

Date: 9 March 2015

Item: Internal Audit Quarter 3 Report 2014/15

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 Quarter 3 of 2014/15, the work in progress and work planned for Quarter 4.

2 Recommendation

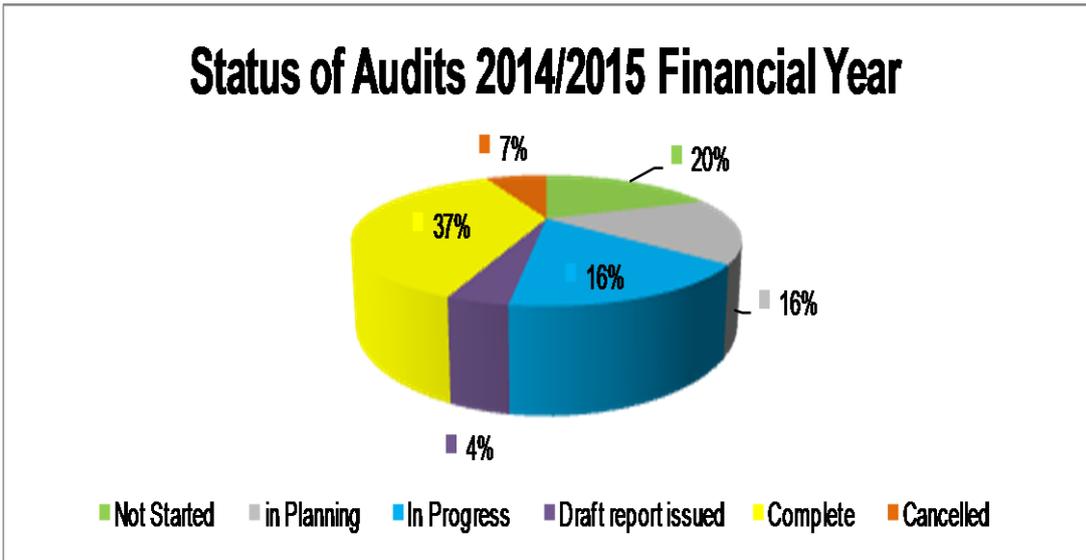
2.1 **The Committee is asked to note the report.**

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 at the quarter end towards delivery of the 2014/15 audit plan, including work in progress brought forward from 2013/14.



4.2 There were 10 Final Audit Reports issued during the quarter, including five reports that were 'Well Controlled' and went straight to final. In all cases, appropriate management action had been taken to address the issues raised in the original Interim Audit Report, and the audit was closed. A summary of the report findings is included in Appendix 3. Forty Final Audit Reports have been issued in the year to date (2013/14 YTD: 29).

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 in the year to date, together with comparative year to date figures for 2013/14.

	Interim Audit Reports					HSE and Technical Audit Reports*					Other Outputs (Advisory Reports/ Memos)	Total
	WC	AC	RI	PC	Total	WC	AC	RI	PC	Total		
This Quarter	5	9	5	0	19	2	12	5	0	19	8	46
YTD	10	20	10	1	41	3	44	19	2	68	27	136
YTD 2013/14	3	16	15	5	39	n/a	n/a	n/a	n/a	64	24	127

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

4.4 Details of the findings from the interim reports issued during the period can be found in Appendix 4. In all cases, management actions have been agreed to address the issues raised and are being taken forward.

4.5 A summary of the other outputs issued during the quarter, including memorandums and advisory reports, can be found in Appendix 5. The more significant of these include the following:

- (i) Our review of the Taxi and Private Hire (TPH) Compliance function within Enforcement and On-Street Operations (EOS) highlighted a number of areas where the control environment would benefit from strengthening. The recommendations arising from our review are being taken forward as part of a major EOS business improvement project.
- (ii) We carried out a review of the circumstances that led to a breach of procurement authority on a significant IT contract. The review found that proper financial authority was in place and there was no fraud risk arising from the breach. Nevertheless our memorandum did highlight weaknesses in controls over granting and monitoring over procurement authority within Specialist Services areas. During Quarter 4 we have carried out a broader review of procurement authority across a range of other contracts and the findings from that review are reported elsewhere on this agenda.

