



Date: 1 October 2013

Item 9: Internal Audit Quarter 1 Report 2013/14

This paper will be considered in public

1 Summary

1.1 The purpose of this report is to inform the Committee of the audit work completed in the first quarter of 2013/14, the work in progress and work planned for Q2 of 2013/14.

2 Recommendation

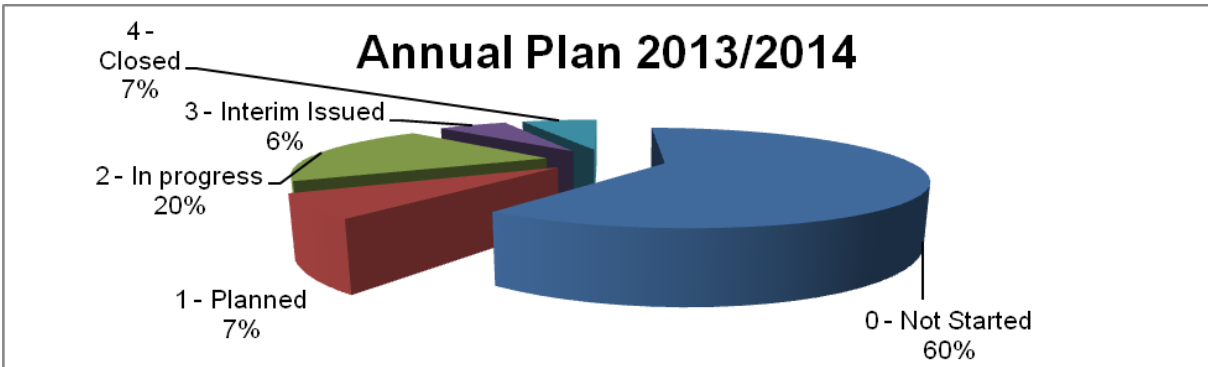
2.1 **The Committee is recommended to note the report.**

3 Background

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

4 Work Done

4.1 The chart below shows progress at the quarter end towards delivery of the 2013/14 audit plan, including work in progress brought forward from 2012/13.



4.2 There were 13 Final Audit Reports issued during the quarter. In all cases we found that appropriate management action had been taken to address the issues raised in the original Interim Audit Report, and the audits were closed. A summary of the report findings (except one in relation to the TfL Pension Fund) is included in Appendix 3 attached.

4.3 The table below shows the number of Interim Audit Reports and other outputs, including advisory/ consultancy reports and memorandums, issued during the quarter, together with comparative figures for the first quarter of 2012/13.

| | Interim Audit Reports WC – well controlled AC – adequately controlled RI – requires improvement PC – poorly controlled | | | | | Other Outputs (Advisory Reports/ Memos) | HSE and Technical Audit Reports | |
|--------------|---|-----------|-----------|-----------|--------------|--|--|--------------|
| | WC | AC | RI | PC | Total | | | Total |
| This Quarter | 2 | 6 | 7 | 2 | 17 | 8 | 18 | 43 |
| Q1 2012/13 | 1 | 4 | 2 | 0 | 7 | 6 | 16* | 29 |

* - HSE and Technical Audits were not controlled by Internal Audit in Q1 2012/13

- 4.4 Details of the findings from the interim reports issued during the period (except one in relation to the TfL Pension Fund) can be found in Appendix 4. Two audit reports were issued during the quarter with ‘poorly controlled’ conclusions. The audit of Security of London Transport Museum identified that the Intruder Detection and CCTV systems were not operating effectively and found some instances of poor physical security. The audit of Emirates Air Line Revenue Collection identified a number of issues regarding controls over the collection and reporting of revenue. In all cases management actions have been agreed and are being taken forward to address the issues raised.
- 4.5 A summary of the other outputs issued during the quarter, including memorandums and advisory reports, can be found in Appendix 5. One of these pieces of work was a follow up of the issue previously reported to the Audit and Assurance Committee regarding inadequate reconciliation controls in respect of fare refunds paid to customers. We were pleased to note that the reconciliations are now being performed regularly and that steps have been taken to resolve historic reconciliation discrepancies. We did, however, note some areas where the reconciliation process could be further improved, and management action is being taken forward to address these.
- 4.6 Following the integration of the HSE and Technical audit team into Internal Audit we have been working to ensure that, as far as possible, common processes are followed across the department. However, the reporting processes for HSE and Technical audits differ in some respects from other areas of Internal Audit. In particular:
- Reporting is at less senior level in the organisation, with reports issued to a ‘client’ within the business rather than to the relevant Chief Officer;
 - Currently, reports are not given overall conclusions, although it is planned to change this over the course of the year; and
 - Formal follow-up audits leading to a Final Audit Report are not carried out. There is, nevertheless, a tracking process in place, backed up by evidence of delivery, to ensure that all actions arising from these audits are acted upon.

4.7 Summaries of the HSE and Technical Audit reports issued during Quarter 1 are set out in Appendix 6. The most significant of these reports include the following:

- Assurance of 3rd Party Provision of Lifts and Escalators – a number of significant findings and improvement opportunities were identified
- LU Fatigue Management – two non-conformances and other areas of improvement were noted with reference to recent ORR guidance.
- LU Projects Incident Investigations – there is scope to improve processes for ensuring lessons are learned from incidents to prevent recurrence and to spread best practice.
- LU COO Effectiveness of Proactive Monitoring Systems – compliance with Management System requirements remains generally good, but there were some areas for improvement, including monitoring of operational communication and effectiveness of planned general inspections.
- Progress Rail Supplier Audit – this audit of the supplier's Quality Management System identified a number of areas where the documented procedures were not being complied with.

4.8 Work in progress at the year end is shown in Appendix 1 and work due to start in the second quarter of 2013/14 is shown in Appendix 2.

4.9 One audit was added to the plan during the quarter at the request of management. It was identified that there had been errors in the payments to both agency and permanent staff working within customer contact centres as a result of issues with the IT systems used to calculate the amounts due. Internal Audit were asked to review, on a real time basis, the steps taken by management within Customer Experience to address these issues. Customer Experience implemented a new system for calculating the pay of agency staff on 21 July, and we provided input as the system was developed. The new system is operating effectively, but we have highlighted to management some areas where controls over the system should be strengthened.

5 Other Assurance Providers

5.1 In reaching his overall opinion on the effectiveness of internal control in TfL, the Director of Internal Audit takes account of work carried out by other assurance providers as well as work carried out directly by Internal Audit. The following paragraphs provide a brief summary of work carried out by other assurance providers during Quarter 1.

Project assurance

5.2 From 1 April 2013, the Corporate Gateway Approval Process (CGAP) has been replaced with the Integrated Assurance Review Process (IAR) as part of the Pathway Project Management Framework introduced across TfL. The most significant development is the formal introduction of a risk-based assessment prior to the review, in order to enable the optimum assurance intervention to be planned. The risk factors that inform the assurance include: novel engineering, team experience, repeatable work, complexity and consents. In this way, reviews of low risk, repeated work, such as highways maintenance, will not be

assured to the same depth as a project with novel engineering for the same cost.

- 5.3 The IAR reviews themselves are largely unchanged and retain the same Lines of Enquiry as the CGAP challenges and at the same points in the project lifecycle. All projects with an Estimated Final Cost over £50m will be reviewed with input from the Independent Investment Programme Advisory Group (IIPAG), as was the case under CGAP. The assurance reports are considered alongside the project's authority request at the operating business boards with both the operating Managing Director and the Managing Director, Finance in attendance.
- 5.4 The reviews are normally conducted using an External Expert (EE). However, in 2013/14, significant effort is being applied to deliver a number of Peer Reviews, where internal review teams carry out the role of the EE. This initiative will promote knowledge sharing and collaborative working across the project community. Small financial savings are also anticipated. The first Peer Reviews will be reported in Quarter Two.
- 5.5 In Quarter 1, 20 IAR reviews were conducted, with IIPAG providing oversight and guidance on twelve reviews, all of projects with an Estimated Final Cost of over £50m. Issues arising from the reviews are presented to the operating boards with agreed actions, owners and timescales.
- 5.6 Some of the more significant reviews during Quarter 1 were Gate D+ reviews of New Bus for London and Future Ticketing. Gate A reviews were completed for Cycle Hire Transition. Significant reviews at Gate D included Bank Station Capacity Upgrade and the London Overground Capacity Improvement Project.

