Constable's reception and beating retreat	Networking in museums and heritage sector	19/07/2018
Page Tom	Accepted	Vasstrafik	Dinner at UITP conference	Not a supplier, at a conference directly related to TfL's activity, no expectations	28/05/2018
Plowden Ben	Accepted	Amanda Eaken (NRDC)	National Resource Defence Council (NRDC) Mobility Pricing Convening (fully paid by 3rd party) from 15 May to 18 May 2018	Speaking and Knowledge Sharing	15/05/2018
Plowden Ben	Accepted	Sue Kershaw, KPMG	WICE Dinner at Royal Lancaster Hotel	Networking	24/05/2018
Plowden Ben	Accepted	Vicky Richardson, Curator	IdenCity Panel, Roca London Gallery	Speaking on the Panel	06/06/2018
Plowden Ben	Accepted	Robert Phillips, Jericho Chambers	Roundtable panel "what kind of Britain are we building?"	Speaking on the panel	28/06/2018
Plowden Ben	Accepted	Centre For London	Invited to the London Transport Conference - Future of London roads and Streets	knowledge sharing/networking	04/07/2018
Plowden Ben	Accepted	James Crumly, NCE content director UK Transport	NCE UK Transport 2018 - Panel "Driving Integration in the Transport Sector and synergy between multi modal systems	Speaking on the Panel	04/07/2018
Powell Gareth	Accepted	Alexander Barron, Imperial College	Nova Annual meeting dinner	Representation for TfL	08/05/2018
Powell Gareth	Accepted	Tideway	Reception to celebrate the Start of Tunnelling	Business networking with major Stakeholder	14/06/2018
Read Adrenne	Accepted	RICS	Ethical FM breakfast Seminar at RICS Parliament Square London	professional development	31/05/2018
Wild Mark	Accepted	National Rail Group - RIA dinner	RIA Dinner - MD Level	MD Level networking opportunity	04/07/2018
Wylie David	Accepted	Bramwith Consulting	World Procurement Awards	Networking Event	17/05/2018

**Gifts and Hospitality - TfL Board Members and Senior Officers
1 May - 31 July 2018**

Wylie David	Accepted	Construction News	CN Awards Ceremony	Mike Brown asked DW to attend on his behalf as he is unable to attend	12/07/2018
Yates Matthew	Accepted	Arcadis	Dinner paid for by Arcadis	Received invitation	27/06/2018

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Audit and Assurance Committee



Date: 14 September 2018

Item: Mayoral Directions Update

This paper will be considered in public

1 Summary

- 1.1 This is the first regular paper to the Committee that will set out the current list of Mayoral Directions issued to TfL. The Committee is invited to consider if any of the matters which are the subject of a Direction should be included in the audit programme.

2 Recommendation

- 2.1 **The Committee is asked to note the Mayoral Directions to TfL and to consider if the audit programme for the remainder of 2018/19 should include work on any Mayoral Directions.**

3 Background

- 3.1 The Greater London Authority Act 1999 (as amended), permits the Mayor to issue to TfL general directions as to the manner in which TfL is to exercise its functions or specific directions as to the exercise of its functions (or not to exercise a power specified in the direction). Directions are also often made in relation to the implementation of matters in respect of which the Mayor delegates statutory powers to TfL.
- 3.2 The Mayor makes Mayoral Directions through Mayoral Decisions. Proposed Mayoral Decisions (including Mayoral Directions) are considered within the GLA by its Corporate Investment Board before being considered by the Mayor. Papers for Mayoral Directions set out the financial and other implications. If those implications change over time, that will be reported to the GLA.
- 3.3 All Mayoral Decisions are issued in writing, with the information that is not exempt from publication included on the GLA's Decisions Database on its website: <https://www.london.gov.uk/about-us/governance-and-spending/good-governance/decisions?order=DESC>.

4 Mayoral Directions to TfL

- 4.1 Mayoral Directions fall into three broad categories: those addressing technical issues relating to statutory powers; those related to commercial development activities; and those related to projects and programmes. Mayoral Directions relating to TfL will be reported to the TfL Board's Committees for discussion as soon as possible after they are received by TfL. Regular reports will list the relevant Directions for as long as they are applicable.

4.2 Annually this Committee will consider the list as part of its consideration of the annual audit plan to ensure that appropriate audit resource is applied to assurance on TfL's work in implementing Mayoral Directions. This will also be kept under review at each quarterly meeting of this Committee.