4.6 Summaries of the HSE and Technical (HSE&T) Audit reports issued during Quarter 3 are set out in Appendix 6.

- 4.7 Work in progress at the end of Quarter 3 is shown in Appendix 1 and work due to start in Quarter 4 is shown in Appendix 2.
- 4.8 Five pieces of work were added to the plan during the quarter in response to management requests. These included:
- (i) a review of controls over procurement authorities in TfL (see 4.5 (ii) above);
 - (ii) a consultancy review using six sigma techniques to facilitate the identification of efficiencies to the HSE risk assessment processes;
 - (iii) an audit of the management of a major recruitment campaign in Surface Transport;
 - (iv) an investigation into the handling of a Freedom of Information request; and
 - (v) a review of communication and implementation of operational standards notices in LU following implementation of improvement actions from a previous audit.
- 4.9 Fifteen audits were cancelled or postponed during the period. The majority of these were HSE&T audits, and included five cases where our planned work was covered by audits carried out by other assurance providers. Other cancellations were typically due to retiming, or cancellation, of the business activity subject to review, or to allow prioritisation of other work.

5 Other Assurance Providers

- 5.1 In reaching his overall opinion on the effectiveness of internal control in TfL, the Director of Internal Audit takes account of work carried out by other assurance providers as well as work carried out directly by Internal Audit. The following paragraphs provide a brief summary of work carried out by other assurance providers during Quarter 2.

Project assurance

- 5.2 The Project Assurance Team carries out Integrated Assurance Reviews (IARs) of projects and programmes as part of the Pathway Project Management Framework. Throughout Quarter 3 this team was part of the TfL Programme Management Office. However, following a review of TfL's project assurance arrangements by external consultants, the Team has moved into Finance from January 2015, with the aim of ensuring its independence from project delivery.
- 5.3 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. All projects with an Estimated Final Cost (EFC) over £50m are reviewed under the same IAR process but with additional input from the Independent Investment Programme Advisory Group (IIPAG).
- 5.4 In Quarter 3, 28 IAR reviews were conducted, with the IIPAG providing oversight and guidance on 18 reviews, all of projects with an EFC of over £50m. Issues arising from the reviews are presented to the operating boards with agreed actions, owners and timescales.

- 5.5 The reviews are normally conducted using an External Expert (EE). However, significant effort is being applied to deliver a number of Peer Reviews, where internal review teams carry out the IAR in place of the EE. This initiative promotes knowledge sharing and collaborative working across the project community. Small financial savings are also anticipated. In 2013/14, 14 reviews were conducted using Peer review teams, approximately 12 per cent of the total, and this initiative has continued in 2014/15, with five peer reviews carried out during Quarter 3 (YTD: 18).
- 5.6 Some of the more significant reviews during Quarter 3 were: a Contract Award IAR of Cycle Superhighways; a Contract Award of Bus Priority Programme; an Annual IAR of Future Stations Programme; a Contract Award IAR of Crossrail Rail Paddington Bakerloo Line Link and an Option IAR of Quietways.

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 Quarter 3 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. Six audit reports were issued during the quarter covering: Environmental Data Handling and Verification; Project Interface Management; Design and Build – Management of Design; Compliance with Railway Interoperability; Compliance with Spray Concrete Lining regulations; and Building Control Procedure in Engineering. There were no significant issues arising from these audits.
- 5.9 Contractor HSQE Audits – There is a programme of over 150 contractor audits for 2014/15 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 health and safety management; environmental management; and quality management. There were no particular trends arising from this work.
- 5.10 Contractor Commercial Reviews – This team carries out commercial assurance reviews of contractors, covering Cost; Contract Management; Risk Management; Commercial Value; Supply Chain and Procurement; and Anticipated Final Cost Management and Controls. There are no significant areas of concern arising from this work.