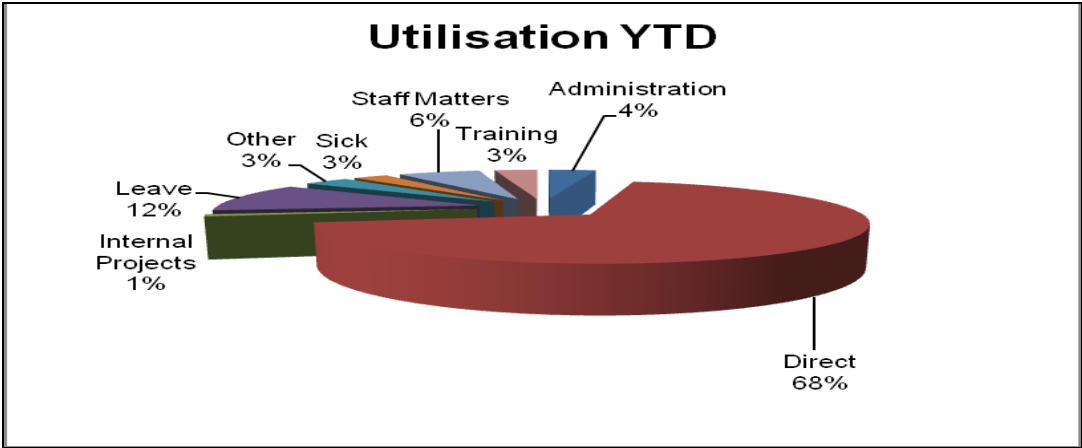
Crossrail Assurance Providers

- 5.7 In addition to the work carried out by Internal Audit there are a number of other teams providing assurance over delivery of the Crossrail project. The Crossrail Audit Committee receives regular reports on the work of these teams, whose work during Q1 is summarised in the following paragraphs.
- 5.8 Crossrail Compliance Audits – The compliance audit function within Crossrail carries out technical audits of compliance with the Crossrail Management System, and is managed by the Senior Audit Manager – Crossrail. Three audits were carried out during the quarter covering: System integration and readiness for operational use of railway systems; Project testing and commissioning strategy; and Management of excavated waste material. There were no issues of particular concern arising from these audits.
- 5.9 Contractor HSQE Audits - There is a programme of around 80 contractor audits for 2013/14 spread across a range of themes and contracts aimed at providing assurance that contractors have appropriate HSQE systems in place. These audits are also managed by the Senior Audit Manager – Crossrail. 18 audits were carried out during the quarter, with non-conformances by contractors noted in areas such as occupational health management; document management; work permit management; and temporary works management. There were no particular trends arising from this work.

5.10 Contractor Commercial Reviews – This team carries out commercial assurance reviews of contractors, covering Cost; Contract Management; Risk Management; Commercial Value; Supply Chain and Procurement; and Anticipated Final Cost Management and Controls. 16 commercial assurance reviews were completed during the quarter. This work identified a need for improved compliance by contractors with the fair payment charter, and work is being taken forward with contractors to address this.

6 Resources

- 6.1 A vacancy for a Security Auditor was filled during the quarter. One Internal Auditor left the department to take up a more senior role outside TfL. The resulting vacancy has been filled since the end of the quarter.
- 6.2 In addition, an Internal Auditor has begun a six month secondment as Corporate Risk Manager within Finance. Since the end of the quarter we have taken on an inward secondee to back-fill this position.
- 6.3 The department’s utilisation for the year to date is set out in the following chart:



7 Integrated Assurance / Networking

- 7.1 The Assurance Delivery Group (ADG), chaired by General Counsel, has continued to meet. At its most recent meeting in May the Group endorsed proposed approaches for developing assurance maps for Finance and Projects, and received updates on development of Assurance Letters for 2012/13, the TfL Management System, and Strategic Risk.
- 7.2 Following the transfer of the HSE and Technical audit team into Internal Audit on 1 January 2013, we were joined from 3 May 2013 by the Tube Lines audit team consisting of four HSE and Technical audit staff and two ‘commercial’ auditors. The whole team became co-located in Windsor House towards the end of June, and work to fully integrate the team is ongoing.
- 7.3 We continue to meet regularly with the Head of the TfL PMO to discuss upcoming work and ensure that any potential areas of overlap are properly managed.

7.4 The Crossrail Integrated Assurance Group (CIAG), which comprises representatives of assurance providers from a range of Crossrail stakeholders, has continued to meet during the quarter. The CIAG is a useful forum for the sharing of assurance activity, which helps minimise the risk of duplication of effort between assurance providers.

8 Customer Feedback

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

List of appendices to this report:

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

List of Background Papers:

Audit reports.

Contact Officer: Clive Walker, Director of Internal Audit
Number: 020 3054 1879
Email: Clivewalker@tfl.gov.uk

| | |
|--|--|
| Transport for London | Appendix 1 |
| Internal Audit plan 2013/14 by directorate | |
| | |
| Approved by the TfL Audit and Assurance Committee 6 March 2013 | Work in Progress- as of the end of Quarter 1 2013/14 |
| | |
| Work Item | Objective |
| Pan TfL | |
| <i>Maintaining a long term strategic, balanced Plan within the constraints of available resources</i> | |
| Estates management | Review of the arrangements and controls over the management of the TfL property estate. |
| <i>Delivery of capital investment portfolio and contract management</i> | |
| Application and review of Pathway | To review arrangements for the communication, promotion, provision of information, application, support and continuous improvement of the Pathway methodology. |
| Run Better Programme | A real time review of the governance processes that have been established to ensure the effective delivery of the Run Better Programme. |
| Fraud Risk in Projects and Contracts | Review of the effectiveness of fraud prevention & detection controls within projects against a fraud risk maturity model. |
| Preparation of Project Assurance Map | Support to management in the development of an assurance matrix for project assurance, mapping risk areas to sources of assurance. |
| <i>Disruption to quality of service</i> | |
| Logical Access Controls | Review of the effectiveness of controls that have been implemented to ensure security of access to TfL information, including management of user accounts, user authentication and authorisation, and maintenance of user access audit trails. |
| <i>Financial and Governance Controls</i> | |
| PCI DSS Compliance | Continue to support Group Treasury in obtaining PCI DSS compliance through a programme of assessments and advisory services. |

| Work Item | Objective |
|--|--|
| Rail and Underground | |
| <i>Maintaining a long term strategic, balanced Plan within the constraints of available resources</i> | |
| Revenue Protection LU | To review the effectiveness of controls over the LU revenue protection processes. |
| Tube Lines Efficiency programme | To provide confirmation that the efficiency programme is on target and what is being reported is accurate. Review of robustness of future plans. |
| <i>Delivery of capital investment portfolio and contract management</i> | |
| Establishment of cost assurance function in LU | To collaboratively assess standards and working practices in order to place reliance on the assurance being provided. This will include the sharing of any best practice and identification of opportunities to improve the consistency of assurance delivery. |
| Analysis of LU compensation events | To analyse compensation events to better understand the factors driving the occurrence of compensation events and how they are managed in order to determine any potential areas for improving the outcomes for LU projects using NEC3 Option C contracts. |
| LU Materials Management Strategy | A review of the development and implementation of LU's Materials Management Strategy. |
| Commercial management of Cleshars | To carry out a commercial review of this major supplier. |
| Northern Line Extension (NLE) | To ensure that key controls are in place over the NLE project, including implementation of the Pathway process, procurement/tendering authority and implementation of IIPAG recommendations. |
| Project accounting | Review of the accounting processes and controls on LU projects. |
| Risk Management | To assess progress in addressing deficiencies identified in previous PAS 55 audits - primarily around asset risk management. |
| London Overground Capacity Improvement Programme (LOCIP) design management | To assess the general arrangements for design management in the LOCIP project against internal procedures and identify any improvement opportunities. |
| Supply of Labour- safety arrangements | To provide assurance that effective systems are in place to manage the risks with regards to supplying staff (e.g. competence, drug and alcohol testing, fatigue). |
| Planning of maintenance | Assess the compliance and effectiveness of planning and maintenance processes. |

| Work Item | Objective |
|--|--|
| <i>Disruption to quality of service</i> | |
| Ordering of safety / business critical stock in LU | To provide assurance that new arrangements for ordering safety and business critical stock have been effectively implemented for the Central and Bakerloo Lines. |
| LU management of serialised spares | To provide assurance that new arrangements for the management of serialised spares for Fleet, Track and Signals have been effectively implemented for the Central and Bakerloo Lines. |
| Fleet Maintenance Licensing Arrangements | To determine whether maintenance and technical training arrangements for the fleet maintenance staff are effective, robust and meet the requirements in the respective Vehicle Maintenance Instructions (VMI's). |
| Stress restoration and welding following removal of rail defects | To confirm that appropriate action is taken with regard to stress restoration and rail joint removal following the removal of rail defects from track. |
| DLR Handover of Assets | To assess the effectiveness of arrangements for the handover of assets for operational use. |
| Management of Logs | To evaluate the adequacy and effectiveness of controls undertaken by Powerlink in the management of various logs in compliance with Power Supply Contract Schedule. |
| Compressor Maintenance | To assess the Powerlink maintenance programme for compressed air pipes supplying critical assets such as signalling equipment and train stops against the Pressure Systems Safety Regulations 2000, LU/Powerlink Management system requirements and contractual requirements |
| Trans Plant | To assess Trans Plant's competency management system with regard to safety critical licensing and training management. Also, to review the Trans Plant Safety Certificate and internal audit arrangements. |
| <i>Major Incident - External</i> | |
| RS Depot Safety Management | Review control of safety risks at the depot. |
| Bond Street pre-construction information management | Assess the effectiveness of processes of both the LU project team and Principal Contractor for ensuring that pre-construction information is identified and communicated. |
| Quality of Safe Systems of Work | To ensure that the workforce is being provided with clear and straightforward systems of work. |
| <i>Financial and Governance Controls</i> | |
| Risk Management LU | Review to ensure an effective risk management process is in operation within LU for identifying, assessing, managing and reporting on risk. |

