Audit and Assurance Committee

TRANSPORT FOR LONDON
EVERY JOURNEY MATTERS

Date: 8 December 2015

Item: Internal Audit Quarter 2 Report 2015/16

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 second quarter of 2015/16, the work in progress and work planned for Quarter 3 (Q3).
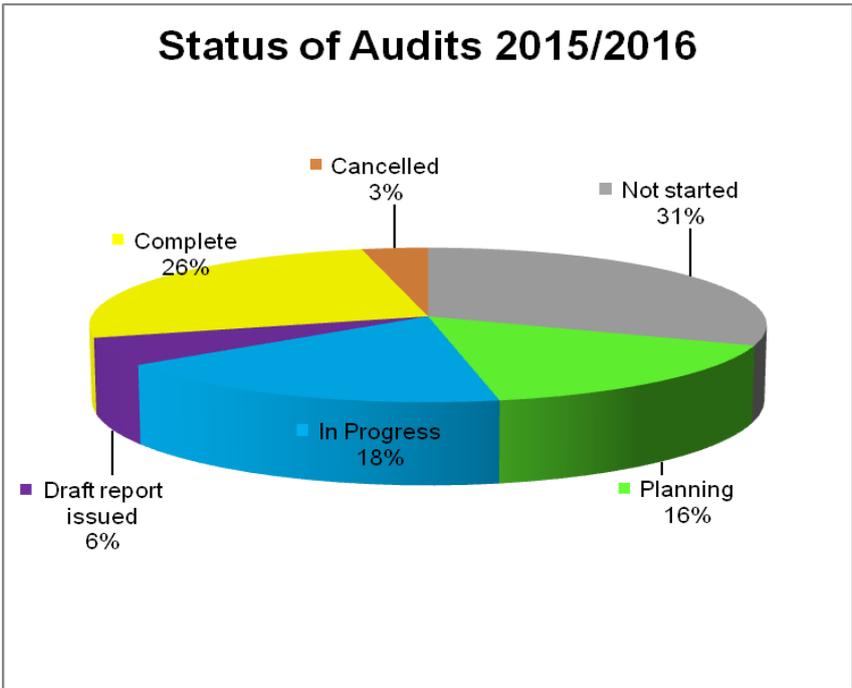
2 Recommendation

2.1 **The Committee is asked 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 as of the end of quarter 2 towards delivery of the 2015/16 audit plan, including work in progress brought forward from 2014/15.

Status of Audits 2015/2016
- Cancelled 3%
- Not started 31%
- Complete 26%
- In Progress 18%
- Draft report issued 6%
- Planning 16%

4.2 There were 23 Final Audit Reports issued during the quarter, including seven reports that were 'Well Controlled' and went straight to final. There were two reports, on Security of LU Tenants and Procurement Authority and Associated Controls, which we were not able to close as a result of actions not being complete. In both cases we will carry out a second follow up review during Q3 to confirm that the remaining actions have been completed. A summary of the report findings, excluding two in relation to the TfL Pension Fund, is included in Appendix 3. Thirty six Final Audit Reports have been issued in the year to date (2014/15 YTD: 30).

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 and year to date, together with comparative year to date figures for 2014/15.

	Interim Audit Reports WC – well controlled AC – adequately controlled RI – requires improvement PC – poorly controlled					Health Safety & Environment (HSE) and Technical Audit Reports					Other Outputs (Advisory Reports/ Memos)	
	WC	AC	RI	PC	Total	WC	AC	RI	PC	Total		Total
This Quarter	7	2	6	1	16	0	4	6	0	10	7	33
YTD	9	6	14	1	30	1	11	16	1	29	17	76
YTD 2014/15	5	11	5	1	22	1	31	14	2	48	19	89

4.4 Details of the findings from the interim reports issued during the period, excluding two in relation to the TfL Pension Fund, can be found in Appendix 4. In all cases, management actions have been agreed to address the issues raised, and are being taken forward. In the year to date, a significantly higher proportion of the reports issued have been concluded as 'Requires Improvement' or 'Poorly Controlled' compared to the same period last year. It is too early to determine whether this is indicative of a trend, or simply because of the mix of areas audited this year compared to last. However, this will be kept under review.

4.5 A summary of the other outputs issued during the quarter, including memorandums and advisory reports, can be found in Appendix 5. The most significant of these was our memorandum on the procurement of the design and development contracts for the Temple to South Bank Footbridge Project (generally referred to as the Garden Bridge), which is discussed more fully in paragraphs 4.10 to 4.14 below. Other notable pieces of work include:

(a) a consultancy assignment, using the 'six sigma' methodology, to review the efficiency and effectiveness of safety risk assessment processes within LU. This review was requested by management in the light of a widely held perception that the risk assessment processes were time-consuming, not fully integrated with other HSE systems, and not fully effective. Our report made 33 recommendations for improving the processes whilst also making them more efficient; and

(b) a review of the implementation of category management identified the need for the Commercial Leadership Group to develop a clear strategy and programme plan for this important initiative to ensure it achieves its objectives.

4.6 Summaries of the HSE and Technical (HSE&T) Audit reports issued during Quarter 2 (Q2) are set out in Appendix 6.

4.7 Work in progress at the end of Q2 is shown in Appendix 1 and work due to start in Q3 is shown in Appendix 2.

4.8 Four pieces of work were added to the plan during the quarter:

(a) a consultancy style peer review of the evidence that TfL has compiled to support its external assessment under the Equality Framework for local government;

(b) two financial control audits, requested by management, covering the use of contract payment approval forms, and the unsupported invoices process; and

(c) a short review to support TfL's request for a Highways Maintenance Funding Grant.

4.9 Two audits were cancelled or postponed:

(a) the planned audit of the implementation of the Capital Programmes Directorate improvement programme was postponed since the main part the improvement programme will be taking place in 2016/17; and

(b) an audit of an organisational change programme in Commercial Development has been cancelled since an initial assessment indicated that the programme is largely complete with minimal residual risk.

Audit of Garden Bridge Design and Development Procurements

4.10 In June 2015, in response to questions over the procurement of design services for the Garden Bridge, the Commissioner wrote to Caroline Pidgeon, MBE AM, Leader of the London Assembly Liberal Democrat Group, confirming that Internal Audit would carry out a review of the design and development procurements, and that the results would be published.

4.11 A normal audit process was followed, and the draft memorandum was shared with management for comment as is usual, although the high profile of the audit inevitably meant that a broader range of senior TfL managers commented on the report than would typically be the case.

4.12 The memorandum was issued on 15 September 2015. It highlighted a number of areas where the procurement process followed did not comply with TfL policy and procedures. The findings from the audit were used as a basis for the London Assembly's Oversight Committee to question the Managing Director, Planning a few days later.

4.13 Subsequently, the first draft of the memorandum was leaked to the media, leading to comparisons being made between the two versions of the memorandum, and suggestions that its findings had been 'watered down'. The Oversight Committee requested, and were sent, copies of all drafts of the report, together with any emails and notes relating to the changes; this portfolio of report and emails can be found on the GLA website here: http://www.london.gov.uk/moderngov/documents/s51765/Summary%20List%20 of%20Actions%20-%20Appendix%201.pdf. The Director of Internal Audit was invited to attend the Oversight Committee to answer questions about the audit memorandum.

4.14 The Director of Internal Audit attended the Oversight Committee on 22 October 2015 and answered questions concerning the audit process followed, the independence of Internal Audit, and the changes that had been made to the report between the first draft and the issued report. He acknowledged that there had been changes in the tone of the report, but emphasised that the issues raised in the memorandum had not changed since the first draft. The transcript of the Director of Internal Audit's appearance at the Oversight Committee can be found on the GLA website here: http://www.london.gov.uk/moderngov/documents/b13249/Minutes%20- %20Appendix%203%20-%20Garden%20Bridge%20- %20Transcript%20Thursday%2022-Oct- 2015%2014.00%20GLA%20Oversight%20Committ.pdf?T=9.

4.15 Copies of the audit memorandum and the transcript have been circulated to members of the Committee.

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 Q2.

Project assurance

5.2 The TfL Project Assurance Team carries out Integrated Assurance Reviews (IARs) of projects as part of the Pathway Project Management Framework. Projects are selected for review following a risk-based assessment, 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 All projects with an estimated final cost over £50m are reviewed under the same IAR process but with additional input from the Independent Investment Programme Advisory Group (IIPAG). 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 Following the transfer of Project Assurance into Finance in January 2015, a new assurance framework is being designed, to deliver a more proportionate approach so that higher risk projects are reviewed in more detail. In addition, the new team will carry out continuous assurance activities on the larger, more complex projects. The new team is expected to be in place by December 2015.

5.5 In Quarter 2, 22 IAR reviews were conducted, with the IIPAG providing oversight and guidance on ten 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 Q2 were: an Annual IAR of Overground Extension to Barking Riverside; a Pre-Tender IAR of Jubilee and Northern Line Additional Trains (JNAT) and an Option IAR of Silvertown Tunnel.

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 Q2 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. Audits carried out during the quarter covered: Competence Management; System Integration; Spray Concrete Lining Safety Management (three audits); Quality of Information held in the document management system; Consents Management (two audits) and Site Mobilisation process. There were no significant issues arising from these audits.

5.9 Contractor HSQE Audits - There is a programme of over 170 contractor audits for 2015/16 spread across a range of themes and contracts aimed at providing assurance that contractors have appropriate HSQE systems in place. These audits are also managed by the Senior Audit Manager – Crossrail. Audits carried out during the quarter covered areas such as health and safety management; environmental management; lifting operations; interface management; material compliance; quality management; and occupational health. There were no particular trends arising from this work.

5.10 Contractor Commercial Reviews – This team carries out commercial assurance reviews of the performance of contractors, covering Cost; Contract Management; Risk Management; Commercial Value; Supply Chain and Procurement; and Anticipated Final Cost Management and Controls. There was a presentation on this programme of work at the last Crossrail Audit Committee meeting, which noted that the review process continues to drive improvement in contractor performance. There are no significant areas of concern arising from this work.
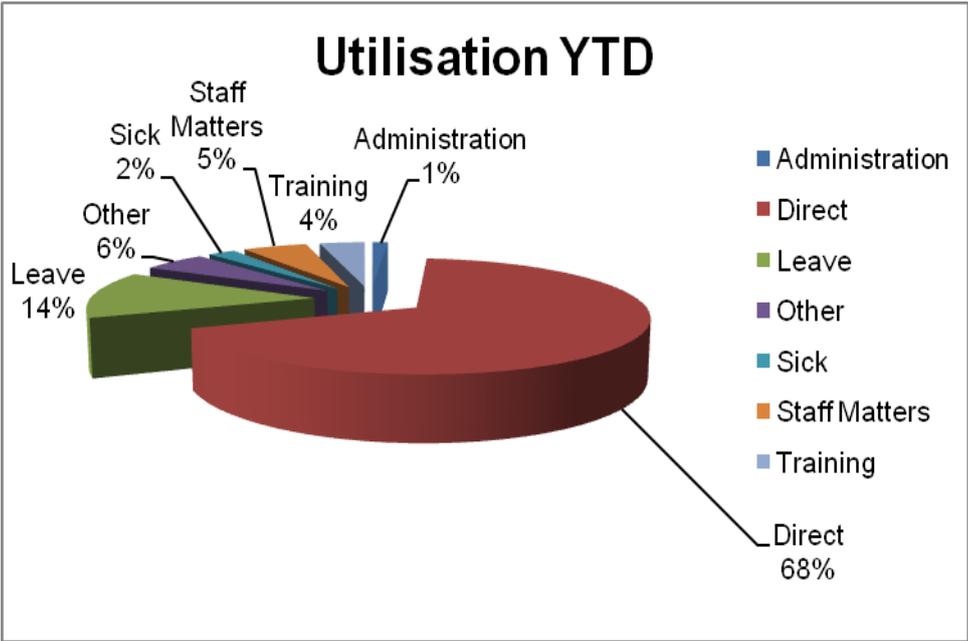
Embedded Assurance

5.11 In addition to HSE&T audits carried out by Internal Audit, a number are carried out during the year by staff 'embedded' in parts of Surface Transport and Rail and Underground. This was incorporated in the Integrated Assurance Plan for 2015/16 approved by the Audit and Assurance Committee in March 2015, and work done during Q2 is summarised below.