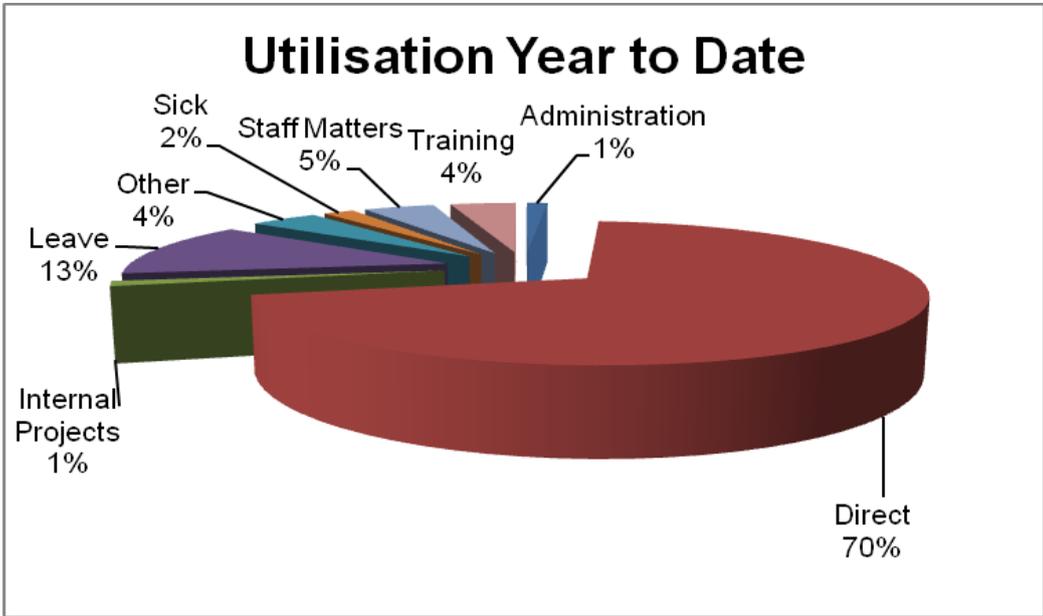
Embedded assurance

- 5.11 In addition to HSE&T audits carried out by Internal Audit, a number are carried out during the year by staff 'embedded' throughout TfL for whom auditing is just a part of their role. At this time, we are aware of audits being carried out in the following areas:
- (i) Surface Transport;
 - (ii) London Overground; and
 - (iii) LU Capital Programmes Directorate.

- 5.12 Embedded audit work in relation to Surface Transport and London Overground was incorporated in the Integrated Assurance Plan for 2014/15 approved by the Audit and Assurance Committee in March 2014, and progress is reported below. Information from the LU Capital Programmes Directorate, and other areas that may be identified, will be incorporated into reports in due course.
- 5.13 Surface Transport – Fifteen contractor audits were completed by embedded auditors within Surface Transport, consisting of management system audits at 11 bus operators, two boat operators, and two contractors. There were no significant issues identified.
- 5.14 London Overground – No reports were issued during Quarter 3 as a result of a staff vacancy.

6 Resources

- 6.1 During the quarter our Senior Audit Manager – IM and Security gave notice of his retirement, effective 27 February 2015, and we initiated a recruitment campaign to find a replacement. We have recently appointed an external candidate, who will join the department in June.
- 6.2 Also during the quarter an HSE&T auditor joined the department to fill a vacancy that had arisen due to a leaver, and we took on a NPL member of staff to provide maternity leave cover.
- 6.3 One of our auditors also commenced a six month secondment into the Project Assurance team.
- 6.4 The department's utilisation for the year to date is set out in the following chart:



7 Integrated Assurance / Networking

- 7.1 The Assurance Delivery Group (ADG), chaired by General Counsel, continues to meet on a quarterly basis. One key topic at the most recent meeting was the establishment of a 'community of auditors' aimed at sharing of knowledge between Internal Audit and the various embedded auditors and improving the consistency of assurance delivery across the organisations. Other areas of focus include the ongoing development of assurance maps; assurance progress reporting to the operating businesses; ongoing development of TfL's Control Self Assurance processes; and improving the linkages between assurance and the strategic risk management process.
- 7.2 We met regularly with the Head of the TfL PMO during the quarter to discuss upcoming work. This will continue going forward, and in addition we will liaise with the Project Assurance team in its new location within Finance to ensure that any potential areas of overlap are properly managed and look for opportunities for joint working where appropriate.
- 7.3 We are still working with Project Assurance to develop an assurance database that will enable relevant managers in the business to easily access copies of audit and project assurance reports and information on upcoming assurance work. Our recent contacts with the business in the course of our audit planning for 2015/16 indicate that there is some demand for such a database.
- 7.4 We are continuing to work with the Commercial Directorate on development of a Management Consulting Commercial Category, which will promote the use of internal resources (including Internal Audit) to meet some of TfL's management consultancy needs as an alternative to using external suppliers.
- 7.5 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.

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 views on the audit process and the report. The form is questionnaire-based so it can be completed easily and quickly, and we have recently begun issuing it via Survey Monkey to simplify the process further. A summary of the responses to the questionnaire, together with comparative figures for the previous quarter, is included as Appendix 7.

List of appendices to this report:

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

List of Background Papers:

Audit reports.