| Work Item | Objective |
|--|---|
| Surface Transport | |
| <i>Delivery of capital investment portfolio and contract management</i> | |
| Bus route procurements | An audit of a sample of bus route procurements, to assess compliance with the procurement strategy, the tendering process and law. |
| Cycle Hire Scheme | Review Cycle Hire Scheme to identify opportunities for operating efficiencies. |
| Cumulative benefits of projects on the TLRN | Audit of controls to ensure that benefits yielded by individual projects lead to an overall optimal improvement in the road network. |
| New Bus for London operations | Review the introduction of the New Bus for London into service. |
| <i>Disruption to quality of service</i> | |
| Performance review of Cycle Hire | Another in a series of reviews requested by management focused on the effectiveness of performance management. |
| Finance | |
| <i>Maintaining a long term strategic, balanced Plan within the constraints of available resources</i> | |
| Section 106 | To review the adequacy of the Section 106 recovery processes. |
| <i>Delivery of capital investment portfolio and contract management</i> | |
| Procurement of the Professional Services Framework | A review of the efficiency and effectiveness of management of the Professional Services Framework. |
| <i>Disruption to quality of service</i> | |
| Organisation and management of firewalls | Obtain assurance that TfL's network and connectivity security is effectively and efficiently managed through the use of adequate firewall security measures and management and control of inbound and outbound traffic. |
| End User Computing (EUC) | To review controls over the delivery of the EUC Programme. |

| Work Item | Objective |
|--|--|
| Security | |
| ISO 27001 compliance | To provide support to IM management, in respect of its work towards ISO27001 compliance within TfL IM. |
| People Strategy | |
| Consultants | To provide assurance on the effectiveness of controls over the use of consultants in headcount roles. |
| Financial and Governance Controls | |
| Insurance Arrangements | To review the effectiveness of the processes and controls in place over TfL's insurance arrangements including London Transport Insurance (Guernsey) Limited (LTIG). |
| General Counsel | |
| Financial and Governance Controls | |
| Bribery Act | To review compliance with the Bribery Act across TfL. |
| Customer Experience, Marketing and Communications | |
| <i>Maintaining a long term strategic, balanced Plan within the constraints of available resources</i> | |
| Operation of Contactless Ticketing | Review of the process and controls around the new contactless ticket operation. |
| <i>Delivery of capital investment portfolio and contract management</i> | |
| Procurement of the Ticketing and Fare Collection Services Contract | Real time audit of the procurement of a new contract (or contracts) for a suite of work packages for the provision of the Oyster ticketing system, in time for the expiry of the existing contract with Cubic. |
| Financial and Governance Controls | |
| Customer Experience NPL Payroll | To review the revised process being implemented to resolve the over/under payments to NPL. To attempt to provide an estimate of monetary loss to TfL for 12/13. |

| Work Item | Objective |
|--|--|
| HR | |
| <i>People Strategy</i> | |
| Document Retention | Review of the effectiveness of controls over One HR document retention, storage and retrieval. |
| Crossrail | |
| Compensation Events | A review of the effectiveness of the Compensation Events process, to include how these are monitored and managed to completion. |
| London Transport Museum | |
| LTM Efficiency Review of IT Activities | Work with LTM management to review and contribute to the consideration of areas where the IT arrangements to support the LTM operation may be delivered in a more sustainable and cost effective manner than at present. |

| | |
|--|---|
| Transport for London | |
| Internal Audit plan 2013/14 by directorate | |
| | |
| Approved by the TfL Audit and Assurance Committee 6 March 2013 | Work Planned - for Quarter 2 2013/14 |
| | |
| Work Item | Objective |
| Pan TfL | |
| <i>Delivery of capital investment portfolio and contract management</i> | |
| Implementation of Supplier Relationship Management (SRM) | To review the introduction and management of SRM for a selection of suppliers. |
| Run Better Programme | Real-time audit of the Run Better Programme including a review of management of transition into the live environment. |
| <i>Disruption to quality of service</i> | |
| Mobile Telephony and Portable Devices | Review of controls over the issue, usage and payment for mobile telephony and portable devices (MTPDs). |
| <i>Security</i> | |
| Security assurance of the Group Property and Facilities (GP&F) Integrated Access Control Project | To provide real time assurance over the GP&F integrated access control project. |
| Security of Unoccupied Sites | To review the security of unoccupied sites (buildings, green field, deep level shelters etc) to understand ownership issues and accountability for security. This will include risk management process, procedures and security mitigations deployed at sites. |
| Security review of TfL Head Office buildings (Carlisle Surveys) | Review, requested by GP&F management, of security surveys completed by Carlisle Security on Head Office buildings, with the aim of assisting GP&F to re-evaluate completed surveys and assist in development of threat and vulnerability assessments for each significant building. |
| <i>Managing external stakeholder interests</i> | |
| Review of asset performance data | To review LU's processes and controls over asset performance data, to gain assurance that reported results are based on accurate and valid information. |

| Work Item | Objective |
|---|---|
| People Strategy | |
| Audit of the security risks arising from the use of Social Media | To identify areas of vulnerability via social media networks. |
| TfL's Information Security Incident Management Process | Review the current incident management process surrounding information security breaches, particularly with regards to breaches of the DPA and PCI DSS. |
| Rail and Underground | |
| Maintaining a long term strategic, balanced Plan within the constraints of available resources | |
| Revenue Protection London Rail | To review the effectiveness of controls over the London Rail revenue protection processes. |
| Delivery of capital investment portfolio and contract management | |
| Management of performance risk in contracts - R&U | To identify how Rail & Underground manages the risk of poor performance in contracts and review the effectiveness of those arrangements. |
| Commercial Management of Thales | To provide assurance on the effectiveness of controls in place over the application for payment process and payments made to Thales for the Northern and Jubilee Line Upgrades contract. |
| Design Management & Co-ordination Bank Project | Examine the design management and co-ordination processes to ensure that the output meets requirements. |
| DLR Maintenance Arrangements | To assess the various parties' arrangements for ensuring that assets they are responsible for are maintained to agreed plans. |
| Disruption to quality of service | |
| Management of defects raised by patrollers | To confirm that all defects that are raised by the patrollers are being reviewed appropriately and input into the Ellipse system with the correct quality threshold and associated timescale. |
| APD Assurance Strategies and Implementation | To establish whether levels of planned signalling assurance are appropriate / optimised and are being achieved, and are sufficiently independent. |
| Signal Maintenance Regimes | To confirm that planned maintenance activities have been undertaken and records are in place to demonstrate compliance with the 2012 / 2013 Signal Maintenance Regime. |
| Workmanship and materials (Total Package Services) Self Assurance | To assess whether contractors under the TPS Contract are assuring their own compliance with LU Standards. |
| Load Applications | To review compliance with LU standard 1-100, which is designed to ensure that core processes allow power load management to be undertaken in a professional and controlled manner. |

| Work Item | Objective |
|--|--|
| Asbestos Register and Waste Management Records | To assess Powerlink processes for ensuring asbestos registers are maintained in accordance with legislation and to prevent harm. Also to examine Powerlink processes for management of waste management records in accordance with legislation and to minimise environmental risks |
| Track Maintenance | To ensure that Track Inspection and Maintenance are following the processes/procedures, including the delivery of inspections and fault management within Alstom depots. |
| Rail Re-Profiling | To ensure the Programme Management for rail re-profiling is on schedule using the correct criteria to identify sites. |
| Security audit of power stations and supply. | To carry out a security audit of power supply sites for which TfL will re-assume responsibility. |
| <i>Managing external stakeholder interests</i> | |
| Implementation of new performance database in R&U | To provide assurance that the delivery of the Performance Data Warehouse programme is being managed in an efficient and effective manner. |
| <i>Major Incident - External</i> | |
| Drawings Change Control | To assess how the LU Power Team ensure that up to date drawings are provided to Powerlink. |
| Communications and Electrical Occupational H&S management | Review control of safety risks in this area. |
| Construction Design Management (CDM) accountabilities and responsibility allocation | Follow up on previous audit findings regarding clarity of ownership of CDM duties between LU and Balfour Beatty within the LU Track Partnership. |
| Surface Transport | |
| <i>Maintaining a long term strategic, balanced Plan within the constraints of available resources</i> | |
| Revenue Protection ST | To review the effectiveness of controls over the ST revenue protection processes. |
| <i>Ability to re-prioritise short term deliverables in response to external factors</i> | |
| Responding to growth in ST business plan | Review of arrangements for ensuring that ST has the resource capabilities and competencies to deliver the increased business plan. |
| <i>Delivery of capital investment portfolio and contract management</i> | |
| Separation of Sponsor and Deliverer roles in ST | Audit of the ST organisational change programme to separate 'sponsor' and 'deliverer' roles. |