5.12 Surface Transport – 19 audits were completed in Q2:

(a) 13 audits to ensure the existence and adequacy of the control procedures and management systems used by bus operators in accordance with Buses Directorate contractual requirements, and the existence and adequacy of the control procedures and management systems used by contracted operators in line with contractual requirements at Rail Replacement and London River Services operations;

(b) two management system audits within Dial-a-Ride; and

(c) four contractor audits on suppliers to Taxi and Private Hire, and London River Services.

5.13 Rail and Underground – eight audits were completed in Q2:

(a) seven quality audits to support the World Class Capacity, Legacy Train, L&E and NLE delivery portfolios in LU CPD; and

(b) one quality audit of the Pullman Rail – Piccadilly line Bogie Replacement project.

5.14 There were no significant issues identified from these audits.

6 Resources

6.1 We are continuing to plan for the TUPE transfer of the Crossrail Audit Team into TfL Internal Audit. The Crossrail team, consisting of an audit manager and five auditors, which is managed by the TfL Senior Audit Manager – Crossrail, carries out HSE&T audits of compliance with the Crossrail Management System, and audits of contractors. Integrating the Crossrail team into Internal Audit will provide greater flexibility as the focus of the audit work required in Crossrail shifts from heavy construction towards operations.

6.2 A recruitment exercise is underway to fill the new Audit Manager post to lead on delivery of audit work in relation to Commercial Development activities, as described more fully in the Internal Audit Quarter 1 report presented to the Committee's October meeting.

6.3 Recruitment is also in progress to fill three other vacancies: an Audit Manager – Security, a Computer Forensics Investigator, and an Internal Auditor.

6.4 The department's utilisation for the year to date is set out in the following chart:

Utilisation YTD

Administration 1%
Direct 68%
Leave 14%
Other 6%
Sick 2%
Staff Matters 5%
Training 4%

Legend:
- Administration
- Direct
- Leave
- Other
- Sick
- Staff Matters
- Training

7 Integrated Assurance / Networking

7.1 The Assurance Delivery Group (ADG), chaired by General Counsel, continues to meet on a quarterly basis. At its most recent meeting the group agreed updates to its Terms of Reference and to the Integrated Assurance Framework. The group also considered proposals for a common approach to assurance mapping, which provides clear links into the risk management process. This will now be piloted in some selected areas. In order to ensure a clear plan for the further development of integrated assurance the ADG will be preparing a paper to go to the operating boards and the Leadership Team setting out proposed next steps in areas including assurance mapping, control self assurance, embedded auditors and risk management processes.

7.2 We continue to meet regularly with the Head of the TfL Programme Management Office and the Head of Project Assurance to discuss upcoming work and ensure that any potential areas of overlap are properly managed.

7.3 The Crossrail Integrated Assurance Group (CIAG), which comprises representatives of assurance providers from a range of Crossrail stakeholders, has continued to meet regularly. The CIAG is a useful forum for the sharing of assurance activity, which helps minimise the risk of duplication of effort between assurance providers. A representative of Network Rail is due to start attending these meetings, which will be a valuable addition to the group.

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 Q2 2015/16
Appendix 2; Work Planned for Q3 2015/16
Appendix 3: Final Reports Issued in Q2 2015/16
Appendix 4; Interim Reports Issued in Q2 2015/16
Appendix 5: Consultancy Reports and Memoranda Issued in Q2 2015/16
Appendix 6: HSE&T Reports Issued in Q2 2015/16
Appendix 7: Customer Feedback Form – Summary of Responses for Q2

List of Background Papers:

Audit reports.
GLA Oversight Committee – 22 October 2015: copies of all drafts of the report,
emails and notes relating to the changes:
http://www.london.gov.uk/moderngov/documents/s51765/Summary%20List%20of%2
0Actions%20-%20Appendix%201.pdf.
GLA Oversight Committee – 22 October 2015: transcript of the Director of Internal
Audit's appearance:
http://www.london.gov.uk/moderngov/documents/b13249/Minutes%20-
%20Appendix%203%20-%20Garden%20Bridge%20-
%20Transcript%20Thursday%2022-Oct-
2015%2014.00%20GLA%20Oversight%20Committ.pdf?T=9
Audit and Assurance Committee – 8 October 2015: Internal Audit Quarter 1 report

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 2015/16 by directorate	
Approved by the TfL Audit and Assurance Committee 9 March 2015	**Work in Progress as of the end of Quarter 2 2015/16**
Audit	**Objective**
Pan TfL	
People Risk (inc. Pensions / Industrial Relations)	
HR Documentation pan-TfL	Review of the controls over the storage and processing of HR related documentation held by the business.
Disruption to quality of service	
Software Licencing - Product Specific (eg Oracle, IBM)	To provide assurance on the processes that have been implemented to manage specific product licences across TfL.
Collaborative Procurement	A review of TfL's involvement in the GLA's development of a shared service for procurement.
Rail and Underground	
Maintaining a long term strategic, balanced plan	
Revenue inspection controls over contactless ticketing	To review the controls over the revised processes for revenue inspection in respect of contactless ticketing.
Delivery of capital investment portfolio	
Procurement of Managed Services contract for the supply of track labour	To ensure that the procurement processes employed for the Managed Services contract for the supply of track labour are in accordance with approved procedures and EU directives and are open, fair and transparent.
Procurement of Facilities Management Category	To ensure that the procurement processes employed for the Facilities Management Category are in accordance with approved procedures and EU directives and are open, fair and transparent.
Value for money in small contracts	A review of a sample of small works contracts to assess their value for money.
Management of manufacture and supply of signalling (BCV & SSL) contract	To audit controls over management of the manufacture and supply of signalling (BCV & SSL) contract.
Management of Signal Risk Register in LU	To ensure risks to the signalling systems utilised by London Underground are identified, reported, recorded, monitored and addressed in an appropriate manner.
LU Croxley Link Civil Engineering Design and Co-ordination	To provide assurance regarding the design of the Croxley Rail Link.
Scope Definition and Design Reviews	To assess the effectiveness of Scope Definition Reviews (SDRs) and Design Reviews, including compliance with PD0049-A1, and to identify any improvement opportunities.
Technology Risk	
Security of Power Assets	To review and test the security arrangements in operation to secure power related assets including sumps, pumps, buildings and people.
Disruption to quality of service	
Procurement of the new London Overground concession operator	To provide assurance that the procurement process is being managed effectively and in accordance with approved procedures and EU directives.
DLR - Closeout of Serco contract	To review the process for the formal close out of the contract, including the adjustment and finalisation of monies due.

Audit	Objective
LO - Adverse weather preparedness	To provide assurance that the risk of London Overground assets not being fit for use as a result of adverse weather is mitigated.
LU Signal Changeover	To provide assurance that signal change out work is undertaken in compliance with the signal maintenance regime and appropriately recorded.
LU Change to signal maintenance regime	To review the effectiveness of the assurance provided by the R0111 process following the change from a 12 to 16 week maintenance schedule for signal maintenance.
BCV Track Maintenance	To provide assurance that specific technical requirements are controlled to mitigate service disruption and safety risks.
COO Engineering Change Control	To provide assurance that LU has a robust and effective change control system in place, to ensure LU is not vulnerable to material or component change by internal and external suppliers.
Major / Catastrophic incident	
Security of Stratford Market Depot	To assess the effectiveness of the controls and governance arrangements in place over the physical security of Stratford Market Depot.
District Line HSE Management	To provide assurance that legislation is being complied with and HSE Management System requirements are understood and implemented.
LU Control of Manual Handling	To assess compliance with Manual Handling Regulations, focusing on maintenance staff and contractors.
LU Drug and Alcohol Testing	Review the policies and procedures against legal requirements and test the implementation / understanding at a sample of locations, covering both LU staff and assurance in respect of contractors.
Control of Hand Arm Vibration	To assess TfL Management arrangements in relation to TfL employees' risk exposure to Hand Arm Vibration.
Financial and Governance Controls	
TfL Company Vehicles	To review the management and controls over use of pool cars provided for operational staff.
Uniforms	To review the efficiency and effectiveness of controls over uniforms including stock control, value for money from suppliers, policies, returns, leavers, issuing and security.
Surface Transport	
Delivery of capital investment portfolio	
Procurement of Bus Stops and Shelters	To provide assurance that the procurement process employed for the Bus Stops and Shelters contracts is managed effectively, in accordance with approved procedures and EU directives, is open, fair and transparent, and has appropriate management controls and governance.
Technology Risk	
Implementation of delivery projects in Surface Transport	Provide assurance that IM projects delivered have been implemented in line with TfL's strategic objectives and business requirements.
Disruption to quality of service	
London Streets Traffic Coordination Centre (LSTCC) Access Control Arrangements	To review and test the access control arrangements in operation to secure LSTCC and its assets.

Audit	Objective
Multi-Modular Integrated Command & Control System (MICCS)	To provide assurance over the processes to ensure that the chosen solution meets the operational needs of London Underground and Surface Transport.
Bus accessibility	To provide assurance over bus accessibility including driver training.
Major / Catastrophic incident	
Cycling/Pedestrian/Motorcycling safety	To review progress against road safety action plans for cyclists, pedestrians and motorcyclists.
ST Contract Procurement - Safety Evaluation	To provide assurance that contractors are assessed for their safety competence and processes in a consistent manner and proportionate to the risks involved.
ST control of environmental risk from projects	To provide assurance that environmental risks from projects are determined and mitigated at development stage.
Financial and Governance Controls	
Taxi and Private Hire - Licensing and Vetting	To provide assurance over the system for licensing within TPH. This review will include controls over driver vetting.
Finance	
Maintaining a long term strategic, balanced plan	
Commercial Development programme management	To provide assurance that the Commercial Development Programme is being managed in an efficient and effective manner, in particular the control and assurance environment.
Procurement of the new advertising contract	To ensure that the procurement processes employed for the advertising contract are in accordance with approved procedures and EU directives, and are open, fair and transparent.
Delivery of Efficiencies	Assurance work following on from, and in support of the Fresh Eyes 3 work by PWC.
Delivery of capital investment portfolio	
Procurement of the Professional Services Framework	To ensure that the procurement process employed for the Professional Services Frameworks is managed effectively, in accordance with approved procedures, EU directives and is open, fair and transparent.
Standstill letter process effectiveness	To support TfL Legal by reviewing the effectiveness of the arrangements in place to manage the standstill letter process.
Technology Risk	
Transforming IM (TIM)	Provide assurance on the effectiveness of the programme of work, approach and processes involved in defining and implementing the IM sourcing strategy and delivery of the programme objectives.
Information Security Controls Framework (ISCF)	To work with the Chief Information Security Officer to provide assurance on the effectiveness of the processes that have been used to implement the ISCF in alignment with best practices, and TfL business and legal requirements.
Disruption to quality of service	
IM Service Requests Management	Provide assurance on the effectiveness of the governance around management and implementation of service requests to ensure that all service requests have been adequately authorised and are following an adequate process.
Financial and Governance Controls	
Payment Card Industry Data Security Standards (PCI DSS) Compliance	To review compliance with PCI DSS in specified business areas.