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Transport for London	Appendix 1
Internal Audit plan 2014/15 by directorate	
Approved by the TfL Audit and Assurance Committee 5 March 2014	Work in Progress-as of the end of Quarter 3 2014/15
Audit	Objective
Pan TfL	
<i>Maintaining a long term strategic, balanced Plan within the constraints of available resources</i>	
Horizon Follow Up Review	To provide ongoing support to the Project Horizon follow up review led by the Chief Finance Officer.
<i>Risk of an Information or Cyber Security incident on key services that support business and/or network operations</i>	
PCI DSS Compliance & Assurance	Providing ongoing assurance over PCI DSS compliance through a mix of audit and advisory services.
<i>Financial and Governance Controls</i>	
TfL Management System	To review the controls and processes in place for developing and introducing the TfL Management System.
Rail and Underground	
<i>Delivery of capital investment portfolio</i>	
Heathrow PFI contract	To audit controls over management of the Heathrow PFI contract.
LU estimate review and validation process	To provide assurance that the estimate review and validation process within London Underground is carried out effectively.
Asset Registers and Asset Information	To assess effectiveness of processes and practices for ensuring that products are accepted and registered (S1041 and S1011)
Process for Learning Lessons from Past Projects	Follow up on previous audit findings and action to ensure a robust process is in place
Procurement of the new DLR Franchise	To ensure that the procurement process employed for Refranchising of Docklands Light Railway Operations and Maintenance is in accordance with approved procedures and EU directives and is open, fair and transparent
Procurement of the Crossrail Train Operating Concession (CTOC)	To ensure that the procurement processes employed for the CTOC are in accordance with approved procedures and EU directives, and are open, fair and transparent.
<i>Risk of an Information or Cyber Security incident on key services that support business and/or network operations</i>	
Review of Supervisory Control and Data Acquisition (SCADA) Systems	To provide assurance on previous vulnerability assessment work ensuring all identified threats and risks have been appropriately mitigated.

Audit	Objective
<i>Disruption to quality of service</i>	
Mobilisation of the new DLR franchise	To provide assurance over transfer of DLR services to the new franchisee, and TfL's readiness for operations.
ELL maintenance contract	To review the efficiency and effectiveness of TfL's management of the East London Line maintenance contract.
Operation of R&U Programme Boards	To review operation of the Rail & Underground (R&U) Programme Boards to identify best practice, lessons learned and continuous improvement.
Quattro supply of road rail vehicles	To assess systems for ensuring the quality of maintenance of road rail vehicles.
Alstom – Northern Line	To provide assurance that the self certification by Alstom is maintaining Northern Line Rolling stock to the required standard, as well as being robust and effective.
MJ Quinn	Audit MJ Quinn's / TLL Operations team's ability to co-ordinate and deliver the combined obligations
Accord Lifts	To provide assurance that the supplier is effectively managing health, safety and quality in keeping with good business practices and LU Standards.
Signalling Emergency Response to Incidents	To assess the arrangements for management of lean stores and on-call roster implementation and incident support.
BCV Track Maintenance	To assure that inspection and maintenance programme is being managed and to ensure that specific inspection, maintenance and management activities of concern are being undertaken in accordance with S1176, S1158, S1159.
Central Line Compressor Overhaul	To provide assurance that appropriate competence, work instructions and quality management systems are in place to deliver the overhaul of Central Line Compressors
Track Drainage Inspection and Maintenance	To examine the systems for ensuring the appropriate inspection and maintenance regimes are produced and implemented across LU
Management of Rolling Stock Information	Assess systems for ensuring the update and accuracy of drawings and process instructions, particularly resulting from rolling stock modifications.
<i>Major incident - external</i>	
LU Track Delivery Unit Work Planning	To assess compliance with Construction Design and Management Regulations, including focus on new activities such as the grinding programme and integration of JNP
Service Control Local Training and Familiarisation	To assess effectiveness of systems for ensuring service control staff are familiar with line specific knowledge and procedures
Station Works and Improvements Programme (SWIP) - Principal Contractor (PC) Duties	To assess demonstration of compliance with PC duties, particularly around ensuring competence of contractors and LU not undertaking duties of the PC and thereby importing responsibility.
Station Upgrades - STAKE arrangements	To assess arrangements whereby Station Upgrades discharge their Principal Contractor duties, particularly around management of contractors
Review of the Commercial Centre of Excellence Procurement Operations Team 'Applications Process'	To provide Consultancy support regarding the 'Applications Process' identifying improvements to ensure clear information is provided to suppliers and requests for clarification are answered within the timeframe permitted.
Control of LU Rule Book Changes	To assess control of communication and implementation of Operational Standards Notices in LU following previous audit work and improvement actions

Audit	Objective
Consultancy work - Six Sigma review of the HSE risk assessment process	To provide Consultancy services to the London Underground HSE Directorate: facilitating and supporting the identification of efficiencies to the risk assessment processes.