| Work Item | Objective |
|--|--|
| <i>Disruption to quality of service</i> | |
| UTC (Urban Traffic Control) | To review application controls for the UTC system including user access management, change management, resilience, backup and disaster recovery, IT security arrangements and capacity management. |
| <i>Security</i> | |
| Assurance work concerning the security of the DBFO A13 Assets and Structures | Security review requested by management of the DBFO A13 Assets and Structures. |
| Security Risk Management River Services | To review the security risk management processes in place in River Services. |
| <i>Major Incident - External</i> | |
| Incident Reporting and Investigation | To assess the arrangements for reporting and investigating incidents across ST so that recurrence is prevented and to support a culture of continual improvement. |
| ST Safety Arrangements | To benchmark strategic health and safety management arrangements within ST against best practice. |
| <i>Financial and Governance Controls</i> | |
| Risk Management ST | Review to ensure an effective risk management process is in operation within ST for identifying, assessing, managing and reporting on risk. |
| <i>Finance</i> | |
| <i>Delivery of capital investment portfolio and contract management</i> | |
| IM Sourcing Strategy | Review of the processes, procedures and controls involved in establishing the current and future strategy, and developing the capabilities needed to meet current and future sourcing needs. |
| <i>Major incident - Internal Systems</i> | |
| Security of the decommissioning of a high risk server | A management request to provide assurance over the secure disposal of a server that holds 90 million credit card details. |
| <i>Financial and Governance Controls</i> | |
| Procure to Pay | To provide assurance in relation to the effectiveness of the controls that are operating over the procure to pay processes. |
| Data Interrogations - Purchase to Pay | Undertake a series of data interrogations, of the purchase to pay data to confirm that selected key controls operating within and outside of the application are both operational and effective. |

| Work Item | Objective |
|--|--|
| Data Interrogations - Payroll (incl. Review of Employee Master Data) | <p>Undertake a series of data interrogations, of the payroll data to confirm that selected key controls operating within and outside of the application are both operational and effective.</p> <p>Review of the procedures that HR have implemented to ensure that employee master data is complete and accurate, that access to it is adequately controlled and that any changes made to the data outside of SAP have been appropriately authorised and processed.</p> |
| Crossrail | |
| Pension Scheme | To review the effectiveness of controls over payments to pensioners covering joiners/leavers, reconciliation of payments, access controls, segregation of duties, and participation in the National Fraud Initiative. Review the adequacy of the processes in place for the management of investments, and the role of the Pension Trustees. |
| FDC design costs | A Value for Money review of FDC design costs. |
| Business ethics and legal compliance | To review corporate policies and processes for establishing appropriate ethical values and monitoring of compliance. To additionally review any policy and underlying guidance in place to ensure awareness by staff and contractors of requirements for compliance with the Bribery Act 2010. |
| Market conditions and costs | To review how Crossrail understands and assesses the scale and timing of the risk impact of external market conditions, reviews existing responses, and develops and implements mitigations. |
| Fujitsu Service Obligations Matrix | A review of the management of the Fujitsu contract through the Fujitsu Deliverables Matrix. To include the environmental aspects of Fujitsu activities, such as the disposal or re-use of IT equipment. |
| Management of CDM | A review to provide assurance that CRL is discharging its H&S CDM duties appropriately, and managing contractors to ensure an effective documentation trail. |
| Tunnelling and Underground Construction Academy (TUCA) | Management and effectiveness of the TUCA. |
| London Transport Museum | |
| LTM Financial controls | Review of the general financial controls operated within the LTM and not currently managed by the FSC. |

| |
|---|
| Finals |
| ACL= Audit Closed |
| ANC= Audit Not Closed |
| WC= Well Controlled and Audit Closed |
| AC/ACL = Adequately Controlled and Audit Closed |

| Reference | Report Title | Interim Report Issued | Original Objective | Summary of Findings | Final Report Issued |
|---|---|--------------------------|---|---|---------------------------|
| Underground and Rail | | | | | |
| Project Delivery and Contract Management | | | | | |
| IA_12_617 F | Management of LU's Obligations under the Development Agreement with CRL | 30/05/2013 WC | Review the management of LU's obligations and responsibilities under the 'Development Agreement relating to the Crossrail Project' to ensure that the processes and controls employed are operating effectively. | See Interim Audit Report Summary in Appendix 4. | 30/05/2013 WC |
| Finance | | | | | |
| IM Governance | | | | | |
| IA_11_400 F | IM Data Security Framework | 29/06/2013 RI | To provide assurance that information security within TfL has been clearly defined through an effective framework of policies, procedures and guidelines that provide the foundations to enable TfL data to be kept secure. | <p>Our Interim Audit Report dated 29 June 2012 entitled IM Data Security Framework outlined that IM had designed and implemented a number of security policies, standards and principles that comprised the Framework. This framework set the overall tone at the top and outlined the significance of information security to TfL management.</p> <p>However, there were two priority 1 issues as follows:</p> <ul style="list-style-type: none"> The Information Services Security Policy was overdue for management review and some of the associated policies and standards had either not been formally approved, were out-of-date, or had ownership that needed to be reviewed. There were also some policy areas for which no standards or procedures had been established. An employee security awareness programme required to successfully deploy the Framework had not been established. <p>We can confirm that management has implemented all the recommendations made in respect of these findings and this audit is now closed.</p> | 25/04/2013 ACL |

| Reference | Report Title | Interim Report Issued | Original Objective | Summary of Findings | Final Report Issued |
|--|---------------------------|-----------------------|---|--|---------------------|
| IA_11_413 F | IM Performance Management | 23/08/2012 RI | To provide assurance over the effectiveness of the arrangements that have been put in place to manage IM Performance. | <p>Our Interim Audit Report dated 23 August 2012 entitled IM Performance Management identified two significant findings as follows:</p> <ul style="list-style-type: none"> • A significant amount of manual intervention was required to manipulate, analyse and summarise the performance data that was presented to the IMLT and IMMSG; and • The procedures and methodologies for the production of performance indicators relevant to IM were not fully documented. <p>We have completed a follow up review and confirmed that management has implemented all the recommendations made in respect of these findings and this audit is closed.</p> | 04/06/2013 ACL |
| Financial and Governance Controls | | | | | |
| IA_11_103 F | Cash Forecasting | 14/06/2012 RI | To review the adequacy and effectiveness of the TfL cash forecasting processes. | <p>Our Interim Audit Report dated 14 June 2012 entitled Cash Forecasting identified three significant issues which resulted in five management actions:</p> <ul style="list-style-type: none"> • The rules for investigating variances between forecast and actual results needed to be clarified and consistently applied across all business areas, in order to ensure this activity is meaningfully undertaken, and used to improve the quality of forecasts. • Forecasts were prepared on an activity basis (for example, maintenance, repairs, refurbishments etc), while actual payment outflows are reported by suppliers. This makes it difficult to effectively investigate variances. • Group Treasury did not use the business areas' quarterly long-term forecasts for long-term cash management in the same manner as the short-term forecasts. Consequently, there was no sufficiently detailed long-term forecast, as existed for short-term. <p>Two other issues were raised which resulted in six further actions.</p> <p>We have now carried out a follow up audit of the agreed management actions. Of these, nine have been satisfactorily addressed, with one partially addressed and one no longer being applicable. The partially addressed action has a plan in place to ensure it will be addressed shortly. Accordingly this audit is now closed.</p> | 30/04/2013 ACL |

| Reference | Report Title | Interim Report Issued | Original Objective | Summary of Findings | Final Report Issued |
|--|--------------------------------------|--------------------------|--|---|---------------------------|
| General Counsel | | | | | |
| Financial and Governance Controls | | | | | |
| IA_12_104 F | HSE and Resilience Assurance Letters | 05/10/2012 AC | To review the operation of the Annual Assurance Letters process including an examination of the accuracy and rigour of the self-assessment returns. | Our Interim Audit Report dated 5 October 2012 entitled HSE and Resilience Assurance Letters identified three Priority 2 and three Priority 3 issues resulting in eight management actions. We have now carried out a follow up review of the agreed management actions and can confirm that seven have been satisfactorily addressed. One remains partially addressed, but this will be completed in the near future. Therefore this audit is now closed. | 16/05/2013 ACL |
| One HR | | | | | |
| People Strategy | | | | | |
| IA_12_416 F | Taleo Recruitment System | 25/10/2012 PC | To provide assurance that the Taleo application and its hosting model support the business in delivering its recruitment objectives whilst maintaining compliance with applicable data protection legislation and corporate security requirements. | Our Interim Audit Report dated 25 October 2012 entitled Taleo Recruitment System identified several key findings that have been summarised as follows: <ul style="list-style-type: none"> Contractual clauses that would enable personal data to be processed outside of the European Economic Area (EEA) in accordance with the Data Protection Act (DPA)1998 had not been properly completed; Personal Identifiable Information (PII) relating to unsuccessful applicants was not deleted after 12 months, as specified in TfL's privacy agreement; The existing TE system did not meet the user requirements identified for the procurement phase; The performance figures reported by Taleo Corporation were not analysed against defined service levels and verified for accuracy; The reliance placed on the contracted system administrator of the TfL IM Taleo eRecruitment system and lack of process documentation might have impacted the provision and quality of system support; The absence of a user access policy underpinned by starter, mover and leaver processes had resulted in large numbers of active accounts being created for staff who had subsequently left service, moved to other areas of the business or simply did not need them to perform their day to day duties; and, TE password logon parameters in use were significantly weaker than those specified in the TfL IM standard. <p>We have completed a follow up review and confirmed that management have implemented all recommendations made in respect of these findings, except one which is no longer applicable.</p> <p>This audit is therefore closed.</p> | 08/05/2013 ACL |