Audit	Objective
Oracle financial controls and supporting systems	To review the financial processes and controls operating under the Oracle system.
Planning	
Maintaining a long term strategic, balanced plan	
Transport modelling	To provide assurance over the use of strategic transport planning models and forecasts within TfL.
Customer Experience, Marketing and Communications	
Technology Risk	
Security of Visitor Centres	To review and test the security arrangements in operation to secure Visitor Centres, including controls over personal data.
Human Resources	
People Risk (inc. Pensions / Industrial Relations)	
Employee relations	To determine the efficiency and effectiveness of the structure and processes in relation to the employee relations framework and machinery.
HR Preferred Suppliers	To review how HR / Procurement manage the HR preferred suppliers process.
Recruitment Processes	A review of the policies, procedures, planning, risks and controls around the recruitment and selection process, including volume recruitment.
Managing Attendance	Review of managing attendance process and controls, covering absences including annual leave, sick and special leave.
London Transport Museum	
London Transport Museum	
LTM Youth Travel Ambassador Programme	To review the processes and controls around the Youth Travel Ambassador Programme.
Crossrail	
Crossrail	
IT disaster recovery	To review the backup and recovery arrangements for core systems (e.g. SAP and eB).
Management of Crossrail Commercial Exposure and Contractor Earned Value	A review, focused on contractors, of Earned Value reporting at the individual project level, and any aggregate effect on Project Cost Performance Index (CPI) and Schedule Performance Index (SPI).
Digital Railway application for Infrastructure Managers (IMs)	A review of the Enterprise Architecture systems that will be used for asset information / asset management by the Crossrail IMs. The review will include how asset maintence information for stations equipment will be stored.

Transport for London	Appendix 2
Internal Audit plan 2015/16 by directorate	
Approved by the TfL Audit and Assurance Committee 9 March 2015	**Work Planned for Quarter 3 2015/16**
Audit	**Objective**
Pan TfL	
Delivery of capital investment portfolio	
Change control in projects	To review a sample of projects for the efficacy of their change control processes.
Disruption to quality of service	
Incident Management - Planning & Management	To review the dedicated processes and procedures to support incident management, specifically those arrangements in place to test planning for crisis and incident and managing such events.
Incident management - Response and Recovery	To review the dedicated processes and procedures to support incident management, specifically those arrangements in place to test incident response and recovery.
Major / Catastrophic incident	
Major Incident Emergency Plans	To provide assurance that Major Incident Plans are accurate, maintained and implementable in co-ordination between LU and ST.
Rail and Underground	
Delivery of capital investment portfolio	
Project handover from CPD to COO (aka project close-out)	To review the effectiveness of processes in place to handover the outputs from R&U projects into service and provision for maintenance.
Fraud Risk in projects and contracts	Review the adequacy and effectiveness of controls in place to manage fraud risk in TfL's projects and contracts and assess against a fraud risk maturity model.
DLR Design Assurance	To assess the design assurance processes for new assets to ensure they comply with Pathway and legal requirements and conform to best practice.
SUP Programme Execution Plan Implementation	To provide assurance that the revised Programme Execution Plan is being implemented as intended.
LU Plant Approval Process for Construction Sites (non-rail borne)	To provide assurance that non-rail track plant on construction sites is subject to suitable approval processes before it is used.
Project use of Pathway and Maintenance Teams' Readiness to deliver support for new Signalling assets	To provide assurance that products such as approval and registration of new equipment, provision of training, and provision of tools and spares etc are delivered in a timely and effective manner.
Disruption to quality of service	
Supplier assurance within LU	An end-to-end review of LU's processes for assuring the quality of goods and services from its suppliers.
RfL - CTOC. Mobilisation planning and contract management.	To provide assurance over the commencement of Crossrail train operator services by the new concession holder and TfL's readiness.
Trams - Hand back of critical assets from the Systems Upgrades Project	Review the hand-back arrangements between Trams and the Systems Upgrade Project to ensure they are sufficiently robust for the safe return to service of assets. Seek assurance that Upgrades project contractors are using an effective competence management system.
LU Management of Contractors	To assess, using ISO 55000 as a benchmark, the effectiveness of arrangements to manage suppliers working on LU premises / assets, with specific regard to on site monitoring, competence and management of sub-contractors.
LU Calibration of RS depot tools	Follow up to the previous audit to confirm that improvements have been made and that the calibration of depot fleet tools continues to be managed effectively.

Audit	Objective
Track Alumino Thermic Welding	To assess process, record keeping and general compliance with LU standards.
SSL Track Maintenance	To provide assurance that specific technical requirements are controlled to mitigate service disruption and safety risks.
LU Repeat Asset Failure Avoidance	To provide assurance that asset failures are investigated and root causes identified, addressed and escalated to avoid repeat failures.
Assurance of LU Maintenance	To assess the processes used in LU AP to determine the assurance arrangements for assets. This will focus on the Assurance section of Asset Support and benchmark against ISO 55000.
LU Communication Equipment Room Management	Provide assurance that management actions in response to a previous 'poorly controlled' audit have been implemented and are effective.
Stations Plant Register Process	To review the current application and compliance of the Plant Register Process.
LU Supplier Audit: Vossloh	To provide assurance in relation to the manufacture and provision of equipment and components provided by Vossloh as a new vendor to London Trams.
Major / Catastrophic incident	
Fleet Central HSE Management (Hainault and Ruislip)	To provide assurance that legislation is being complied with and HSE Management System requirements are understood and implemented.
Fleet Metropolitan HSE Management (Neasden)	To provide assurance that legislation is being complied with and HSE Management System requirements are understood and implemented.
COO Emergency Planning	Review the quality of emergency plans and the ability of local management teams to implement them with particular regard to interfaces with 3rd parties where applicable.
Points and Crossings (P&C) maintenance/ inspections	To provide assurance that recent improvements in P&C maintenance/inspections as a result of the Grayrigg Action Plan are embedded from both a Track and Signalling perspective.
LU Control of Working with Electricity	To assess LU compliance with the Electricity at Work Regulations through the Management System, focusing on awareness of regulatory requirements, training and competence, justification for any live working, controls in place via risk assessment including permits (in accordance with S1526) and their application and evidence of their communication.
LU Control of Working at Height	To assess LU compliance with the Working at Height Regulations through the Management System, focusing on maintenance staff and contractors.
LU Control of Mobile Plant	Review the arrangements in place locally to manage the maintenance, use, competence and operation of mobile plant in depots and worksites.
LU Risk from Falling Objects	To review Inspection Processes, Temp Work Processes and Project work to evaluate if robust checks are in place to mitigate risk from Falling Objects.
LU use of Site Person in Charge (SPC) in performing protection activities	To provide assurance that following the change to SPCs providing protection services, risks remain adequately controlled
Fit for Future Stations (FFFS) organisational change	To provide assurance that risks associated with the FFFS changes have been appropriately managed.
LU Competence of Test Train Operators	Provide assurance that the competence of Test Train Operators is ensured via a robust and implemented system.
LU Availability of Competence Records	To provide assurance that competence records can be provided within 1 hour of being asked for by an ORR inspector.
Surface Transport	
Delivery of capital investment portfolio	
Use of Pathway in ST	Review the extent to which Pathway is embedded in ST and assess its use by projects.
Project closure in ST	To review the process for the formal close out of projects in Surface.

Audit	Objective
Project handover in ST	To review the effectiveness of processes in place to handover the outputs from Surface Transport projects into service and provision for maintenance, including control over changes to requirements.
Disruption to quality of service	
Enforcement and On-Street Operations (EOS) - Compliance	To follow up on the work carried out during 2014/15 and the EOS business improvement project to provide assurance on the compliance control environment within TPH Compliance.
Bus Infrastructure Asset Management	To provide assurance that bus infrastructure assets are being managed in accordance with ISO 55000 principles.
Major / Catastrophic incident	
ST Safety Organisation Arrangements	To provide assurance that ST safety organisation arrangements are clear, understood and lead to control of risk.
Financial and Governance Controls	
Traffic Enforcement	To provide assurance over the processing of traffic enforcement notices under the new contract.
Finance	
Maintaining a long term strategic, balanced plan	
Project management within Commercial Development	To assess the adequacy of project, programme and portfolio management processes, and their operation.
Technology Risk	
Transforming IM (TIM) Procurements	To provide assurance that the procurements of the SIAM and Network contracts for the TIM Programme are being managed effectively and carried out in accordance with approved procedures. The audit will also consider the steps taken to ensure the resulting contracts are fit for purpose.
Active Directory	To provide assurance that the access granted was appropriately authorised and remains appropriate.
Disruption to quality of service	
Management of IM Non Permanent Labour (NPL)	To provide assurance on the effectiveness of the processes that have been established by IM to optimise the use of NPL capabilities and ensure effective knowledge management with a view of meeting TfL corporate objectives.
Financial and Governance Controls	
Group Treasury	To review the financial processes and controls operating in Treasury with focus on hedging and investments.
Enforcement Agents - Property	To review the processes and controls over the use of bailiffs, covering both value for money and reputational risks.
CPAF	To review the processes and controls over the use of CPAFs.
Unsupported Invoices	To review the processes and controls over the use of unsupported invoices.
Customer Experience, Marketing and Communications	
Technology Risk	
Security of Oyster Contact Centre	To review and test the security arrangements in operation to secure all types of data (particularly personal data) within Oyster Contact centre including associated PCI - DSS Compliance work.
Human Resources	
People Risk (inc. Pensions / Industrial Relations)	
Equality Framework for Local Government	Consultancy request to peer review evidence in preparation for external review.
Crossrail	

Audit	Objective
Crossrail	
DLR Apportionment of Costs	A review of DLR apportionment of costs to Crossrail to verify that these reflect actual costs to DLR.
Commercial Settlement Management and Management of Disputes	A review of how value for money is provided within a controlled process in relation to commercial settlements, including a review of the management of commercial disputes.
Management of Contract close-out	Review the commercial and other close out of contracts, including practical completion. This will include a review of commercial relationships between Crossrail and Tier 1 contractors whose contracts are coming to an end.
Agreements Management process	To review management of the Agreements Management process, including the role of TfL and RfL, to ensure the processes are fit for purpose to allow the railway to open on schedule.
Signalling system design process	A review of the signalling system design process, and how this is monitored. This will include a review of relevant standards and applicability to Crossrail.
Document control and configuration management at RfL	A review of document control and management at RfL.
Rolling Stock Assurance	A review of Bombardier to provide assurance that rolling stock design and progress meets RfL requirements.
Schedule Management	To review arrangements for management of schedule. The review will include a review of the difference between contractor and Crossrail view of schedule; and a review of Schedule Risk Assessment.
Physical Site Security	To review security arrangements in operation to secure people, property and information.
Configuration Management Database (CMDB)	To review CMDB management and monitoring of design / performance.
Constructing Better Health (CBH)	A review of the effectiveness of CBH performance, including KPIs and reporting processes.