Audit	Objective
<i>Environmental impact of delivering a transport service</i>	
LU Asset Support Waste Management	To assess the effectiveness of arrangements for ensuring that waste is disposed of appropriately in accordance with internal systems, legislative requirements and best industry practice.
Surface Transport	
<i>Delivery of capital investment portfolio</i>	
Deliverability of the ST IP audit/review	To review what progress has been made in respect of the recommendations made in the 'Investment Programme Deliverability Review' report dated 8 October 2013.
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.
<i>Major incident - external</i>	
Embedment of HSE Requirements of TfL Management System - Dial a Ride	To assess how effectively the HSE element of the TfL Management System has been communicated and embedded
<i>Financial and Governance Controls</i>	
LBSL Healthcheck	Healthcheck audit of general financial and business controls at LBSL.
Finance	
<i>Maintaining a long term strategic, balanced Plan within the constraints of available resources</i>	
Commercial Development - Use of space at stations (e.g. 'Click-and-Collect')	To provide assurance that the introduction of secondary revenue commercial enterprises efficiently and effectively maximise income from station space, through initiatives such as Click-and-Collect and Kiosks.
Commercial arrangements for sponsorship	To provide assurance that the tender for the new Cycle Hire Scheme sponsor is being developed and governed in a controlled manner and likely to provide optimum benefit to TfL.
<i>Delivery of capital investment portfolio</i>	
Transforming Information Management (TIM)	Provide assurance on the effectiveness of the programme of work, approach and processes involved in defining and implementing the TIM strategy and delivery of the programme objectives.
Implementation of Category Management	To provide assurance over progress being made in the introduction of Category Management within TfL to deliver savings in procurement.
Management of the Commercial Transformation Programme	To obtain assurance that the management of the changes proposed adhere to an agreed process and that the process to achieve the changes is adequately considered so as to ensure an accurate, robust and measurable change.
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.

Audit	Objective
Risk of an Information or Cyber Security incident on key services that support business and/or network operations	
Information Security Model (including Framework)	Working with the Chief Information Security Officer (CISO) to provide assurance on the effectiveness of the approach and plan that has been implemented to establish and maintain a formalised and consistent information security model.
Third Party Access to SAP Systems	Provide assurance on the design and effectiveness of the controls that have been implemented to manage third party access (e.g. contractors, non-employees) to SAP and other systems.
Failure of critical IT systems (Applications, Networks and Infrastructure) impacting the delivery of key business operations	
End User Computing (EUC)	Provide assurance that the outputs delivered under the programme of work on EUC meet the needs of the business, contain appropriate controls and are aligned to industry 'best practice'.
Financial and Governance Controls	
Payroll	To review the control arrangements over TfL payrolls
Accounts Receivable	To review the risks and associated control arrangements in place over secondary revenue
Supplier Bank Accounts	To review risks and controls over the revised process for amending supplier bank account details.
Scorecards	Review controls over scorecards and indicators and provide assurance on accuracy and integrity
Procurement Authorities and Associated Controls	To determine the factors responsible for the recent breach of Procurement Authority and associated controls.
General Counsel	
Financial and Governance Controls	
Freedom of Information Request	Investigation into the handling of a recent FOI Request
Customer Experience, Marketing and Communications	
Maintaining a long term strategic, balanced Plan within the constraints of available resources	
TfL web hosting arrangements	Provide assurance that the hosting arrangements of TfL web solutions incorporate appropriate logical controls and that data is secured in accordance with relevant legislation and commercial requirements.
Major Incident - Ticketing systems failure	
Contactless Ticketing	Provide assurance that the applications and infrastructure are being developed and implemented in an efficient manner providing TfL with adequate protection for its data.
HR	
Security	
Pre-employment Vetting and HR Screening	To provide assurance over pre employment screening of NPL

Audit	Objective
People Strategy	
ST Recruitment Campaign	To review how the campaign has been managed and where lessons can be learned for the future
Crossrail	
Resource Management and Organisational Change	To review: 1) the strategy for how key people will be retained when approaching demobilisation dates, and 2) the management of the organisational changes to take place when the main work switches from civil engineering to systems engineering and station fit-out.
Management of Tunnelling and Underground Construction Academy (TUCA)	To review how TUCA management has improved since the previous audit in 2013.
Crossrail Site Security	To review the effectiveness of processes to reduce the theft of equipment and materials from Crossrail sites, including sites developing into 'fit out' rather than construction.
Fraud Assurance Work on Duplicate Invoices, Charging and Vendors	To provide assurance against the risk of fraud as a result of duplicate invoicing, duplicate charging or the duplication of vendor details.
London Transport Museum	
LTM Fixed Assets	Review of fixed asset financial controls.
TfL Pension Fund	
IT General Controls including Disaster Recovery	Provide assurance that the IT General Controls are sufficiently defined, implemented and operating in the manner intended.
Network Resilience (Pension Fund)	To provide assurance that the recent strategic upgrade of the network provides improved resilience and that risks introduced by the new technology have been identified and appropriately mitigated.