| Reference | Report Title | Interim Report Issued | Original Objective | Summary of Findings | Final Report Issued |
|------------------|-------------------------------|--------------------------|---|---|---------------------------|
| Crossrail | | | | | |
| IA_12_500 F | Anticipated Final Cost | 04/01/2013 AC | To provide assurance that there was active management of the Anticipated Final Cost (AFC) incorporating areas of risk, trend and change. The Interim Report took into consideration the reports produced by Crossrail's Commercial Assurance team on the effectiveness and accuracy of AFC. | The Interim Audit Report dated 4 January 2013 audit identified only one Priority 2 issue in relation to the issue of guidance to contractors for managing AFC. We have carried out a follow-up review of the status of the agreed management action and found that this has been satisfactorily addressed. This audit is therefore closed. | 04/04/2013 ACL |
| IA_12_520 F | Consultant Invoice Management | 24/12/2012 PC | To provide assurance on the effectiveness of the controls and processes for certifying invoices from the Framework Design Consultants, Project Delivery Partner (PDP) and Programme Partner (PP). | The Interim Audit Report dated 20 December 2012 identified the following three Priority 1 issues: <ul style="list-style-type: none"> control weaknesses, failures and non-compliance issues in the PDP timesheet and invoicing system; non-compliance with the agreed procedures, which resulted in a number of PP timesheets being invoiced and paid that had not been authorised by a CRL manager; and a sample of timesheets are not checked as part of the invoice-checking and validation process. We have carried out a follow-up review of the status of the agreed management actions and found that these have been satisfactorily addressed. This audit is therefore closed. | 30/04/2013 ACL |
| IA_12_508 F | Insurance Arrangements | 18/12/2012 RI | To provide assurance over the Insurance arrangements in Crossrail and controls over Contractors' insurance to reduce the likelihood of double counting. | The database maintained with contractor insurance certificate details was not up to date at the time of the audit. A number of certificates had expired and not all the required information (as per the headings) had been included in the database for the individual contracts. The contractors had been chased, but to date had failed to provide the up to date insurance information requested. We have carried out a follow up review of the status of the agreed management actions and found that four of the five have been addressed satisfactorily. The remaining issue has been addressed partially, and should be completed shortly. We are content to close this Audit. | 17/05/2013 ACL |
| IA_12_511 F | Construction Site Security | 20/05/2013 WC | To review how Crossrail ensures that construction sites are protected to mitigate security risks effectively. | See Interim Audit Report Summary in Appendix 4. | 20/05/2013 WC |

| Reference | Report Title | Interim Report Issued | Original Objective | Summary of Findings | Final Report Issued |
|----------------|---------------------|-----------------------|--|--|----------------------|
| IA_12_513 F | Payroll Controls | 06/12/2012 RI | To provide assurance on how Crossrail ensures that PAYE and GAYE is calculated and administered accurately by the outsourced payroll provider ADP. | <p>The Interim Audit Report dated 6 December 2012 identified the following Priority 1 issue. The copy of the service contract had not been signed by ADP. The contract was not in the name of Crossrail Limited and was let initially for one year. There was no evidence of subsequent review and extension to the contract.</p> <p>We have carried out a follow-up review of the status of the agreed management actions and found that this and the two Priority 3 issues have been satisfactorily addressed. This audit is therefore closed.</p> | 11/06/2013 ACL |
| IA_12_512 F | Resource Management | 19/06/2013 AC/ACL | To determine the extent to which there is efficient utilisation of human resources in delivering the Crossrail project. | See Interim Audit Report Summary in Appendix 4. | 19/06/2013 AC/ACL |

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

| Reference | Report Title | Interim Report Issued | Original Objective | Follow-up Audit | Summary of Findings |
|---|---|--------------------------|--|--------------------------|---|
| Underground and Rail | | | | | |
| Delivery of Capital Investment Portfolio and Contract Management | | | | | |
| IA_12_617F | Management of LU's Obligations under the Development Agreement with CRL | 30/05/2013 WC | Review the management of LU's obligations and responsibilities under the 'Development Agreement relating to the Crossrail Project' to ensure that the processes and controls employed are operating effectively. | 30/05/2013 WC | <p>We found effective controls to be in place across all scope areas. In particular:</p> <ul style="list-style-type: none"> • The LU Crossrail Team is appropriately structured to deliver its obligations, and has developed a good working relationship with Crossrail. • Invoicing is effectively controlled. • An integrated Crossrail/LU risk register is in place. • Quality and technical assurance processes are being reviewed and new ones developed to reflect the programme life cycle. • There is strong stakeholder management, with a scorecard in place, jointly agreed by Crossrail and LU, to measure the effectiveness of the interaction. • A robust management reporting process is in place to inform management of progress and issues arising. <p>The audit did not identify any issues.</p> |
| Security | | | | | |
| IA_12_015 | Security Assurance of Emirates Air Line (EAL) | 08/04/2013 RI | To assess the effectiveness of the security arrangements and associated processes and procedures in operation that ensure EAL is effectively protected and mitigated against security risks. | 28/07/2013 | <p>EAL were aware of some security related issues prior to us commencing our audit fieldwork, and already had a plan in place to rectify these concerns. In particular, the physical security around the towers had been highlighted as an area for improvement. We found, however, that new fencing and perimeter detection equipment has since been installed and we assess that this risk is now being effectively managed.</p> <p>The 'front of house staff' at EAL were considered to be highly effective and this has a recognised associated benefit for the security environment. The EAL should ensure that this effectiveness is maintained during busier periods.</p> <p>One Priority 1 issue and one Priority 2 issue were identified during this audit as follows:</p> <ul style="list-style-type: none"> • There is scope to improve some of the physical protection measures in place. • Access controls into non public areas should be strengthened. |

| Reference | Report Title | Interim Report Issued | Original Objective | Follow-up Audit | Summary of Findings |
|--|--------------------------------------|-----------------------|---|-----------------|---|
| Financial and Governance Controls | | | | | |
| IA_12_120 | Emirates Air Line Revenue Collection | 29/04/2013 PC | To provide assurance on the adequacy and effectiveness of controls over the EAL revenue collection process. | 30/08/2013 | <p>Management's focus so far has been to get the service up and running in a relatively short time and to respond pragmatically to any issues arising. EAL has now been operating for six months and management are in a better position to assess the adequacy of processes and controls with assistance from DLR.</p> <p>There is an open, pro-active and co-operative approach to control improvement by all individuals involved in the audit (Continuum, EAL, DLR and the FSC). This was particularly evident at Continuum where suggestions for control improvements were often implemented immediately. Through the Business Manager, EAL has established an excellent relationship with Mace and Continuum that facilitates continual improvement in all aspects of the operation.</p> <p>The audit identified five Priority 1 issues, and two Priority 2 issues.</p> <p>The Priority 1 issues identified are as follows:</p> <ul style="list-style-type: none"> • There is a need for a systematic periodic independent validation of revenue to ensure the accuracy of reported revenue in the income statement. • Responsibilities for key control activities in the revenue collection process should be clarified and confirmed. • A fraud risk assessment should be carried out in line with the TfL Anti-Fraud and Corruption policy. • System controls over change replenishment in the ticket vending machines should be improved. • Ticket office controls relating to revenue collection and cash handling by Mace and Continuum should be reviewed and enhanced. |
| Surface Transport | | | | | |
| Financial and Governance Controls | | | | | |
| IA_12_133 | Local Implementation Plans | 05/06/2013 AC | To provide assurance on the adequacy and effectiveness of controls over the second borough LIPs process. | 30/09/2013 | <p>We identified the use of the Borough Portal as an area of best practice. It allows borough officers and TfL to input, authorise and use the data, and interfaces with SAP to set up cost centres and pay claims. The process is well documented and easy to use. The Portal also provides reports for monitoring schemes and their delivery profiles, exception reporting, and is the basis for making accruals for financial reporting.</p> <p>Borough Projects and Programmes (BPP) and the Roads Directorate use their extensive knowledge and experience to monitor delivery of schemes and provide an excellent level of support to the boroughs.</p> <p>Key controls include the following:</p> <ul style="list-style-type: none"> • Organisation chart that demonstrates BPP's structure and responsibilities, and a clear division of responsibility by region. • Internal meeting structure that facilitates the identification and escalation of risks and issues, information-sharing, and effective change control on major schemes |