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

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Summary of Findings	Final Report Issued
Rail and Underground						
Delivery of Capital Investment Portfolio						
IA_14_615F	Business Transformation Director	Operation of Rail & Underground Programme Boards	10/02/2015 Memo	To review the operation of the R&U Programme Boards to identify best practice, lessons learned and continuous improvement. The audit focussed on the implementation of the April 2014 Programme Board Review recommendations and their impact on the performance of R&U Programme Boards.	Our Interim Internal Audit Memorandum, dated 10 February 2015, entitled 'Operation of Rail & Underground Programme Boards', identified that the recommendations and actions from the April 2014 programme board review had been implemented and improvements achieved. A number of further areas for improvement were identified; primarily regarding greater consistency of RUB member attendance across the various boards, while also reducing the presence of extraneous non-members. Additional recommendations were made regarding revising risk reporting templates, establishing a forum for sharing best practice and driving collaborative board member behaviours. Management have implemented all the recommendations made in respect of these findings and this audit is now closed.	31/07/2015 ACL
Disruption to Quality of Service						
IA_14_613	Director of Rail	Mobilisation of the New Docklands Light Railway	03/07/2015 WC/ACL	To provide assurance over the transfer of DLR services to the new franchisee, and TfL's readiness.	See Interim Audit Report Summary in Appendix 4	03/07/2015 WC/ACL
Security						
IA_14_407	Chief Operating Officer, LU	Security of LU Tenants	1/10/2014 RI	To provide assurance that the London Underground Construction Access System (LUCAS) process for LU station tenants complies with the requirements contained in the London Underground Security Programme	Our Interim Internal Audit Report dated 1 October 2014 entitled "Security of LU Tenants" identified the following priority 1 issues: • The outcome of the initial implementation of the LUCAS ID cards for tenants had been poor, with very low levels of compliance	8/09/2015 ANC

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Summary of Findings	Final Report Issued
				(LUSP) and that the process operates in an effective and efficient manner.	• The new process had not been properly documented in the management system We have now completed our follow up review and can confirm that of the nine management actions six have been satisfactorily addressed, one has been partially addressed and two have not been addressed. The outstanding actions all relate to the guidance documentation that is being prepared for the implementation of the new access control system, Sentinel. The Sentinel system has been introduced as a replacement for LUCAS. The actions have revised implementation dates of 31 December 2015. We will follow up completion of these actions and issue a further final audit report by January 2016.	
Surface Transport						
Technology Risk						
IA_15_412	Chief Operating Officer, Surface Transport	Security of Data within Santander Cycle Hire	**16/07/2015 WC/ACL**	To review the effectiveness of the IT security arrangements that have been established between Serco and Transport for London (TfL), to provide assurance that the confidentiality, integrity and availability of the data is maintained within the Cycle Hire systems.	See Interim Audit Report Summary in Appendix 4	**16/07/2015 WC/ACL**
Financial and Governance Controls						
IA_14_112 F	Director of Service Operations	LRS Healthcheck	**06/11/2014 AC**	To provide assurance on the adequacy and effectiveness of internal controls in place within London River Services (LRS), focussing on key activities.	Our Interim Audit Report dated 6 November 2014 entitled LRS Healthcheck identified two Priority 2, and three Priority 3 issues resulting in six management actions. We have now carried out a follow up review of the agreed management actions and can confirm that five have been satisfactorily addressed. One remains partially addressed, but an appropriate action plan is in place to ensure it is completed in the near future. This action will remain open in Issue Track and will be followed up as it becomes due according to its revised date. Therefore this audit is now closed.	**14/09/2015 ACL**

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Summary of Findings	Final Report Issued
Finance						
Financial and Governance Controls						
IA_14_149 F	Chief Finance Officer	Procurement Authority and Associated Controls	**18/12/2014 Memo**	To review the process and control arrangements for granting and monitoring Procurement Authorities (PAs).	Our Interim Internal Audit Report dated 18 December 2014 entitled PA and Associated Controls identified four Priority 1 issues, resulting in 17 management actions. The Priority 1 issues were: • The SAP facilities for identifying contracts' expenditure and monitoring this against PA are not always used. • In some cases where Outline Agreements (OAs) are used, the correct procedure is not followed, thereby limiting their effectiveness in monitoring PA. Also, SAP has been configured in a manner that limits the effectiveness of OAs. • Monitoring of expenditure against PA does not happen in some cases, mainly as a result of a lack of clarity on whose responsibility it is. • The Standing Orders were breached in a number of contracts, by failure to obtain PA for qualifying transactions, and officers inadvertently granting PA above the limits imposed by the Standing Orders. We have now carried out a follow up review of the management actions and whilst we can confirm that seven have been completed, ten have only been partially addressed. The partially addressed actions include the completion of the investigation on how new OAs may be set up in SAP to prevent expenditure being higher than the Target Value limit. Agreement on how the proposed solution will be taken forward, prior to implementation, has yet to be reached, including discussion with the Commercial Director R&U on options for R&U. A number of the other incomplete actions are linked to the completion of the training programme for relevant commercial and management teams. This audit is not closed. The remaining actions will be followed up as they become due according to their revised dates and a second final audit report issued by 30 October 2015.	**22/07/2015 ANC**

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Summary of Findings	Final Report Issued
IA_14_123 F	Chief Finance Officer	Accounts Receivable	26/01/2015 AC	To provide assurance on the effectiveness of financial controls over non-fares revenue accounts receivable.	Our Interim Audit Report dated 26 January 2015 entitled Accounts Receivable identified two Priority 2, and five Priority 3 issues resulting in nine 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. Two are partially addressed, but appropriate action plans are in place to ensure they are completed in the near future. These two actions will remain open in Issue Track and will be followed up as they become due according to their revised dates. Therefore this audit is now closed.	05/08/2015 ACL
Customer Experience, Marketing and Communications						
Disruption to Quality of Service						
IA_15_431 F	Director of Customer Experience	IT Change Control Processes in Customer Experience	28/08/2015 WC/ACL	To confirm that the technical changes made to the Oyster systems are being undertaken within a robust and effective change management framework, which includes authorisation and validation of change through to testing and final release into the live production environment.	See Interim Audit Report Summary in Appendix 4	28/08/2015 WC/ACL
Risk of an Information or Cyber Security Incident on Key Services that Support Business and/or Network Operations						
IA_14_100 F	Director of Customer Experience	Access to Oyster Data	04/07/2014 RI	To provide assurance on the adequacy and effectiveness of internal controls in place for access to Oyster data via the OCTA and OCTAgone systems.	Our Interim Internal Audit Report dated 4 July 2014 entitled Access to Oyster Data identified four Priority 1 issues, three Priority 2 issues and one Priority 3 issue, resulting in 17 management actions. A follow up review of the management actions was carried out and a report issued on 18 March 2015. We reported that eleven actions had been completed but six had only been partially addressed and the audit was not closed. We have now carried out a further follow up review and can confirm that all of the management actions have been satisfactorily addressed. This audit is now closed.	28/08/2015 ACL

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Summary of Findings	Final Report Issued
London Transport Museum						
IA_14_143 F	Museum Director	LTM Fixed Assets	19/01/2015 RI	To determine the effectiveness and adequacy of controls over the LTM's fixed assets.	Our Interim Internal Audit Report dated 19 January 2015 entitled LTM Fixed Assets identified one Priority 1 issue, one Priority 2 issue and three Priority 3 issues resulting in six management actions. We have now carried out a follow up review of the agreed management actions and can confirm that all have been satisfactorily implemented. Therefore this audit is now closed.	01/07/2015 ACL
One HR						
Security						
IA_14_426 F	Director of HR	Pre-Employment Screening of Non Permanent Labour	03/03/2015 RI	To review the arrangements within TfL for pre-employment screening activities of non-permanent labour.	Our Interim Internal Audit Report dated 3 March 2015 entitled "Pre Employment Screening of Non-Permanent Labour" did not identify any Priority 1 issues, but did identify three Priority 2 and one Priority 3 issues. The Priority 2 issues were as follows: • There was no evidence that HR Recruitment regularly monitored the service provider's performance against the agreed key performance indicators (KPIs). • The providers of non-permanent labour that were reviewed did not have clear parameters regarding the time frames for completing pre-employment screening checks. • Some non-permanent labour, mainly operational roles, did not require one to one interviews with the assignment manager and were appointed based on their technical capabilities without being seen face to face. We have now completed a follow up review which confirmed that management has implemented all of the agreed actions. The audit is now closed.	10/07/2015 ACL
People Risk (Including Pensions /Industrial Relations)						
IA_13_139 F	Director of HR	Viewpoint Staff Survey	11/06/2014 AC	To provide assurance over the delivery of the Viewpoint staff survey and how the results are being used to drive performance improvements within TfL.	Our Interim Internal Audit Report dated 11 June 2014 entitled Viewpoint Staff Survey identified two Priority 2 issues resulting in two agreed management actions. Following the issue of our Interim Audit Report responsibility for co-ordinating the Viewpoint Staff Survey has moved from within the HR Directorate to Employee Engagement and Communications (ECE) within the Customer Experience, Marketing and Communications Directorate. A full Viewpoint Survey was completed in 2014 followed by a	29/07/2015 ACL

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Summary of Findings	Final Report Issued
					Viewpoint Pulse Survey in spring 2015. We have now carried out a follow up review and can confirm that the two actions have been satisfactorily addressed. Accordingly this audit is now closed.	
IA_14_137	Director of HR	Graduate Scheme	31/07/2015 WC/ACL	To review the procedures and key controls around TfL's graduate schemes.	See Interim Audit Report Summary in Appendix 4	31/07/2015 WC/ACL
Financial and Governance Controls						
IA_13_417 F	Director of HR	Quality of HR Master Data	17/02/2014 RI	To provide assurance on the adequacy and effectiveness of the HR processes and procedures that had been implemented to ensure the integrity, availability and confidentiality of HR master data.	Our Interim Audit Report dated 17 February 2014 entitled 'Quality of HR Master Data' identified three priority 2 issues, as follows: • There was a lack of up-to-date HRS Recruitment guidelines and procedures that give clear instructions to its team members on the internal processes; • The field containing the start date and end date of data records was not being consistently used; and • The field used to store the employee date of birth in SAP was not being properly used in respect of non-permanent labour. The report also identified one priority 3 issue. We issued a Final Audit Report on 26 January 2015, which concluded that the audit was not closed because management had satisfactorily implemented only five of the seven agreed actions whilst the remaining two actions had only been partially addressed despite an extension to the original due date for some of them having been agreed. We have now carried out an additional follow-up review and confirmed that the remaining two actions have been satisfactorily addressed. The audit is now closed.	28/07/2015 ACL
Crossrail						
IA_15_500	Finance Director, Crossrail	Management of the Estimated Cost of Completion (ECC)	24/07/2015 WC/ACL	To determine the effectiveness of the processes and controls for calculating and managing the ECC, and resolving any differences between CRL's and contractors' estimates.	See Interim Audit Report Summary in Appendix 4	24/07/2015 WC/ACL
IA_14_501 F	Finance Director, Crossrail	Network Rail's Finance Charges and Apportionment of Costs	23/04/2015 AC	The objective of this audit was to provide assurance of the effectiveness and accuracy of controls over processes for determining NR's finance charges and apportionment of costs.	The Interim Audit Report dated 23 April identified one Priority 2 issue in relation to the risk-based nature of cost verification work being conducted by the On-Network team. One Priority 3 issue was also raised. Crossrail management has implemented all the agreed management actions in respect of these findings. This audit is therefore closed.	24/07/2015 ACL