Transport for London	
Internal Audit plan 2014/15 by directorate	Appendix 2
Approved by the TfL Audit and Assurance Committee 5 March 2014	Work Planned - for Quarter 4 2014/15
Audit	Objective
Pan TfL	
<i>Delivery of capital investment portfolio</i>	
Project management resource planning	To assess the efficiency and effectiveness of TfL's processes for identifying, documenting and satisfying project resource requirements across the organisation.
<i>Risk of an Information or Cyber Security incident on key services that support business and/or network operations</i>	
Cyber Security	Provide assurance on the effectiveness of the processes, procedures and controls that have been established across the organisation to identify and manage the risks associated with cyber security.
<i>Disruption to quality of service</i>	
Procurement and Management of Software Licences in TfL	Provide assurance on the effectiveness of the processes and controls involved in the procurement and management of software licences in TfL.
<i>Industrial relations</i>	
Employee relations	To determine the efficiency and effectiveness of the structure and processes in relation to the employee relations framework and machinery
Rail and Underground	
<i>Delivery of capital investment portfolio</i>	
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.
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.
Verification Activity Plans	To assess the production of VAPs in compliance with the Pathway standard and whether activities are tracked and completed
REW - Overhaul of Signal Assets and Management of Asset Traceability	To confirm that the overhaul of signal assets has been undertaken and records are in place to demonstrate compliance with the Quality Management System.
Rolling Stock Change Control	To provide assurance over the new process to be implemented to control changes to rolling stock.
Management of Critical Signalling Materials	To assess the effectiveness of systems for the management of signalling materials
Signalling Design Management	To assess the Signalling Design Function for the embedding of improvement actions.
Management of CDM Duties - 5 Car Project	To assess compliance with the Construction (Design and Management) Regulations for the 5th Car project, specifically the role of Laing O'Rourke as Principal Contractor

Audit	Objective
<i>Disruption to quality of service</i>	
Rail Automation	To assess supplier capability to manufacture and overhaul critical signalling equipment
Taylor Woodrow Bam Nuttall (TWBN) - Victoria Station Upgrade (VSU) handover of assets	To provide assurance that TWBN have the appropriate ISO9001 processes to ensure completeness of handover documentation to LU
Kone Lifts	To provide assurance over control of design management for lift replacements.
Thales	Audit of supplier's competence management system
Maintenance arrangements for LO controlled infrastructure	To assure that assets for which LO has direct maintenance responsibility are maintained adequately and in accordance with procedures and maintenance plans
Power & Electrical - Asset Performance	Assess effectiveness of systems following organisational changes, and the maintenance of main line switches.
Signalling Maintenance Regimes - SSL North, Bakerloo and Victoria	To confirm that activities have been undertaken and records are in place to demonstrate compliance with the 2012 / 2013 Signal Maintenance Regime (R0111 issue A1).
Signalling Maintenance Quality Checks SSL/BCV	To assess adherence to the management processes for conducting maintenance quality checks on asset condition and staff adherence to the standards / work instructions.
Maintenance Assurance Reporting	To assess the maintenance assurance reporting process for signalling assets that are overdue for planned maintenance activities.
Management of Ellipse Data Changes	To confirm that changes to the Ellipse Engineering Asset Management System have been undertaken and records are in place to demonstrate compliance with Ellipse Data & Configuration Change Control (W0090 issue A2).
LU Power Materials Management	To assess the effectiveness of processes for ensuring materials and parts are available when and where they are needed
JNP Track Maintenance	To assure that the inspection and maintenance programme is being managed and to ensure that specific inspection, maintenance and management activities of concern are being undertaken in accordance with S1176, S1158, and S1159.
SSL Track Maintenance	To assure that the inspection and maintenance programme is being managed and to ensure that specific inspection, maintenance and management activities of concern are being undertaken in accordance with S1176, S1158 and S1159.
Piccadilly Line Life Extension Project	To provide assurance that suitable quality processes and competencies are in place to ensure bogie refurbishment and vehicle floor upgrades meet requirements
72 Stock Life Extension Project	Ensure suitable quality processes and competencies are in place to ensure bogie refurbishment and vehicle floor upgrades are to requirements
Management of third party supplied safety critical parts	Audit the processes and provisions in place for ensuring the quality of safety critical parts.
<i>Major incident - external</i>	
London Overground Signal Sighting	Provide independent assurance of London Overground systems for signal sighting
Possession Planning and Management	To assess effectiveness of systems for possession planning in ensuring that safety risks to staff and the operational railway are controlled