| Reference | Report Title | Interim Report Issued | Original Objective | Follow-up Audit | Summary of Findings |
|--|---|-----------------------|--|-----------------|--|
| | | | | | <ul style="list-style-type: none"> Detailed guidance on relevant areas (LIPs, major schemes, annual submissions). Templates to facilitate and document reviews. System based controls over payments of claims. Quarterly meetings with boroughs to review borough progress; more regular contact where appropriate. Excellent periodic / ad-hoc monitoring and exception reports downloaded from the Portal. <p>The audit identified one Priority 1 issue in relation to BPP making greater use of its right to audit schemes to reinforce compliance with LIP requirements in the boroughs.</p> |
| Finance | | | | | |
| Maintaining a long term strategic balanced plan within the constraints of available resources | | | | | |
| IA_12_634 | Development of the Commercial Development Business Plan | 21/05/2013 AC | To gain assurance that the proposed strategies to increase TfL's income from secondary revenue streams are reasonable and have been developed based on adequate consultation and research. | 31/12/2013 | <p>The following examples of good practice were identified:</p> <ul style="list-style-type: none"> A clear governance structure has been established, including the remit and composition of the Commercial Development Executive Team (CDET), which oversees the programmes, assesses submissions and makes funding and project approval decisions. A project governance stage gate review process has been developed, based on Pathway. The Directorate has been resourced with knowledgeable and experienced heads of department and workstream leads, bringing expertise and specialist understanding of the sectors and markets. Several of the workstream leads have established methodical approaches to assess potential income generating options and ensure the most appropriate solutions are selected and delivered for their revenue streams. The department is focused on a balance of short and long term strategies. There are cross-workstream, location-specific activities aimed at generating a rapid increase in revenue and creating a visible impact, as well as longer term individual workstream strategies and programmes intended to deliver sustainable additional income in the future. <p>The audit did not identify any Priority 1 issues. One Priority 2 issue was identified, relating to the management of stakeholders. An essential element of successful project delivery will be identification and management of pan-TfL and external stakeholders, however Business Development do not have a formal register of stakeholders or engagement plan, at departmental or workstream level.</p> |
| Delivery of Capital Investment Portfolio and Contract Management | | | | | |
| IA_12_613 | Implementation of the TfL Integrated Project & Programme Methodology (IPPM) | 30/04/2013 RI | To provide assurance that the project to implement the IPPM across TfL is being managed in an efficient and effective manner. | 01/06/2013 | <p>Generally, all people interviewed felt the project was trying to achieve something that is required and would yield a large improvement on what has existed previously in TfL and we support that view. The audit identified five Priority 2 issues, as follows:</p> <ul style="list-style-type: none"> No separate business case exists for the IPPM project. To comply with best practice, a business case should have been in place to help demonstrate that TfL is providing value for money and that only the most cost effective solution for the project is being progressed. |

| Reference | Report Title | Interim Report Issued | Original Objective | Follow-up Audit | Summary of Findings |
|---|---|-----------------------|--|-----------------|--|
| | | | | | <ul style="list-style-type: none"> • A key role of Steering Group meetings is signing off IPPM project stage gates. However, it was not clear in some cases that staff attending these meetings had the seniority or authority to sign-off project stage gates on behalf of the business unit. • The Head of PMO Centre of Excellence was acting as Project Sponsor for the IPPM project but also line manages the IPPM Project Manager. As recommended by IIPAG, there is a need for TfL to ensure that a clear separation of roles exists between project sponsor and project deliverer. • No issues log was in place to capture and manage stakeholder concerns. • At the time of review, work was still ongoing in the Governance workstream which formed part of Phase 1 of the IPPM project. A timeframe for completion of the work of the Governance workstream was not recorded in the minutes of the Steering Group for stage gate 5 which concluded IPPM Phase 1 and there was no visibility of Governance issues. |
| IA_12_605 | Management of the Commercial Capability Programme | 24/04/2013 RI | To provide assurance that the TfL Commercial Capability Programme (CCP) is being managed in an efficient and effective manner, and risks to the successful delivery of its objectives are under control. | 30/08/2013 | <p>Milestone delivery was found to be effectively managed, with milestones generally being achieved on time.</p> <p>There were no priority one issues arising from this audit. The audit did identify two Priority 2 issues, and three Priority 3 issues.</p> <p>The Priority 2 issues are:</p> <ul style="list-style-type: none"> • The relationship between the Commercial Steering Group (CSG) and the separate Delivery and Commercial Capability Board (DCC) (which is chaired by the LU Capital Programmes Director) is not clearly defined in the CCP Plan, and neither is the process for dealing with any conflicting demands from the CSG and the DCC. The Programme Manager currently reports to both the CSG and DCC. The DCC has oversight of projects within LU's Capital Programmes. • The CCP Plan does not clearly define how the benefits from the CCP will be monitored, measured and reported upon. Also it is not clear how the next stage of the programme will be implemented and managed at the programme level. |
| Disruption to Quality of Service | | | | | |
| IA_12_408 | Development of IM Operating Level Agreements (OLAs) | 26/04/2013 RI | To provide assurance that the processes being developed in support of the work on IM OLAs meet the needs of the business, contain appropriate controls and are aligned to industry 'best practice'. | 09/09/2013 | <p>We noted the following positive aspects related to the management of the initiative:</p> <ul style="list-style-type: none"> • The IM Service Design and Assurance team has clearly defined the purpose and the objectives of the initiative in their terms of reference, emphasising the focus on the provision of consistent delivery of IM services to the business; • The terms of reference as approved by the IM Head of Service Management outline that the service offered by each IM team will be subject to quarterly reviews to assess performance against service targets, with the view of initiating service improvement plans where deemed appropriate; • The IM Service Design and Assurance team has documented its commitment to an annual review of the documented OLA process and the issuing of a report with findings and recommendations to the stakeholders involved; and • The method used to define the OLAs clearly identifies service ownership and accountability. |

| Reference | Report Title | Interim Report Issued | Original Objective | Follow-up Audit | Summary of Findings |
|--|---|-----------------------|---|-----------------|---|
| | | | | | <p>However, we also identified two priority 1 issues, where there is scope to improve the governance controls over initiatives in general, including stakeholder engagement. In particular, we noted that:</p> <ul style="list-style-type: none"> The initiative lacked a defined governance structure and some associated key documentation. We also noted a more general gap in the defining of governance arrangements and supporting documentation for different types of initiative that are not managed as projects; and Aspects of the stakeholder engagement in the development of OLAs resulted in delays in the delivery of the initiative and a potential failure to meet the expectations of some stakeholders regarding the design and the format of the OLAs. |
| Financial and Governance Controls | | | | | |
| IA_12_123 | Business Expenses and Purchasing Cards | 09/04/2013 AC | To review the controls in place over business expenses and purchasing cards, and the impact of revised business expenditure controls. | 31/10/2013 | <p>The audit highlighted the following areas of good practice:</p> <ul style="list-style-type: none"> The Cash Office at 55 Broadway was closed in January 2012 and petty cash floats at stations ceased to exist, with the exception of residual floats at three stations totalling a maximum of £350 at the time of this audit. All LU stations' expenses are now claimed via SAP and expenditure is subject to the same level of scrutiny as across other TfL business areas; FSC proactively investigate Travel and Expenses (T&E) claims with missing receipts or where approved claims do not appear to comply with the Business Expenses Policy; There has been a significant improvement in the relationship between FSC and HSBC since the 2011 audit which assists with administering and monitoring purchasing cards. FSC have led the development of this relationship; FSC undertakes a periodic review of purchasing card activity to identify any unused cards which can be cancelled. This has resulted in a reduction of active purchasing cards across TfL from 224 at the time of the previous audit to 119; FSC closely monitors T&E claims which are not settled, aiming to reduce the number of open claims. This resulted in a reduction from 35 open claims in P10 to 12 in P11. <p>A number of minor concerns were raised with FSC during audit fieldwork. FSC were proactive in addressing the concerns and in making appropriate changes and improvements to their processes.</p> |
| Customer Experience, Marketing and Communications | | | | | |
| Disruption to Quality of Service | | | | | |
| IA_13_400 | Oyster Systems IT Security Arrangements | 05/06/2013 AC | To review the effectiveness of the IT security arrangements that have been established between Cubic and TfL to provide assurance that the confidentiality, integrity and availability of the | 30/04/2014 | <p>We noted the following good practices over the Oyster systems IT security arrangements:</p> <ul style="list-style-type: none"> The Future Ticketing Agreement (FTA) contract and subsequent amendments adequately specify the IT security requirements recommended by the ISO27001 standard and the standardised contract recommended by TfL's Commercial Law Team for the supply of IT systems, hardware, and software. The contract also makes reference to the relevant legislation and regulations. TfL has established a robust monitoring process to ensure the delivery of the outputs required by the contract schedules. Penalties in the form of deficiency points are |