4.3 Table 1: Reporting of Mayoral Directions to TfL

Category of Direction:	Reported to and considered by:
Addressing technical issues with TfL's statutory powers	Finance Committee
Related to TfL's commercial development activities	Finance Committee
Related to TfL's projects and programmes, including the Investment Programme	Programmes and Investment Committee
All for assurance purposes	Audit and Assurance Committee

4.4 A summary of current Mayoral Directions to TfL is now maintained on the "How we are governed" page on our website, with links to the relevant Mayoral Decisions: <https://tfl.gov.uk/corporate/about-tfl/how-we-work/how-we-are-governed>. That page will be updated as and when further Directions are made.

4.5 Appendix 1 to this paper sets out the current Mayoral Directions to TfL.

List of appendices to this report:

Appendix 1 – Current Mayoral Directions to TfL

List of Background Papers:

None

Contact Officer: Howard Carter, General Counsel
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MD No.	Subject, Summary and Mayoral Decision
<p data-bbox="190 308 315 336">MD2157</p> <p data-bbox="190 751 315 780">24/08/17</p>	<p data-bbox="353 308 539 336">Licence Lite</p> <p data-bbox="353 384 501 413">Summary</p> <p data-bbox="353 421 2024 563">The Licence Lite project involves the GLA buying electricity from low to zero carbon electricity generators and selling it to TfL initially over a 12-month period as a pilot project. The project will provide a proof of concept of Licence Lite and will enable the delivery of the Mayor's manifesto commitment to 'buy clean energy generated across the city' and for London to be a zero-carbon city by 2050.</p> <p data-bbox="353 603 1980 675">The Mayoral Decision authorises the GLA making a binding commitment to the 12-month pilot project, by means of granting the approvals set out below.</p> <p data-bbox="353 751 490 780">Decision</p> <p data-bbox="353 788 719 817">That the Mayor approves:</p> <ol data-bbox="353 825 1995 1190" style="list-style-type: none"> 1 A 12-month pilot scheme for the Licence Lite Project, which includes the GLA being granted an electricity supply licence by the Ofgem and entering into contracts; 2 Expenditure of up to £498,000; 3 A related exemption, regarding the entry into contracts with Cornwall Energy and Arup, from the requirement of the GLA's Contracts and Funding Code that such services be procured competitively; 4 Procurement of the Operating Services by means of competitive tender; 5 The receipt of income of £336,000 from TfL and from the sale of the surplus electricity under the agreement with RWE nPower; and 6 A direction to TfL so that TfL can enter into the 12-month supply arrangements contemplated as part of the pilot, as attached at Annex 2 and issued pursuant to section 155(1)(c) of the GLA Act 1999.

MD No.	Subject, Summary and Mayoral Decision
<p data-bbox="188 304 315 336">MD2170</p> <p data-bbox="188 823 315 855">28/09/17</p>	<p data-bbox="353 304 882 336">Metropolitan Line Extension (MLX)</p> <p data-bbox="353 379 501 411">Summary</p> <p data-bbox="353 419 2024 707">The MLX (formerly the Croxley Rail Link) transferred from Hertfordshire County Council (HCC) to TfL for delivery on 20 November 2015. The project transferred with funding arrangements of £284.4m. Under Mayoral Directions MD1478 (26 March 2015) and MD1570 (4 November 2015), TfL was directed to provide up to £49.23m towards the cost of delivering the MLX and made responsible for any costs above the £284.4m funding package. Since taking over the project, TfL worked with the supply chain and Network Rail to progress the design and obtain market prices for delivery. The outturn cost of the project will be significantly in excess of £284.4m. The increased costs weaken the MLX business case and the loss of its operating grant means that TfL is no longer able to bear cost risk above the current £284.4m funding package.</p> <p data-bbox="353 823 488 855">Decision</p> <p data-bbox="353 863 517 895">The Mayor:</p> <ol data-bbox="353 903 2011 1190" style="list-style-type: none"> <li data-bbox="353 903 1944 967">1. Directs TfL to continue to provide up to £49.23m of funding towards the cost of delivering the MLX subject to directions 2 and 3 below; <li data-bbox="353 975 1816 1007">2. Directs TfL not to take responsibility for any costs above the current £284.4m funding package; and <li data-bbox="353 1015 2011 1118">3. Directs TfL to close out its current activities in respect of the MLX in an orderly fashion and not to commence any new activities, including procurement activities associated with the main works, unless and until arrangements to provide additional funding for the MLX are put in place to address direction 2 above. <li data-bbox="353 1126 1984 1190">4. Mayoral Directions MD1478 (26 March 2015) and MD1570 (4 November 2015) are with immediate effect to be read subject to this MD.