Audit	Objective
Harrow On The Hill Group HSE Management	To assess compliance with critical elements of the TfL HSE Management System, LU Manager's Handbook, LU Rule Books and the effectiveness of local arrangements.
Competence Assurance LU Service Delivery - train operators	To provide assurance that Competence Management System is effective
Change Control - Access Transformation Programme	To assess effectiveness of systems in ensuring risks to operational railway are identified and mitigated
Change Control Project Works	To assess the effectiveness of revised processes aimed at ensuring that short notice changes to project works, including compensation events, are suitably reviewed for impact on health and safety
LU Track Delivery Unit Occupational Health	To review compliance with relevant legislation and health surveillance where appropriate, with a particular focus on dust, to drive down risk in a systematic manner.
Asbestos Management	To follow up issues identified by an audit in 2013 relating to compliance with the Asbestos Regulations regarding maintenance of risk registers, and asbestos management by LU Station Tenants.
Tracking of actions from Formal and Local incident investigations	To assess processes for ensuring that recommendations from FIRs and local investigations and Go/look/see activities in COO are tracked to completion
Surface Transport	
<i>Delivery of capital investment portfolio</i>	
Management of the new TPH contract	To review the efficiency and effectiveness of TfL's management of the new Taxi & Private Hire contract.
Implementation of Pathway in ST	To identify effectiveness of Pathway in ST projects - particularly in relation to design and safety planning.
<i>Security</i>	
Review of Prosecution policy and practices within EOS	To review prosecution practices within EOS
<i>Major incident - external</i>	
Embedding of HSE Requirements of TfL Management System - London River Services	To assess how effectively the HSE element of the TfL Management System has been communicated and embedded
<i>People Strategy</i>	
Organisational change in ST	To provide assurance that ST's organisational changes are being planned and executed efficiently and effectively, and likely to deliver the expected benefits.
<i>Financial and Governance Controls</i>	
VCS Healthcheck	Healthcheck audit of general financial and business controls
ST's regulatory environment	To develop a high-level view of all regulatory requirements that apply to ST's activities, and to provide assurance that there are adequate arrangements in place to ensure compliance.
<i>Finance</i>	
<i>Maintaining a long term strategic, balanced Plan within the constraints of available resources</i>	
Accommodation Strategy	To review the controls over the current accommodation strategy with a particular focus on vfm.
Sponsorship	To review controls over sponsorship including conformance with guidelines, governance and process.

Audit	Objective
Efficiencies	Provide assurance over the efficiencies and savings programme working in partnership with external consultants.
Financial modelling of property developments	A review of the financial models used to forecast potential income from Commercial Development schemes, for use in business planning.
Commercial Development engagement with Operating Businesses	To provide assurance that interfaces between Commercial Development and the Operating Business are efficient and effective in supporting delivery of Commercial Development schemes without disruption to operations.
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.
<i>Failure of critical IT systems (Applications, Networks and Infrastructure) impacting the delivery of key business operations</i>	
Framework for the Provision of Enterprise Architecture Services	Provide assurance on the effectiveness of the processes that have been implemented to establish the TfL enterprise architecture (e.g. business process, information, data, application and technology architecture layers) and ensure realisation of enterprise and IT strategies.
Data Centre Management (including Virtualisation)	Provide assurance on the effectiveness of the controls that have been designed and implemented to organise, manage, support and secure TfL data centres.
<i>Financial and Governance Controls</i>	
Strategic Risk Management	To ensure effective risk management strategy and processes in operation for identifying, assessing, managing and reporting on risk.
VAT	To review controls over management of VAT
General Counsel	
<i>Financial and Governance Controls</i>	
Declarations of Interest	To assess processes and controls around declarations of interest including Board level declarations and general staff.
Customer Experience, Marketing and Communications	
<i>Maintaining a long term strategic, balanced Plan within the constraints of available resources</i>	
Lessons learned from ticketing system(s) procurement	A review of TfL's processes for learning lessons from the procurement of new ticketing services, and how those lessons are being applied.
<i>Risk of an Information or Cyber Security incident on key services that support business and/or network operations</i>	
Social Media	Review of process and controls over social media strategy, policies and procedures