| Reference | Report Title | Interim Report Issued | Original Objective | Follow-up Audit | Summary of Findings |
|--|-----------------------------|-----------------------|--|-----------------|--|
| | | | data is maintained within the Oyster systems. | | <p>applied when Cubic is unable to deliver the specified outputs. In addition, the contract enables TfL to recover any financial loss arising from service failures.</p> <ul style="list-style-type: none"> • Cubic has established an IT security plan and an information security policy that clearly outline the IT security responsibilities and the comprehensive controls that have been implemented to protect the IT assets. These documents are reviewed regularly to ensure they remain relevant. • An Information Security Forum (ISF) has been established to monitor the effectiveness of the IT security controls through regular monthly meetings and TfL has consistently received the minutes of these meetings. • TfL regularly attends Cubic's Change Advisory Board (CAB) meetings held twice a week to ensure awareness of and preparedness for the changes that may affect the Oyster systems and services. • Cubic promptly informs and involves TfL in investigations following IT security incidents to assess proposed remedial actions and identify lessons learned. • Plans have been put in place and regularly tested by Cubic and TfL to ensure recovery of the Oyster systems and services from business disruptions within the agreed timescales. <p>The audit identified two priority 2 issues, as follows:</p> <ul style="list-style-type: none"> • TfL presently obtains assurance over the IT security arrangements of Cubic's subcontractors through a review of these contracts before they are entered into. TfL does not obtain further assurance that the IT security arrangements of Cubic's subcontractors remain at an adequate level. • TfL documents associated with the FTA contract and other types of media such as emails and electronic files stored in TfL network drives have not been properly labelled as required by the TfL Information Security Classification Standard. |
| General Counsel | | | | | |
| Financial and Governance Controls | | | | | |
| IA_12_137 | Gifts and Hospitality (G&H) | 10/05/2013 RI | To review the effectiveness of the controls in place to manage the recording, authorisation and monitoring of G&H. | 31/12/2013 | <p>The recording and reporting of G&H has improved since the last audit conducted in September 2009.</p> <p>The following areas of good practice were identified:</p> <ul style="list-style-type: none"> • G&H is reported on a quarterly basis for the Commissioner, Chief Officers, their direct reports and other nominated staff. G&H offers accepted by the Commissioner and Chief Officers are published on TfL's website, as part of the Transparency Agenda. • The General Counsel reviews the entries to the G&H register on a quarterly basis before the information is published on TfL's website. <p>The audit identified one Priority 1 and one Priority 2 issue. The Priority 1 issue is as follows:</p> <ul style="list-style-type: none"> • A transparent and consistent process has not been identified at Business Area level for the recording, monitoring and reporting of G&H received by all staff. |

| Reference | Report Title | Interim Report Issued | Original Objective | Follow-up Audit | Summary of Findings |
|------------------|----------------------------|-----------------------|---|------------------|---|
| Crossrail | | | | | |
| IA_11_506 | Business Continuity | 12/04/2013 RI | To determine the effectiveness of Crossrail's business continuity arrangements. | 29/11/2013 | <p>The audit examined the surviving aspects of the old Business Continuity Management System (BCMS), as well as ones already introduced or proposed by the new system.</p> <p>In order to ensure a consistent and effective approach, senior management has defined and documented CRL's BC objective. An appropriate policy to support this is in place, and other strategy and procedure documents are being developed as part of the new BCMS. As part of the implementation of the new BCMS, it will be communicated to all CRL employees, and training provided as appropriate.</p> <p>There is clarity and understanding of the responsibilities of those involved in BC, the key parties being the:</p> <ul style="list-style-type: none"> • Health and Safety Director, who is the BCMS sponsor; • BC Manager, responsible for implementing and maintaining the BCMS in accordance with the BC Policy, as well as coordinating BC activities across CRL; • BC Champions, who are responsible for managing BC in the CRL departments, and have been made aware of their duties in a series of workshops organised by the BC Manager and Steelhenge. <p>Senior management has ensured the availability of resources for the achievement of BC objectives, including engaging Steelhenge Consulting to assist with developing the new BCMS. Currently Steelhenge is developing BC plans for the CRL departments, which is a key aspect of the BCMS, as the plans will be used in the event of a disruption.</p> <p>The audit identified one Priority 1 and four Priority 2 issues, which are summarised below:</p> <ul style="list-style-type: none"> • Some departments have not completed their Business Impact Analysis, which Steelhenge needs to develop BC plans. This has delayed the implementation of the new BCMS. • The proposed process for testing BC plans does not include a strategy to ensure that testing is undertaken in a coordinated, systematic and comprehensive manner. • Some employees do not have the emergency card containing the contact details to be used if there is a disruptive event that prevents them from gaining access to their workplace. • There is no formal process for notifying the BC Manager and BC Champions of staff changes that affect those with BC responsibilities. • There are no plans to include the new BCMS in the six-monthly management review of all CRL management systems, which is designed to provide independent monitoring and oversight. |
| IA_12_511F | Construction Site Security | 20/05/2013 WC | To review how Crossrail ensures that construction sites are protected to mitigate security risks effectively. | 20/05/2013 WC | <p>Crossrail has a risk register that covers all identified risks in relation to security including legislation and fraud. All risks have been evaluated, recorded and regularly reviewed. Risks are being effectively monitored through the Active Risk Manager (ARM) tool.</p> <p>There are well documented procedures that have been introduced and provided to the</p> |

| Reference | Report Title | Interim Report Issued | Original Objective | Follow-up Audit | Summary of Findings |
|-----------|--|-----------------------|---|-----------------|---|
| | | | | | <p>contractors to ensure effective and consistent security measures are in place across all construction sites. The Works Information Volume 2B – General Requirements Part 16 – Security, lays out the specific requirements and responsibility of each principal contractor.</p> <p>Compliance with key security documents is tested regularly through the Crossrail Security Surveillance and Assurance Programme, a regime of planned and <i>ad-hoc</i> inspections of construction sites.</p> <p>Findings identified during the inspections are prioritised and actions to address the findings are monitored through the project manager and tracked to completion within a defined timeframe.</p> <p>We found a good level of functional security to be in place at the sites we visited, and no issues were identified by this audit.</p> |
| IA_12_517 | Effectiveness of SAP User Access and Data Management | 31/05/2013 RI | To provide assurance on the effectiveness of the controls that had been established to ensure appropriate user access and adequate management of financial and HR data maintained within SAP. | 31/10/2013 | <p>The following areas of good practice were identified:</p> <ul style="list-style-type: none"> • A review of all users who have access to SAP is performed on a quarterly basis to ensure that active accounts and their authorisations are still appropriate; • Users are deactivated after three months of inactivity on the system; and • Delegated authority limits have been defined and documented in the Delegated Authority Register and implemented on the SAP system accordingly. <p>During our audit, we identified one priority 1 issue, one Priority 2 and three Priority 3 issues. The priority 1 issue is as follows:</p> <ul style="list-style-type: none"> • The process for assigning access to SAP users should be formally documented and communicated in order to minimise the risk of users being assigned inappropriate levels of access. |

| Reference | Report Title | Interim Report Issued | Original Objective | Follow-up Audit | Summary of Findings |
|--------------------------------|-------------------------------------|-----------------------|--|----------------------|--|
| IA_12_512F | Resource Management | 19/06/2013 AC/ACL | To determine the extent to which there is efficient utilisation of human resources in delivering the Crossrail project. | 19/06/2013 AC/ACL | <p>A staff survey in late 2012 identified a perception that there was role duplication and insufficient collaborative working. However our audit established that appropriate controls are in place for ensuring optimum staffing levels and avoiding role duplication. Some task overlap may occur, but this is not systemic.</p> <p>The audit also considered the views of senior managers (from different directorates) on role duplication. Most believed that any role duplication is insignificant.</p> <p>Some considered that the integration of Crossrail and Project Delivery Partner (PDP) staff has helped to improve the utilisation of staff resources by replacing the organisational structure with one which is more streamlined.</p> <p>Management is taking action to help counter the perception of duplication. One of the three workstreams formed to address the issues identified by the 'Big Dig' survey is the Matrix Organisation workstream. It aims to improve employees' understanding of the matrix model by providing them with information at the induction session for new employees.</p> <p>In addition, a number of workshops will be run, during which information on the role and nature of specific functions, particularly those liable to be construed as duplicating each other, will be provided.</p> |
| London Transport Museum | | | | | |
| IA_12_016 | Security of London Transport Museum | 08/04/2013 PC | To assess the effectiveness of the security arrangements and associated processes and procedures in operation that ensure LTM assets are effectively protected and mitigated against security risks. | 30/09/2013 | <p>A previous audit of security at the LTM was conducted in 2009 and our interim audit report dated 15 January 2010 raised a number of significant issues and concluded that the security risk management at LTM was poorly controlled.</p> <p>At the time of our follow up review in 2011 many of the agreed management actions had been addressed but others remained open. In particular LTM had entered into a contract to implement a new Intruder Detection System (IDS) and CCTV system, and the work was just getting underway. We closed the audit to allow management the time to complete the implementation of the IDS/CCTV.</p> <p>This audit has found that a number of the issues raised in the previous audit have still not been addressed and that there is still ineffective management of the security risks.</p> <p>Four Priority 1 issues and one Priority 2 issue were identified during this audit. We found that overall security governance arrangements need to be strengthened and there are some weaknesses in the operation of the IDS and CCTV systems.</p> |