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Summary of Findings	Final Report Issued
IA_14_519 F	H&S Director, Crossrail	Incident Reporting and Investigation in Crossrail	17/04/2015 RI	To ascertain the level of compliance with the incident reporting and investigation process, RIDDOR and accident reporting.	The Interim Audit Report dated 15 April identified four Priority 2 issues in relation to Incident Reporting and Investigation in Crossrail. One Priority 3 issue was also raised. Crossrail management has implemented all the agreed management actions in respect of these findings. This audit is therefore closed.	06/08/2015 ACL
IA_14_525 F	IT Director, Crossrail	Fujitsu Contract Governance	19/12/2014 AC	To assess the effectiveness of the contract governance arrangements that have been implemented by Crossrail on the Fujitsu contract.	The Interim Audit Report dated 19 December 2014 identified one Priority 2 issue in relation to Crossrail being unable to challenge potential over-charges because insufficient detail is provided by Fujitsu to support the invoiced amounts and service credits. Four Priority 3 issues were also raised. Crossrail management has now implemented all the agreed management actions in respect of these findings. This audit is therefore closed.	28/07/2015 ACL
IA_14_526 F	IT Director, Crossrail	Mobile Computing and Accessibility in Crossrail	23/03/2015 AC	To provide assurance that the security of mobile devices used by Crossrail is adequately maintained, ensuring the confidentiality, availability and integrity of the affected information.	Our Interim Audit Report dated 23 March 2015 entitled Mobile Computing and Accessibility in Crossrail identified one priority 3 issue. We have completed a follow up review and confirmed that management has implemented the agreed management action in respect of this finding. This audit is therefore closed.	20/08/2015 ACL
IA_14_514 F	Transition and Strategy Director, Crossrail	Corporate Procurement Process	21/05/2015 AC	To review the Corporate Procurement Process to ensure it is being followed across the organisation, principally for procurement under £10k.	The Interim Audit Report dated 30 March 2015 identified one Priority 3 issue in relation to the review of the Procurement Policy being overdue. Crossrail management has implemented the agreed management actions in respect of these findings. This audit is therefore closed.	06/08/2015 ACL
IA_15_520 F	H&S Director, Crossrail	Implementation of the Construction, Design and Management (CDM) Regulations 2015 in Crossrail	06/08/2015 WC/ACL	To ascertain the level of implementation of the recently issued CDM Regulations 2015 in Crossrail.	See Interim Audit Report Summary in Appendix 4	06/08/2015 WC/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	Responsible Director	Report Title	Interim Report Issued	Original Objective	Follow-up Audit	Summary of Findings
Underground and Rail						
Disruption to Quality of Service						
IA_14_613	Director of Rail	Mobilisation of the New Docklands Light Railway	**03/07/2015 WC/ACL**	To provide assurance over the transfer of DLR services to the new franchisee, and TfL's readiness.	**N/A**	The audit found effective controls in place across all scope areas including the following: • There was a comprehensive governance framework, which established good processes and an effective structure. • Planning of the mobilisation activities was very detailed, through use of a mobilisation plan and Gantt charts which were updated throughout the process. • Relationship and stakeholder management was well managed and comprehensive. • Contractual compliance was enabled by the clear allocation of activities to individuals with relevant qualifications and experience, who then retained ownership of matters that required compliance, mobilisation or transfer. • Risk was similarly well controlled. Those managing risks had a good understanding of the activities which they were managing and there were clear governance and reporting procedures to identify and report on how each risk was being managed. • Change control was well documented and changes were reported in the separate workstream update reports by the respective leaders assigned to those particular workstreams. • Management of performance of the DLR during the transition phase was robust and well managed through the principles established in the governance framework and the authority assigned to individuals No issues were identified and the audit is closed.

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Follow-up Audit	Summary of Findings
Surface Transport						
Delivery of Capital Investment Portfolio						
IA_14_616	Director of Service Operations	Management of the new Taxi and Private Hire Contract	**27/07/2015 RI**	To review the efficiency and effectiveness of TfL's management of the new Taxi and Private Hire contract with NSL.	**29/02/2016**	The NSL contract is managed by the Contracts team who are assisted by other areas of TPH (ie Finance, Compliance, Policy, Commercial and Licensing). Regular contract management meetings are held by TPH involving NSL and relevant subcontractors, to address operational issues and performance. Additionally, specialist areas are covered by subject matter expert meetings with the contractor._x000D_ Monthly reports on performance indicators (PIs) are provided to TPH Contract management by the service provider. The reports are used in review of service delivery and performance, and for payment purposes, and they also form a part of TPH's own reporting to senior management. The following positive aspects were noted: • Good level of engagement between all internal parties within TPH involved in management of the contract. • While NSL, as the principal contractor, is responsible for management of subcontractors, in addition, TPH have a close relationship and direct contact with key subcontractors, for efficient resolution of subcontractor issues. • Scheduled site visits to NSL vehicle inspection centres and Quality Assurance (QA) checks of the printing subcontractor by TPH Contracts team members to confirm compliance with contract requirements. However, we also noted a number of areas where the control environment should be improved to ensure the effective running of the contract. We have identified one Priority 1 issue relating to risk management, which is unsystematic, with the risk register not being maintained. We also identified three Priority 2 issues.
Technology Risk						
IA_15_412	Chief Operating Officer, Surface Transport	Security of Data within Santander Cycle Hire	**16/07/2015 WC/ACL**	To review the effectiveness of the IT security arrangements that have been established between Serco and Transport for London (TfL), to provide assurance that the confidentiality, integrity and availability of the	**N/A**	The audit found effective controls in place across all scope areas including the following: • TfL requirements for security of data for the cycle hire scheme have been captured within a Statement of Requirements (SOR) document which is incorporated into the contract with Serco. The SOR specifically requires Serco to implement a number of security measures to preserve the confidentiality; integrity and availability of the cycle hire scheme information. It also requires Serco to be compliant with the principles of the Data Protection

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Follow-up Audit	Summary of Findings
				data is maintained within the Cycle Hire systems.		Act, the requirements of the ISO 27001 (the best practice framework for information security management) and the Payment Card Industry Data Security Standards (PCI DSS). • Serco has a Security Policy and a robust security framework for the protection of information and systems that extends to sub contractors who are required to comply with it. • The security framework is underpinned by a Security Plan, which is consistent with the SOR and addresses the overall organisation of information security, asset management, human resource security, physical and environmental security, communications and operations management, access control, information systems acquisition, development and maintenance, incident management, business continuity management and compliance processes. • TfL Cycle Hire obtains assurance that the confidentiality, integrity and availability of information are maintained by independent audits of Serco. These reports are made available to TfL senior management and discussed at the monthly security forums. • As part of the cycle hire scheme governance structure, a number of meetings are held regularly with Serco, including contractual, performance and operational review meetings. In addition, a specific security review meeting is also held between TfL and Serco IM Security staff to clearly understand the performance of security against service targets and risks. No issues were identified and the audit is closed.
Financial and Governance Controls						

IA_14_114	Director of Service Operations	Victoria Coach Station (VCS) Healthcheck	28/08/2015 AC	To provide assurance on the adequacy and effectiveness of internal controls in place within VCS, focussing on key activities.	31/03/2016	The following areas of good practice were noted:
						
						 • The comprehensive Business Transaction Manual details all processes and is annually reviewed and updated where necessary.
						
						 • In addition to the two key performance indicators that VCS is measured against, they are also assessing themselves against the following criteria:
						  o Total operations income
						  o Reported incidents
						  o Staff attendance
						  o Operator departures
						
						 • VCS are in regular contact with Commercial Development in order to continuously improve customer retail experience, as well as drive

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Follow-up Audit	Summary of Findings
						revenue up.
						We identified no Priority 1 issues, two Priority 2 issues and one Priority 3 issue.
						The Priority 2 issues related to employees not consistently using the VCS World Travel team to book their travel arrangements nor gaining the appropriate authorisations; and the allocation of rent payments.
Finance						
Financial and Governance Controls						
IA_14_121	Chief Finance Officer	Strategic Risk Management	09/07/2015 RI	To review the Risk Management (RM) processes at pan-TfL level and determine their effectiveness.	31/10/2015	The templates used for quarterly risk reporting across the BAs and at pan-TfL level have been standardised. This has created consistency in the content of the risk reports.
						The TfL Strategic Risks (SRs) have been reviewed and condensed to make them more manageable. The risks are also aligned to the TfL pillars.
						A series of RM awareness sessions are being rolled out across TfL. The risk awareness training was requested by the Strategic Risk Management Panel (SRMP) and focuses on operational and strategic risks. The course has received positive feedback from the sessions that have been run to date.
						The audit identified four Priority 2 issues and three Priority 3 issues.
						The Priority 2 issues are as follows:
						• Inconsistencies between the risk quantification reported in the pan TfL Quantified Strategic Risk Schedule (QSRS) and ARM.
						• Improving the role of RM in the strategic decision making process.
						• Review and update of the objective, scope and frequency of meetings of the SRMP.
						• ARM does not capture the pan-TfL SRs
IA_14_120	Chief Finance Officer	Payroll	29/07/2015 RI	To provide assurance on the adequacy and effectiveness of internal controls in place within Payroll.	31/01/2016	Payroll operations are working well with effective arrangements in place for the running of the TfL payrolls. The TfL Payroll team is experienced and knowledgeable with the majority of employees being in post for a number of years.
						Good practice was noted in the form of the checklists that are in place for all 10 payroll runs. These are reviewed on a regular basis to ensure continuous improvements are made. The most up to date versions clearly state the action that needs to be completed, by which team, and

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Follow-up Audit	Summary of Findings
						who to pass the checklist onto for the next part of the process. No evidence of 'ghost' employee records was found in SAP or Oracle HR. We identified three Priority 1 issues together with six Priority 2 and one Priority 3 issues. The Priority 1 issues are: • Northgate, the JNP payroll provider, is not effectively delivering its services and there is also a lack of access to its payroll systems for monitoring purposes. • Inconsistent vetting checks are being carried out for employees in TfL and JNP and documentary proofs are not being appropriately authorised. • There are weaknesses in the monitoring of sensitive HR and payroll access permissions. An on-going control to detect segregation of duty violations and sensitive access to Oracle HR has not been implemented.
IA_15_124	Director of Commercial Development	Completeness of the Property Asset Register (PAR)	**17/09/2015 RI**	To provide assurance over the completeness of the PAR	**30/04/2016**	We identified the following areas of good practice in the PAR team: • A commitment to proactively seek acquisition information from several sources, such as legal records, to identify periodic PAR amendments and ensure that the PAR is complete. • Identification of opportunities to enhance the completeness of the PAR. For example annual validations from the investment property system SAP R3. • Close contact with individuals responsible for internal systems, such as Muniments and SAP Real Estate in Operational Property, and engagement with R&U Infrastructure Protection, Roads Management and Network Rail's property register team. • Coordination with TfL Legal of a business-driven schedule for first registrations. • From September 2015, it is planned to record commercial development property projects on the PAR for reference We note that there is no formal link from the PAR to asset management systems such as Ellipse and Maximo in R&U, and the Roads Network Asset Management System. This would reinforce completeness and accuracy of, and responsibility for, property-related data in both the PAR and systems used to directly support and maintain operations.