MD No.	Subject, Summary and Mayoral Decision
	(ii) Directs TfL, pursuant to the power in section 155 (1)(c) of the Greater London Authority Act 1999, to implement these fares on 20 May 2018 (by signing the direction at Appendix 1).
MD2253 09/03/18	<p>Funding for Croydon following Sandilands tram overturning</p> <p>Summary TfL has a strong desire to support the London Borough of Croydon following the overturning of a tram at Sandilands on 9 November 2016. This Mayoral delegation and direction enables TfL to pay £750,000 to the London Borough of Croydon as a contribution to its community recovery activities following the tragedy.</p> <p>Decision Recognising the strong desire of TfL to support the London Borough of Croydon; the Mayor Directs and delegates powers to TfL (in the form at appendices 1 and 2) for the purpose of making payments totalling £750,000 to the London Borough of Croydon as a contribution to the borough's community recovery activities following the tragic overturning of a tram at Sandilands on 9 November 2016.</p>
MD2335 07/08/18	<p>Direction to TfL concerning its Affordable Housing Programme</p> <p>Summary The Mayor is committed to increasing the proportion of new homes that are affordable, to the benefit of local communities and the economy. He is prioritising affordable homes delivery on surplus or under-utilised land owned by the GLA Group. TfL shares the Mayor's commitment to delivering affordable housing - targeting 50 per cent affordable in both its business plan and within the Mayor's Transport Strategy. TfL has a programme for housing delivery on its surplus sites and TfL's Business Plan includes a target of 50 per cent affordable homes by habitable room across its programme.</p> <p>Decision The Mayor directs TfL in relation to the disposal or development of its land in 2018/19 in the form at Appendix A to this decision form.</p>

Audit and Assurance Committee



Date: 14 September 2018

Item: Transformation Programme Update

This paper will be considered in public

1 Summary

1.1 This paper provides an update on the Transformation Programme.

2 Recommendation

2.1 The Committee is asked to note the paper.

3 Transformation Programme Background

3.1 TfL is undertaking the largest ever review of our organisation to reduce costs and increase revenue. We are making good progress in turning an operating deficit into a surplus as set out in the TfL Business Plan.

4 Financial Update

4.1 We have already delivered more than £500m per annum of recurring, net operating savings and are on track to deliver £630m this financial year. This is part of our strategy to eliminate our deficit and deliver an operating surplus of £78m in 2021/22, rising to £153m by 2022/23:

- (a) in 2016/17 we reduced our operating costs by £153m, the first such reduction in our history;
- (b) in 2017/18 we reduced our like-for-like costs again by £215m;
- (c) by the end of 2018/19, we are on track to deliver over £630m a year in operating costs; and
- (d) over the course of our Business Plan (by 2021/22) this will have increased to £1.2bn a year.

5 Organisational Change Activity

5.1 Last year we launched consultation with staff and Trade Unions in three phases, covering 30 areas and 10,000 roles. All these business areas have now closed formal consultation and are live with their new structures. As a result, we have reduced senior management in these business areas by 25 per cent and reduced the total number of management and support roles by 1,770. Among other major structural changes, we have created a single Engineering Directorate and a single Major Projects Directorate.

6 Ongoing Transformation Activity

- 6.1 Following the completion this wave of Transformation activity, we will develop a continuing programme to ensure we maintain momentum in delivering our Business Plan. This includes reviewing our end-to-end processes.
- 6.2 Business areas are continually reviewing the way they work. Three further areas, including Human Resources leadership, Information Governance and Network Delivery launched consultation in July 2018. The proposed changes in Human Resources and Network Delivery will enable design work which may result in further organisational change at a later date.

List of appendices to this report:

None

List of Background Papers:

None

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Audit and Assurance Committee



Date: 14 September 2018

Item: Members Suggestions for Future Discussion Items

This paper will be considered in public.

1 Summary

1.1 This paper presents the current forward programme for the Committee and explains how this is put together. Members are invited to suggest additional future discussion items.