| Reference | Report Title | Date Issued | Report Type | Objective | Summary of Findings |
|---|--|-------------|--------------------|---|--|
| Rail and Underground | | | | | |
| Delivery of Capital Investment Portfolio and Contract Management | | | | | |
| IA_12_622 | Refranchising of Docklands Light Railway Operations and Maintenance | 10/05/2013 | Memo | The objective of this audit, which is being carried out on a real time basis, is to ensure that the procurement process employed for the Refranchising of Docklands Light Railway Operations and Maintenance is in accordance with approved procedures and EU directives and is open, fair and transparent. | Our first memorandum dated 22 March 2013 reported our findings up to the end of the PQQ evaluation phase. This memorandum reports the situation up to 2 May 2013, being the end of the phase during which the ITT and franchise agreement were prepared for issue. On the basis of our work, which involved interviewing key individuals involved in the ITT process and reviewing sample documentation, we found that effective processes and controls were in place over this phase of the procurement. |
| Security | | | | | |
| IA_12_002 | Real Time Audit of the Electronic Security of TfL Supervisory Control and Data Acquisition (SCADA) Systems | 08/05/2013 | Memo | To carry out an assessment of LU SCADA systems using the Centre for the Protection of National Infrastructure (CPNI), SCADA Self Assessment Tool (SSAT). | These assessments did not identify any significant issues, but did highlight areas for further improvements in the control environment around the connectivity of USBs and laptops and contract management of third party vendors/ suppliers. |
| Surface Transport | | | | | |
| Delivery of Capital Investment Portfolio and Contract Management | | | | | |
| IA_12_609 | Management of performance risks in contracts in Surface Transport | 21/06/2013 | Memo | The audit objective was to identify how Surface Transport manages the risk of poor performance in contracts, to review the effectiveness of those arrangements, and, where appropriate, to make recommendations for improvement. | <p>We found effective contract management in place for all of the contracts reviewed. All of the contract management teams have identified lessons to learn for the next iteration of these contracts, and are feeding these into their requirements gathering processes.</p> <p>We recommend that examples of good practice such as the successful utilisation of Advance Project Thinking or the Quick Reference Guides be promoted more widely across TfL by the TfL Commercial Centre of Excellence or the TfL Programme Management Office.</p> <p>The use of KPIs needs to be more considered so that they are clearer and more relevant to the requirements of the service being delivered. Requirements for management information from contractors should also be clearer in both the requirement and the purpose.</p> |
| Disruption to Quality of Service | | | | | |
| IA_12_641 | Performance management review of Taxi and Private Hire | 15/05/2013 | Consultancy | The objective of this review was to assess the degree to which performance measures are embedded within the various areas of Taxi & Private Hire (TPH) and contribute to the effective management of performance. | Good progress has been made during the first year of the new performance regime. However, some areas need further development and this is acknowledged by TPH. This status is reflected in their scoring against the Maturity Model. We note that some of this improvement should be achieved as a result of the implementation of the Re-Let and Modernisation project, which will allow for much greater automation of data collection and monitoring. |

| Reference | Report Title | Date Issued | Report Type | Objective | Summary of Findings |
|--|--|-------------|-------------|--|--|
| Finance | | | | | |
| Financial and Governance Controls | | | | | |
| IA_12_008 | Real Time Audit of Payment Card Industry Data Security Standards (PCI DSS) Assurance | 17/04/2013 | Memo | PCI DSS assessments were carried out by a qualified Internal Security assessor within Internal Audit to identify areas of concern and to make recommendations in areas where additional work was needed to be PCI DSS compliant. | The work identified that there are some areas of TfL that are not fully compliant, but this is always likely to be the case in an organisation as dynamic as TfL with new processes and products constantly being developed. Group Treasury and Internal Audit continue to work with Barclays Merchant Services and the PCI Security Standards Council to ensure risks are minimised and TfL remains fully compliant in as many areas as possible. |
| Customer Experience, Marketing and Communications | | | | | |
| Financial and Governance Controls | | | | | |
| IA_12_106 | Follow up of Fares Refunds Audit | 21/06/2013 | Memo | We conducted a review of the management actions following previous audits of fares refunds to determine whether the actions have been implemented effectively. | Since our last review, significant progress has been made to resolve historical reconciliation discrepancies and the process has become considerably more regular. However, we identified some areas where the reconciliation process could be further improved, and management actions are being taken forward to address these. |
| Crossrail | | | | | |
| IA_12_503 | Security Design Management and Implementation | 22/05/2013 | Memo | <p>Previous assurance work on Security Design within Crossrail (IA_11_520) raised concerns that there was:</p> <ul style="list-style-type: none"> a lack of consultation on the security design of stations within Crossrail; and a lack of supporting documented evidence on the evaluation of risks and decision making. <p>This assurance work was an evaluation of the current security design management environment.</p> | <p>The review found that:</p> <ul style="list-style-type: none"> The Crossrail Security Engagement Group now provides a good level of stakeholder engagement. This satisfactorily addresses any previous concerns that station designs may not mitigate against the perceived risks. Engagement with stakeholders has improved to confirm security is appropriately addressed including where the contractor is responsible for completing the design. There is sufficient documented evidence to demonstrate that all design security risks have now been fully considered and where appropriate mitigations have been taken. The Security Engagement Group meetings have not only been found to be of great use to internal and external stakeholders but also provides the opportunity for highlighting any concerns or misunderstanding and agree a way forward. |
| IA_13_502 | Accounts of the Crossrail Complaints Commissioner | 28/05/2013 | Memo | <p>The objective of this audit was to provide assurance to the CRL Board and Audit Committee that:-</p> <ul style="list-style-type: none"> The figures in the accounts were accurate and; The accounts complied with the Accounts Direction issued on behalf of the Crossrail High Level Forum. | On the basis of the work carried out, we confirmed that the accounts of the Crossrail Complaints Commissioner, in all material respects, accurately reflected the receipts and payments during the financial period ending 31 March 2013. We also confirmed that, in all material respects, the accounts complied with the Accounts Direction issued on behalf of the Crossrail High Level Forum. |

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

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

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

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

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

**INTERNAL AUDIT CUSTOMER FEEDBACK FORM
SUMMARY OF RESPONSES FOR 2013/2014
QUARTER 1**

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

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

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

Customer Feedback Forms Sent Q1 = 19 (Q4 = 47)

Customer Feedback Forms Returned Q1 = 12 (Q4 = 22)

| | | No score given | Very poor | Poor | Satisfactory | Good | Very good | Average Score |
|---|--|----------------|-----------|-------|--------------|--------|-----------|------------------|
| ASSIGNMENT ASSESSMENT CRITERIA | | 1 | 2 | 3 | 4 | 5 | | |
| PLANNING AND TIMING | | | | | | | | 4.3 (4.2) |
| 1) | The assignment timing was agreed with me and there was appropriate consideration of my other commitments as the work progressed | 0 (0) | 0 (0) | 0 (1) | 1 (1) | 5 (9) | 6 (11) | |
| 2) | The assignment was completed and the report issued within appropriate timescales | 0 (0) | 0 (0) | 1 (1) | 2 (4) | 4 (10) | 5 (7) | |
| COMMUNICATION | | | | | | | | 4.0 (4.0) |
| 3) | Communication prior to the assignment was appropriate, including the dates and objectives | 0 (0) | 0 (0) | 0 (1) | 3 (4) | 4 (9) | 5 (8) | |
| 4) | Throughout the assignment I was informed of the work's progress and emerging findings | 0 (1) | 0 (0) | 1 (1) | 2 (3) | 6 (12) | 3 (5) | |
| CONDUCT | | | | | | | | 3.9 (4.3) |
| 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) | 2 (0) | 2 (6) | 6 (10) | 2 (6) | |
| 6) | The Internal Audit team acted in a constructive, professional and positive manner | 0 (0) | 0 (0) | 1 (1) | 1 (0) | 6 (8) | 4 (13) | |
| RELEVANT AND USEFUL ADVICE AND ASSURANCE | | | | | | | | 3.8 (4.3) |
| 7) | A fair summary of assignment findings was presented in the report | 0 (0) | 0 (0) | 2 (1) | 2 (1) | 4 (8) | 4 (12) | |
| 8) | Assignment recommendations were constructive, practical and cost-effective | 0 (0) | 0 (0) | 2 (1) | 1 (1) | 7 (11) | 2 (9) | |
| 9) | My concerns were adequately addressed and the review was beneficial to my area of responsibility and operations | 0 (0) | 0 (0) | 1 (1) | 2 (3) | 6 (7) | 3 (11) | |
| Overall assessment | | | | | | | | 4.0 (4.2) |

Other comments including suggested improvements and areas of good performance:

"If the audit is primarily designed to be 'opinion based', then a logically argued counter-view (that is in compliance with process) must be allowed space. In addition, where evidence is provided to show that one or more aspects of the report are incomplete or convey the incorrect tone, then this should be accepted."

"The audit team should make sure that not only do they review the subject of the audit but also the phase that the project is currently in and how far it has to go. An overarching picture will help ensure the outcome of the audit captures the appropriate points and records as such."

"The Auditor did an excellent job to understand how we operate as a business and the complexity of the system. She is competent, thorough and fair. I also find that the audit team was flexible to accommodate our timescales and priorities The findings are both relevant and constructive."

"This was a well conducted audit. It is a very difficult area because "role duplication" is a subjective issue, especially in a matrix organization where compliance and functional support are often found in the same person - people are happy to receive functional support but regard compliance as role duplication. The team made a sensible decision to focus the scope of the audit on the Technical Directorate and made a considerable effort to understand how the matrix organization works - one of the auditors was new to the Programme. They also applied objectivity to an area where everyone has a subjective opinion. The audit findings were well balanced."

"Very well run audit...the Auditor was a true professional and understood our area very well."

"I found the Audit process helpful. It allowed me to understand the business better and highlighted risks that can be taken for granted when on site daily. I found working with the Audit team helpful and they answered questions I had and looked to provide helpful solutions to the problems the [area under review] faces. Some of the recommendations may or may not be cost effective but I believe that [we] would be supported by Audit to look at completing recommendations and assist with buy in from TfL. Clearly the audit conclusion is disappointing but I believe with support [we] can be in a better place moving forward."