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Follow-up Audit	Summary of Findings
						Three Priority 1 issues and one Priority 2 issue were identified. The Priority 1 issues are: • The cost and benefit of a full alignment of the PAR with the FAR needs to be assessed as there is currently no straightforward way to confirm that all property assets recorded in the PAR are also recorded in the FAR and vice versa. • PAR records have not been consistently created and updated which precludes a reliable automated matching to Land Registry title records and site plans. • The property acquisitions process needs to be improved by reinforcing the control process with those responsible for buying and selling, as well as seeking further supporting information.
Customer Experience, Marketing and Communications						
Technology Risk						
IA_14_147	Director of Customer Experience	Social Media	**15/07/2015 RI**	To assess the effectiveness of controls over social media.	**31/01/2016**	We identified the following areas of good practice: • The Social Media and Content team has drafted a RACI (Responsible, Accountable, Consulted, Informed) document for external social media channels. • Road Traffic Information, Contact Centre Operations and Bus Alerts (operational areas) have implemented guidance and training procedures for their Twitter feeds. The Social Media and Content Manager will review and consolidate them to share best practice. • Although it is not necessary for all TfL social media use, the Press Office independently reviews and approves its social media content before publishing. • Employee Communications and Engagement (ECE) has identified a digital representative to reinforce digital culture in the business areas. • The draft governance document for Yammer addresses appropriate risk areas such as user account management and content governance. Social media resource is currently under review. For external social media, it will be considered during strategic planning workshops planned for July 2015. Although ECE has recently recruited an expert to communicate its Digital Culture awareness programme, it does not

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Follow-up Audit	Summary of Findings
						consider its internal social media resource to be adequate compared to equivalent organisations. The audit identified four Priority 1 issues, together with three Priority 2 issues. The Priority 1 issues are: • Social media roles and responsibilities should be clarified to reinforce the TfL-wide approach promoted by the Digital Strategy. • The governance framework documentation needs to be reviewed and updated, in particular three key documents published on the Intranet. • The administration of the Social Media and Content team's control to assess the strategic fit of new social media channels could be improved. • Integrated reporting and evaluation of social media performance is not in place although some initial review and scoping work has been undertaken.
Disruption to Quality of Service						
IA_15_431F	Director of Customer Experience	IT Change Control Processes in Customer Experience	28/08/2015 WC/ACL	To confirm that the technical changes made to the Oyster systems are being undertaken within a robust and effective change management framework, which includes authorisation and validation of change through to testing and final release into the live production environment.	N/A	The change management processes are incorporated and delivered within the overall contractual agreement between TfL and Cubic, under the Future Ticketing Agreement (FTA). The change control process is owned and operated by Cubic under their overall IT Service Management obligations to TfL. Roles and responsibilities are clearly identified within the Change process. All changes are subject to formal, standardised and automated change processes using the 'Service Now' Change Management software tool which was implemented in January 2015. Prior to this implementation a manual process was in place. The introduction of the Change Management software provides more visibility and control of the technical changes made to the Oyster systems. Changes are recorded within the change control process form (CHG) which is used to identify resources, risk level and impact severity to the Oyster systems prior to the change being subject to approval by the Change Advisory Board (CAB). The CAB has representation from the technical disciplines within Cubic and also the IT Customer Experience Change and Release Manager from TfL, who has full visibility of the changes and provides input and approval as required, to enable the changes to be made. The CAB meets at scheduled times and is provided with details of all the changes prior to the meeting to enable a greater level of scrutiny before discussion and approval at the meeting.

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Follow-up Audit	Summary of Findings
						Where significant changes to the systems are to be made, Cubic implements a release in accordance with the documented Release Management Policy. The releases are designed, planned, tested and implemented in accordance with the release calendar as agreed with TfL. This includes testing any changes in the integration environment, pre-production environment and then approval utilising the change management process. As part of the change process, various elements of the Oyster infrastructure are identified so that it is clear which areas will be affected by the change. All changes are tested prior to the CHG being closed; implementation testing and post implementation verification testing is conducted to ensure that there are no adverse impacts on the live Oyster systems as a result of introducing the change. Additionally, a regression plan is developed, prior to the change being introduced, to roll back the systems in the event the change fails. All problems are captured within the issue log and a process is in place to identify, analyse, manage and resolve these incidents. Emergency changes are carried out only when an urgent need arises. The CHG is completed and is available within the 'Service Now' change system and undergoes the same level of scrutiny as a normal change. This type of change requires approval by the Cubic Service Delivery Manager and the Head of Service Strategy and IT. All emergency changes are discussed with the IT Customer Experience Change and Release Manager prior to implementation. The audit did not identify any issues.
London Transport Museum						
IA_14_428	Museum Director	London Transport Museum Online Shop	29/06/2015 RI	To provide assurance that the policies, processes and controls in place to manage and maintain the LTM Online Shop are adequate to secure an effective web application environment.	01/10/2015	On 3 March the LTM Online Shop was awarded the best online shop in the United Kingdom, through the Association for Cultural Enterprises (ACE), Best Product Awards 2015. The LTM (in tandem with Internova UK Ltd) has a formal and well-understood web application methodology that includes a design and specification process, a process for testing and requirements for documentation. Documented and agreed approval mechanisms exist to ensure that all steps in the documented methodology are followed and any exceptions are authorised. These practices and procedures are evolving and are well suited to the size of the LTM. This audit, identified one Priority 1 issue as follows: • Ownership of the contract is unclear, which has resulted in no

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Follow-up Audit	Summary of Findings
						review or update of the agreement with Internova UK Ltd. There were also three Priority 2 issues.
One HR						
People Risk						
IA_14_137	Director of HR	Graduate Scheme	**31/07/2015 WC/ACL**	To review the effectiveness of procedures and key controls around TfL's graduate schemes.	**N/A**	The audit focused on the following five graduate schemes: • Project Management • Civil Engineering • R&U Management • Road Space Management • Commercial Procurement The principal findings from the audit were as follows: • Business area experts and recruitment specialists identify the skills and behaviours necessary for graduate trainees, and annual pay reviews ensure that graduate trainee salaries are competitive enough to attract high quality candidates. • Effective selection procedures are applied, and there is appropriate vetting of candidates. An administrative issue was noted regarding recording of the date that evidence of right to work was checked. This has been raised in our separate audit report on Payroll. • There are processes are in place to ensure graduate work placements provide the experience necessary to meet the requirements of professional qualifications. • Both sponsors and graduates expressed the view that there would be benefit in greater flexibility over the length of Frontline Experience (FLEx) placements (currently they are generally a standard two weeks in length) depending on the learning opportunities they provide. At present this is hard to implement due to deficiencies with the FLEx placement booking system. However, Capability Development Schemes are working on a new IT tool to improve the administration of FLEx. • Administration of training courses for graduates was effective. Capability Development Schemes staff have conducted analysis of the retention rates, performance review ratings and progression through the hierarchy of graduates employed since 2006. This found that TfL has a higher than average retention rate of graduate trainees, and that graduates have better average performance review ratings than non-

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Follow-up Audit	Summary of Findings
						graduate staff. However, it also reported that they have low promotion rates. Since 2006 only 3.5% of former graduates have been promoted two grades, and no former graduates have achieved a Band 5 position. HR is taking action to address this issue. A new "Career Launch" process is being implemented to transition graduates from their training schemes to permanent TfL positions. Other initiatives will help graduates to manage their careers and seek to improve promotion rates. Since the issue is well understood by HR and action is already being taken to address it, we did not raise it formally in our audit report.
IA_14_139	Director of HR	Movers and Leavers Processes	28/08/2015 PC	To provide assurance on the adequacy and effectiveness of controls in place over staff leaving or moving within the organisation.	29/02/2016	We identified the following areas of good practice: • HRS internal review process for access to HR business applications and shared drives. • IM have introduced a Leaver Checklist for IM line managers, which is comprehensive, and clearly defines roles and responsibilities for leaver actions. The audit identified five Priority 1 issues and two Priority 2 issues. The Priority 1 issues are: • Line managers do not always promptly notify HRS of movers and leavers resulting in processing delays, increasing the risk of making inappropriate payments to movers and paying leavers' salaries and pension contributions beyond their leaving dates. • There is insufficient guidance available to instruct line managers in carrying out the correct processes and procedures when an employee leaves the organisation or moves within it. There is also a lack of ownership for ensuring processes are completed by line managers. • Procedures for the recovery of money owed to TfL by ex-employees are ineffective. • Delays with line managers informing IM of leavers resulting in continued licence costs and support costs for the business and potential data loss. • Inconsistent line management collection of leavers' building passes, which could result in unauthorised access to TfL buildings by former employees.
Crossrail						

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Follow-up Audit	Summary of Findings
IA_15_520F	H&S Director, Crossrail	Implementation of the Construction, Design and Management (CDM) Regulations 2015 in Crossrail	06/08/2015 WC/ACL	To ascertain the level of implementation of the recently issued CDM Regulations 2015 in Crossrail	N/A	The audit found that effective controls were in place across all scope areas, as follows: • Crossrail had undertaken a gap analysis of the new and updated CDM Regulations against those controls already in place. An action plan was produced to detail the steps required to achieve compliance with the new regulations and record when these were complete. We found good awareness amongst relevant project management staff of the gap analysis and the changes required. • The required process changes had been made following appropriate change control processes. • We found that staff had a good level of awareness of their roles and responsibilities under the new regulations. The relevant competency matrices had been updated to reflect the new requirements. • Relevant individuals had attended the CDM briefing sessions undertaken by the CDM Integrator. • Where required, the relevant project documentation had been updated to conform to a number of the new requirements and terminology, The audit did not identify any issues.
IA_15_500	Finance Director, Crossrail	Management of the Estimated Cost of Completion (ECC)	24/07/2015 WC/ACL	To determine the effectiveness of the processes and controls for calculating and managing the ECC, and resolving any differences between CRL's and contractors' estimates	N/A	The audit examined all the scope areas, and confirmed that the various costs have been defined and guidance provided on how to calculate each of them. This is used for the periodic CRL and contractor Target Price and Defined Cost forecasts. These figures are included in the Contract Commercial Status Analysis (CCSA) report prepared by the projects. There is one for each contract, and it highlights the variances between the CRL and contractor forecasts, explaining the significant ones. Management monitoring of the forecast target and cost gaps occurs at two key levels. The first is by the Programme Delivery Board (PDB) during its monthly review of each project. As part of this exercise, the PDB reviews each project's contracts, including the target and cost gaps, as recorded in the NSACS report. As necessary, project managers are challenged on the figures. Secondly, the periodic CRL Board report includes the 'Commercial Performance' section, which reports on the target and forecast gaps of the key contracts. This facilitates Board oversight of this area. Inevitably, there are often differences between the final payment figures determined by the two parties . However, at the Settlement

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Follow-up Audit	Summary of Findings
						stage, the differences are investigated and resolved by negotiations undertaken by CRL Commercial, acting on authority granted by the CRL Programme Director, Finance Director and Commercial Director. The end result is a new Final Payment figure, based on a Target Price and Defined Cost revised to reflect the resolved differences. When these are agreed by both parties, they are included in a Settlement Agreement, which is signed by both parties. An Internal Audit review of five completed contracts revealed that, in all cases, negotiations were undertaken, which resulted in agreed Final Payments less than the contractors' pre-Settlement Final Payments. This offers some assurance that the negotiation process effectively manages the risk of contractors claiming for and being paid more than that to which they are entitled. No issues were identified and the audit is closed.