2 Recommendation

2.1 **The Committee is asked to note the forward programme and is invited to raise any suggestions for future discussion items.**

3 Forward Plan Development

3.1 The Board and its Committees and Panels have forward plans. The content of the plans arises from a number of sources:

- (a) standing items for each meeting: minutes; matters arising and actions list; and any regular quarterly reports. For this Committee these include quarterly risk and assurance reports; Crossrail updates; strategic risk management updates and IIPAG quarterly updates;
- (b) regular items (annual, half-year or quarterly) which are for review and approval or noting: examples include the legal compliance report, integrated assurance plan, and TfL annual report and accounts;
- (c) matters reserved for annual approval or review: examples include those already mentioned above as well as annual audit fee, annual resilience and strategic risk management and assurance annual report; and
- (d) items requested by Members: the Deputy Chair of TfL and the Chair of this Committee will regularly review the forward plan and may suggest items. Other items will arise out of actions from previous meetings (including meetings of the Board or other Committees and Panels) and any issues suggested under this agenda item.

3.2 The Committee is required to meet in private, on an annual basis, with the Director of Internal Audit, External Auditors and Chief Finance Officer. These discussions are scheduled after the Committee meetings.

4 **Current Plan**

- 4.1 The current plan is attached as Appendix 1. Like all plans, it is a snapshot in time and items may be added, removed or deferred to a later date.

List of appendices to this report:

Appendix 1: Audit and Assurance Committee Forward Plan.

List of Background Papers:

None.

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Audit and Assurance Committee Forward Planner 2018/19

Appendix 1

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

29 November 2018		
Risk and Assurance Quarterly Report	D. Risk and Assurance	Quarterly
Crossrail Audit Committee	D. Risk and Assurance	Quarterly
Crossrail Transition Governance Update	D. Operations - Crossrail	Standing Item
Strategic Risk Management Report	D. Risk and Assurance	Quarterly
Register of Gifts and Hospitality	General Counsel	Quarterly
Implementation of the IIPAG Action Plan	General Counsel	Standing Item
Mayoral Directions Update	General Counsel	Standing Item
Legal Compliance Report (period ended 30/09/18)	General Counsel	Six Monthly
Summary Report on Data Disclosed to Police and Other Agencies	D. Street Enforcement	Annual
EY Non-Audit Fees for Six Months Ended 30 September 2018	Chief Finance Officer	Six Monthly
IIPAG Quarterly Update	D. Risk and Assurance	Quarterly
External Audit Plan TfL, TTL and Subsidiaries – Year Ending 31 March 2019	EY	Annual
Cyber Security Update	Chief Information Officer	As appropriate
Transformation Update	D. Transformation	Standing Item.
Briefing: Transformation	D. Transformation	More detailed update.

Audit and Assurance Committee Forward Planner 2018/19

14 March 2019		
Risk and Assurance Quarterly Report	D. Risk and Assurance	Quarterly
Crossrail Audit Committee	D. Risk and Assurance	Quarterly
Integrated Assurance Plan 2019/20	D. Risk and Assurance	[to include Model of Assurance/Minute Ref 06/03/18]
Crossrail Transition Governance Update	D. Operations - Crossrail	Standing Item
Strategic Risk Management Report	D. Risk and Assurance	Quarterly
Gifts and Hospitality	General Counsel	Quarterly
Mayoral Directions Update	General Counsel	Standing Item
Implementation of the IIPAG Action Plan	General Counsel	Standing Item
Independent Reporting Lines for the Year Ended 31 December 2018	General Counsel	Annual
Personal Data Disclosure to the Police and Other Agencies	D. Enforcement	Annual
NFI Update	Chief Finance Officer	6 Monthly or on an exceptional basis
IIPAG Quarterly Update	D. Risk and Assurance	Quarterly
Transformation Update	D. Transformation	Standing Item.
Briefing: Transformation	D. Transformation	More detailed update.

Annual informal meeting with the Chief Finance Officer

Regular items:

- Internal Audit Quarterly Reports
- Crossrail Audit Committee
- Strategic Risk Management Update
- Gifts and Hospitality
- Implementation of the IIPAG Action Plan
- Crossrail Transition Update
- Transformation Update (brief paper on agenda and more detailed briefing after each meeting)
- IIPAG Quarterly Updates
- Mayoral Directions Update

Items to be scheduled:

None

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of the Local Government Act 1972.

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