Reference	Report Title	Date Issued	Report Type	Objective	Summary of Findings
Rail and Underground					
IA_14_829	Improving Risk Assessments	13/08/2015	**Consultancy Paper**	To use the 'Six Sigma' methodology to identify improvements to the Risk Assessment (RA) process that will increase safety for our customers and employees whilst reducing waste / non value-adding activities in the end to end process.	There is a legal requirement for TfL to carry out RAs for employees and its customers with the purpose of identifying risks and actions needed to reduce the risks to as low as is reasonably practicable. The current processes for Workplace RAs and Customer RAs within London Underground and TfL Specialist Services have been in place and largely unchanged since 2000 during which time the former Metronet and Tube Lines Limited have been integrated into TfL There is a widely held view that the RA process is time-consuming, not fully integrated with other HSE & TfL Systems and not fully effective. This review undertook an in-depth analysis of these processes and data to understand the root causes of the issues and to understand the process outputs. Overall, the review concluded that a large amount of resource goes into the RA processes, resulting in proportionally few changes. These processes are not a fully integrated part of the HSE and LU wide decision-making processes to minimise risks for staff and customers. Our report made 33 recommendations, which should improve the effectiveness of the RA process whilst improving its efficiency by reducing waste and non-value-adding activities.
Surface Transport					
IA_14_626	Procurement of the Bus Shelters and Stops Contract	05/08/2015	**Memo**	To review, on a real-time basis the effectiveness of controls over the procurement of the Stops and Shelters contracts.	This phase of the audit has covered the procurement process from the end of the PQQ phase to the end of the Best and Final Offer (BAFO) Evaluation phase. Overall, we are satisfied that the risks and controls in procuring the Stops and Shelters contracts have been managed appropriately up to this stage and we have not identified any issues. We will continue with this real-time audit with the review of the Contract Mobilisation phase of the contracts.
Finance					
IA_14_630	Implementation of Category Management	13/07/2015	**Memo**	The objective of this audit is to provide assurance over progress being made in the introduction of Category Management within TfL to deliver savings in procurement.	It has not been possible to fully achieve the objective of this audit. The absence of a documented Category Management Strategy and programme plan makes it difficult to assess the extent to which progress to date has been satisfactory, or whether the programme will be successful in the future. The Commercial Leadership Group should consider what the future for Category Management within TfL should be, and lead on the development of a strategy and programme plan that will ensure its success.
IA_14_600	Project Management Resource Planning (Phase 1) in TfL	15/07/2015	**Memo**	To assess the adequacy and effectiveness of the processes for identifying, documenting and forecasting project resource requirements across the investment portfolio.	The audit identified that resource requirements are not being managed systematically across the organisation. Locally the project teams and management recognise the importance of robust resource planning, but centrally TfL does not assign the same importance to resource management as other areas (e.g. risk management and change control). In our view, resource management is equally important. From our discussions with management post-fieldwork, we can conclude that plans have been developed to address our findings in an appropriate timescale.

Reference	Report Title	Date Issued	Report Type	Objective	Summary of Findings
IA_15_627	Property Partnerships Procurement: ISOS (Invitation to Submit Outline Solutions) Phase	18/09/2015	**Memo**	To ensure that the procurement of the framework of property development partners is managed effectively, in accordance with approved procedures and EU directives, and has appropriate management controls and governance.	Overall, there have been significant improvements in the management of the Property Partnerships procurement during the ISOS phase. Appropriate procedures and controls have been put in place regarding clarifications, evaluations, consensus and shortlisting processes. There remain some areas for improvement in the organisation and governance of the procurement and we have made a number of recommendations to strengthen the control environment. The Project Team have accepted our findings and recommendations. We will continue with this real-time audit through the remaining phases of the procurement, including the extent to which our recommendations have been implemented. Further memoranda will be issued at appropriate times during the programme.
Planning					
IA_15_638	Procurement of Design and Development Services for the Temple to South Bank Footbridge Project	15/09/2015	**Memo**	To provide assurance that the procurements of design and development services for the Temple to South Bank footbridge Project were undertaken in accordance with procurement regulations and approved procedures, and were open, fair and transparent.	The audit did not find any evidence that would suggest that the final recommendations did not provide value for money from the winning bidders. However, TfL's role in the project was unclear from the outset and this was a strong factor in there not being an agreed procurement strategy in place. It is clear that the project would have benefited from a procurement strategy, although the reasons for not having one are understandable. Two different procurement approaches were adopted and, in both procurements, there were some instances where TfL policy and procedure with regard to communication with bidders and tender evaluation were not fully complied with.
General Counsel					
IA_14_151	Investigation regarding a recent Freedom of Information Request	10/08/2015	**Memo**	To investigate issues in relation to TfL's handling of a recent FOI request.	The audit found that there had been inappropriate disclosure of information to a customer concerning the possible prosecution of another customer. There were also weaknesses in the subsequent handling of a related FOI request. We recommended some clarification of the FOI process, including the responsibilities of staff involved and the circumstances in which a system scan for emails should be carried out. We also recommended that guidance be provided to relevant staff on communications with customers and to TfL staff more generally on communications concerning prosecutions of third parties.

Finals
WC= Well Controlled
AC= Adequately Controlled
RI= Requires Improvement
PC= Poorly Controlled

Reference	Report Title	Report Issued	Original Objective	Summary of Findings
Rail and Underground				
Disruption to quality of service				
IA_14_761	Lifts and Escalators (L&E) Maintenance	**06/07/2015 RI**	To provide assurance that the overall maintenance plan is delivered and to ensure that appropriate inspection and maintenance regimes are produced and implemented across LU in accordance with the Management System requirements.	Areas of Effective Control: • There is a frequency based inspection regime in place that ensures statutory requirements are met. • Each asset is maintained by a contractor and recorded in the asset database. • The maintenance schedule is effectively monitored through various management tools. • The delivery and quality of the maintenance undertaken by contractors is assured through meetings, reports and on site checks. • Defects are appropriately addressed and risk based decisions are made regarding keeping assets in service. Priority 1 Issues: • There was no Maintenance Assurance Plan (MAP), which is a requirement of LU Category 1 standards for the assurance of the Lifts and Escalators. Work has commenced on producing this. • An issuing, reporting and recording process for defects was not consistently used in JNP. A process is being put in place. Priority 2 issues: • Work is in progress to align all management system documentation across L&E to reflect the current joint working practices and recent changes. • Results of independent review of maintenance activities undertaken in JNP are not incorporated into Asset Performance Report (APR) or submitted to others for assurance as required.

Reference	Report Title	Report Issued	Original Objective	Summary of Findings
				• A programme of Quality Assurance checks is not currently undertaken in BCV and SSL. • Annual maintenance certificates are not completed and submitted as part of the asset assurance process in JNP. • Maintenance managers or representatives do not regularly attend mandatory weekly review meetings to discuss concessions, mitigations and addressing all the overdue defects in BCV/SSL.
IA_15_718	Supplier Management of Railborne on Track Plant and on Track Machinery	13/08/2015 RI	To provide assurance that suppliers of 'On Track Plant' (OTP) and 'On Track Machinery' (OTM) were complying with the relevant LU Standards specifically in regards to equipment maintenance and engineering change control processes.	This audit found that suppliers are maintaining their equipment effectively based on their Maintenance Plans compliant with LU Standard S1171. Priority 1 Issues: • None of the suppliers were aware of the LU requirement that changes to engineering and maintenance plans require approval by the LU Plant team prior to implementation. • Supplier Torrent Trackside did not produce evidence of holding a valid Rolling Stock (RS) Certificate of Technical Conformance (CTC) for track trolleys for use within the LU network. • Supplier Readypower was not meeting its planned maintenance schedules and records showed there were cases of checks within their maintenance checklists that had not been undertaken. • Supplier Schweerbau did not provide maintenance records for its OTM at the time of the audit. Priority 2 issues: • Supplier Balfour Beatty had not incorporated its maintenance process description within its controlled Management System documentation. • Supplier Torrent Trackside did not provide its Management System document-controlled maintenance process description at the time of the audit. • The processes for managing supplier performance by the LU Plant team and subsequently for providing assurance to the Rolling Stock team have not been defined and incorporated within the TfL Management System.
IA_15_781	Supplier Audit of Siemens Rail Automation	7/9/2015 RI	To provide assurance in relation to the manufacture and provision of equipment and components Siemens Rail Automation (SRA) provide to London Underground with regards to Signalling Systems and Points (Surelock).	Areas of effective control: The electronic system recently put into place by SRA provided a number of benefits with regard to the manufacturing and inspection / test activities. In particular: • It allowed for quick and easy traceability of components and assemblies used in Surelock point machines. • It allowed manufacturing and inspection status of components and assemblies to be identified and did not allow activities to be undertaken where previous steps had not been completed.

Reference	Report Title	Report Issued	Original Objective	Summary of Findings
				• Only authorised individuals were able to close out manufacturing or inspection activity within the manufacturing process.
				Priority 1 Issues:
				• The requirement to record the calibration details of the various DAC detector cards on the equipment on the test record was not undertaken as required by SRA document ES0001 issue 10, section 6. The requirement to record the serial number of the test machine and motor used was also not met.
				• The tolerance limits with regards to time for the points to be thrown on the 2.75kN load test was detailed as '1 to 4 seconds' in the test specification, but the test machine had the tolerance set as '1 to 5 seconds'.
				Priority 2 and 3 issues:
				• A review of the test specification made reference to document 'T13427 Point Mach', a copy of which was requested but was not able to be found within the SRA management system.
				• A review of outstanding items for calibration detailed two items with a due date of April 2014. The location of these items was not known.
				• There was no specific detailed requirement for a supplier to notify SRA with regards to changes to the specification or other attribute (including changes required by new legislation etc.) of the product being supplied.
IA_15_750	Night Tube Preparedness	31/07/2015 AC	To provide assurance that processes are in place to ensure the Change Assurance Plans and associated risk mitigations have been, or will be, implemented in preparation for Night Tube.	The audit covered Track, Signalling and Fleet, and included a detailed review of four specific risks identified during the audit scoping process: Noise; Customer Complaints; Fleet Preparation; and Signalling Hardware and Software changes.

Areas of Effective Control: (with the exceptions identified under Priority 2 issues).

• Night Tube Change Assurance Plans (CAPs) that meet the requirements of S1538 - Assurance have been developed for each of the areas sampled.

• Risks have been identified, assessed and ownership defined.

• Risk mitigations and ownership have been identified and are being effectively managed.

• The four risks audited in further detail are being effectively managed.

Priority 2 issues:

• The assessment of risks, risk and mitigation ownership and the management of mitigations could not be evidenced for the Central and Victoria line fleets.

• The status of approval, recruitment and training of the additional heads required for Fleet preparation could not be evidenced for the Central and Victoria line. |

Reference	Report Title	Report Issued	Original Objective	Summary of Findings
				Priority 3 issues: • Documents, including Line Readiness Risk Registers and Risk Assurance evidence, have not been loaded into the dedicated Night Tube Livelink community within the Capital Programmes Directorate. • The Master Risk Register has risks with no implementation dates and open risks where implementation dates have not been met.
Delivery of Capital Investment Portfolio				
IA_14_833	Quality Inspection Completion Certificate (QICC) requirements in London Underground	14/09/2015 AC	To provide assurance of compliance and effectiveness of the Category 1 Standard S1900 – Quality Inspection Completion Certificate (QICC) process, prior to putting power equipment into service on the LU system.	Areas of Effective Control: • Project Managers and Project Engineers were aware of the general principles of the QICC as detailed in the Standards. • Assurance requirements are discussed and agreed early in the project. • Assurance is undertaken to ensure detailed designs are implemented. • Snag lists were maintained in accordance with the process. • Operations & Maintenance manuals were being produced in preparation for handover, prior to project completion. Priority 1 Issue: • It was found that clarification and improved understanding is required regarding the competence records required to be provided for safety critical roles. Some managers interviewed were not clear on the records that needed to be held and were not compliant with the QICC standard to receive records of 'Means of Identification' as defined by LU Standard S1548 (Safety Critical Work). In addition, the guidance to the QICC standard is not consistent with the standard itself as it requires a 'competency statement' to be provided. Priority 2 and 3 issues: • At Stations Engineering and Stations Delivery Projects in JNP, although auditees were aware of the Standards, there was a lack of understanding of the full QICC process. • Some of the Power and Cooling Project Datapack documents were not completed as per QICC (S1900) requirements. • At Sub- Surface Projects, it was found that the QICC (S1900) requisite templates for recording MWCC and Snags were not utilised for the 'Embankment DC Traction Power Supply Upgrades project.

Reference	Report Title	Report Issued	Original Objective	Summary of Findings
Major Catastrophic Incident				
IA_15_701	HSE Management in LU COO Signals (Central Line)	**8/9/2015 RI**	This audit was part of a rolling programme of HSE Management Audits aimed at providing assurance regarding compliance with HSE legislation and that TfL/LU HSE Management System requirements were being followed and were working effectively.	Areas of Effective Control • The risk from working at height is managed in line with legislation and a number of additional controls have been implemented following reviews of controls. • Driving at work, Fitness for Duty, Waste Management and reactive and proactive monitoring are undertaken in line with the Management System. Priority 1 Issues: • Site specific assessments had been undertaken but only as a desk top exercise and required site visits to confirm and validate those identified risks and controls. • 30% of manual handling assessments had not been undertaken where risk assessments had identified the risk as being a high or medium risk. • The control measures in place at present to meet the requirement of the Electricity at Work Regulations with regards contact with hazardous exposed conductors (greater than 50V ac) were potentially insufficient as it could be argued it is reasonably practicable for the conductors to be fitted with a cover in line with the Hierarchy of Controls. Priority 2 and 3 issues: • It was not possible to locate the Workplace Risk Assessment for confined spaces. • The managers seen during the audit were not aware of the recently published requirements within the TfL Management System for fatigue management, including the training available. • COSHH information was available but not in a user friendly or easily available format for the signal technicians to access. • PGIs were undertaken as part of the SMQC process with the results being recorded on form F0355 and not F2713 as detailed by the Management System.
IA_15_702	HSE Management in LU COO Signals (SSL North)	**8/9/2015 RI**	See Objective for IA 15 701 above	Areas of Effective Control • There is adequate ownership and process in place to ensure general workplace risk assessments are undertaken and recorded. • The risk from working at height is managed in line with legislation and a number of additional controls have been implemented following reviews. • Driving at work, waste management, reactive monitoring and communication are undertaken in line with the Management System.

Reference	Report Title	Report Issued	Original Objective	Summary of Findings
				Priority 1 Issues: • Only a limited number of site specific risk assessments had been undertaken, and only as a desk top exercise. These require completing to confirm and validate identified risks and controls. • 30% of manual handling assessments had not been undertaken where risk assessments had identified the risk as being a high or medium risk. • The control measures in place at present to meet the requirement of the Electricity at Work Regulations with regards contact with hazardous exposed conductors (greater than 50V ac) were potentially insufficient as it could be argued it is reasonably practicable for the conductors to be fitted with a cover in line with the Hierarchy of Controls. Priority 2 issues: • Whilst there was evidence that managers do visit work parties to engage with staff, safety tours and system checks are not planned or recorded. • There were no records available to demonstrate that night worker questionnaires had been issued and signed for by individuals. • No evidence was available to demonstrate that excessive hours monitoring was undertaken. • Managers were not aware of the recently published requirements within the TfL Management System for fatigue management including the training available.
Surface Transport				
Major / Catastrophic Incident				
IA_15_777	Health and Safety Evaluation during Procurement in Surface Transport	**18/9/2015** **RI**	To provide assurance that contractors are assessed for their safety competence and processes in a consistent manner and proportionate to the risks involved.	Areas of Effective Control: • Health and Safety criteria and weighting used to evaluate suppliers at Pre Qualification Questionnaire (PQQ) and Invitation to Tender (ITT) stages were found proportionate to the risk. • Criteria were formally communicated to all potential bidders. • Health and Safety criteria were objectively evaluated with outcomes recorded and justified. Priority 1 issue: • There is no standard process or guidance in the Commercial Tool Kit to aid Health and Safety (H&S) stakeholders' identification and consultation. Examples were found where HSE input had not been sought. Priority 2 issues: • There is no Risk Matrix tool available to assess suppliers' risks pre and post contract award. There is a process used in R&U. • It is not recognised that low commercial value contracts can have significant H&S issues that need to be evaluated and mitigated.

Reference	Report Title	Report Issued	Original Objective	Summary of Findings
IA_15_774	Buses Directorate, Health and Safety Management	**31/07/2015 AC**	To examine the effectiveness of the embedment of the health and safety requirements of the TfL Management System and Surface Transport procedures to ensure that the health and safety risks arising from activities are effectively controlled.	Areas of Effective Control: • Workplace risk assessments have been carried out for activities in Bus Operations. Documentation and the review of assessments are well controlled. • Arrangements for the communication of risk assessments are effective. • Control measures from risk assessments are being implemented in practice and there is consistency across the three regions. • Senior Manager HSE Tours are programmed and are being carried out to schedule. • The arrangements for managing the TfL approved driver status process are effective. • Pre-appointment checks of Technical Services Group (TSG) contractors' competency has been carried out and contractors have provided the necessary documentation to demonstrate how they manage health and safety. Good Practice: • Regular managers' checks, which monitor the implementation of a number of the control measures listed within risk assessments, have been implemented in the South region and are due to be rolled out across all other areas. • Regional Operations Managers champion specific staff job roles. This helps ensure consistency of risk control measures and allows good practices to be shared across all three areas. Priority 1 issues: • Manual handling risk assessments have not been undertaken. Priority 2 and 3 issues: • There is no formal process for tracking actions resulting from role specific risk assessments or planned general inspections (PGIs). • The requirement to have a safe system of work in place for working at height is not being fully met. • Ladder inspections are inconsistent across all three regions. • Updated risk assessments and method statements provided by contractors are not consistently being reviewed by TSG. • There are no formal arrangements in place for programming or recording visits/inspections undertaken by TSG.

Reference	Report Title	Report Issued	Original Objective	Summary of Findings
				• A sample of incidents showed there is non-compliance with the requirements of the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) to report 'over seven day absence' incidents within 15 days.
IA_15_775	Victoria Coach Station (VCS) Health Safety and Environment Management	18/08/2015 AC	To examine the effectiveness of the embedment of the HSE requirements of the TfL Management System and Surface Transport procedures to ensure that the health and safety risks arising from activities are controlled effectively.	Areas of Effective Control: • Workplace risk assessments have been carried out for activities in VCS. Documentation and the review of assessments are well controlled. • Arrangements for the communication of risk assessments are effective. • Senior Manager HSE Tours are programmed and undertaken to schedule. • Planned General Inspections are completed as planned and actions tracked. • Hazardous substances are risk assessed and stored in suitable conditions. • Incidents are reported and recorded on IRIS. Reports are run and analysed. Priority 1 Issues: • Manual handling risk assessments have not been undertaken to ensure the risk is controlled in accordance with the Manual Handling Regulations. Priority 2 and 3 issues: • Workplace and Fire Risk assessments did not have an action plan for actions arising from the assessment. • The maintenance team respond to faults they did not maintain a log of faults reported for corrective maintenance unplanned work completed. • There were no drip trays where hazardous substances were stored.

INTERNAL AUDIT CUSTOMER FEEDBACK FORM
SUMMARY OF RESPONSES FOR 2015/16
Quarter 2

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

Customer Feedback Forms Sent: Q2 = 30 (Q1=49)

Customer Feedback Forms Returned: Q2 = 15 (Q1 = 13)

ASSIGNMENT ASSESSMENT CRITERIA	No score given		Very poor 1		Poor 2		Satisfactory 3		Good 4		Very good 5		Average Score Q2	Average Score Q1
	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1
PLANNING AND TIMING													**4.4**	**4.0**
The assignment timing was agreed with me and there was appropriate consideration of my other commitments as the work progressed	0	0	0	0	0	0	1	3	6	4	8	6	4.5	4.2
The assignment was completed and the report issued within appropriate timescales	0	0	1	1	0	2	2	2	3	3	9	5	4.3	3.7
COMMUNICATION													**4.3**	**4.0**
Communication prior to the assignment was appropriate, including the dates and objectives	0	0	0	1	0	0	1	3	7	2	7	7	4.4	4.1
Throughout the assignment I was informed of the work's progress and emerging findings	0	0	0	0	1	2	1	2	8	4	5	5	4.1	3.9
CONDUCT													**4.2**	**4.3**
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	1	3	7	3	5	7	4.0	4.3
The Internal Audit team acted in a constructive, professional and positive manner	0	0	0	0	1	1	0	1	6	4	8	7	4.4	4.3
RELEVANT AND USEFUL ADVICE AND ASSURANCE													**4.1**	**4.2**
A fair summary of assignment findings was presented in the report	0	0	0	1	2	0	1	1	6	4	5	7	4.0	4.2
Assignment recommendations were constructive, practical and cost-effective	0	0	0	0	1	1	2	3	7	1	5	8	4.1	4.2
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	5	3	7	6	4.2	4.1
Overall assessment													**4.2**	**4.1**

Other comments including suggested improvements and areas of good performance:

"I would have preferred the audit to better explain the discrepancy between JNP and BCV/SSL performance but the auditor explained that this was not within the remit of audit."

"The auditor noted challenges we had with some team availability and was very accommodating and worked around our commitments."

"The scope, objective and timings of the audit were clearly communicated."

"Good understanding of the business already and spent time with me to understand the specifics of the programme."

"I found the auditors to be very pragmatic, they conducted their interviews and finalised their findings within the timescales set and with as little impact as possible on the project team."

"There were some problems in terms of changes to the report and some mis-communications, (some of which, to be fair were my errors) on this matter but the audit team was able to meet with me and resolve them in a thoroughly professional manner."
"The scope, objectives and timings of the audit were clearly communicated."