Audit	Objective
HR	
People Strategy	
Movers / Leavers	To assess the controls and processes in place over movers and leavers
Crossrail	
Management of Change Control	To review: 1) Whether changes that have been through the change control process have been implemented and to what effect, and 2) Whether changes emanating from the Operations Directorate have gone through an effective change control process
Fraud Management by Contractors	To review fraud awareness within the supply chain.
Corporate Asset Accounting	To review: 1) the policies, processes and procedures for Corporate Asset Accounting, and 2) management and disposal of temporary assets by contractors (opportunities for fraud vs obtaining best value)
Corporate Procurement Process	To review the Corporate Procurement Process to ensure that the process is being followed across the Project
IT infrastructure management	To review the controls and processes being used by Fujitsu to manage the security of the back-end infrastructure components
IT disaster recovery	To review the backup and recovery arrangements for core systems (e.g. SAP and eB).
Mobile computing and accessibility	To review the security and controls around the growing estate of mobile devices and the data stored thereon.
London Transport Museum	
LTM Operation of Heritage Vehicles	To review controls and processes around running of heritage vehicles including impact on operations and liabilities.
TfL Pension Fund	
Deduction & Payment of Pension Contributions	To review control arrangements over pension deductions from payroll.

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
Underground and Rail						
Delivery of Capital Investment Portfolio						
IA_13_635F	Capital Programmes Director	Effective use of gate and design reviews	30/07/2014 AC	To provide assurance that gate and design reviews in Rail and Underground projects are conducted in accordance with Pathway, and that they are effective in contributing to project success.	Our Interim Audit Report dated 30 July 2014 entitled Effective use of gate and design reviews identified one priority 2 issue and one priority 3 issue, resulting in six management actions. We have now completed a follow up audit of the agreed management actions, and concluded that all the actions have been satisfactorily addressed.	02/10/2014 ACL
Surface Transport						
Maintaining a long term strategic, balanced Plan within the constraints of available resources						
IA_13_113 F	Director of Finance, ST	Cycle Hire Financial Controls	11/06/2014 AC	To provide assurance that key controls operate effectively within the Cycle Hire financial systems, and that all monies received by TfL are correctly accounted for.	Our Interim Audit Report dated 11 June 2014 entitled Cycle Hire Financial Controls identified one Priority 2 and four Priority 3 issues resulting in five management actions. We have now carried out a follow up review of the agreed management actions and can confirm that four have been satisfactorily addressed. One remains partially addressed, but an appropriate action plan is in place to ensure it is completed in the near future. Therefore this audit is now closed.	24/11/2014 ACL

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Summary of Findings	Final Report Issued
Delivery of Capital Investment Portfolio						
IA_13_624	Director of Asset Management	Procurement of the TCMS2 Contract	08/10/2014 WC/ACL	To provide assurance that the decision making process in place for governing the letting and implementation of Traffic Control Equipment Maintenance and Related Services 2 (TCMS2) contract ensured the objectives of the contract were achieved.	See Interim Audit Report Summary in Appendix 4.	08/10/2014 WC/ACL
Major Incident - External						
IA_14_413	Director of Buses	Implementation of Multi Modal Integrated Command and Control System	29/09/2014 WC/ACL	To provide assurance that adequate controls have been designed and implemented by management to ensure that the chosen solution meets the operational needs of London Underground and Surface Transport.	See Interim Audit Report Summary in Appendix 4.	29/09/2014 WC/ACL
Financial and Governance Controls						
IA_14_101F	Chief Operating Officer, Surface Transport	Blue Badge Congestion Charge Discount	16/07/2014 AC	To validate the controls over the Blue Badge Congestion Charge discount	Our Interim Audit Report dated 16 July 2014, entitled Blue Badge Congestion Charge Discount, identified one Priority 2 and two Priority 3 issues, resulting in six agreed management actions. The Priority 2 issue relates to the process for following up NFI data matches. We have carried out a follow up review and can confirm that all actions have been satisfactorily addressed. Accordingly this audit is now closed.	22/10/2014 ACL
Finance						
Delivery of Capital Investment Portfolio						
IA_13_612F	MD Finance	Implementation of the TfL Integrated Project & Programme Methodology	31/03/2014 RI	To ensure that Phase 2 of the project to implement Pathway, across TfL, was being managed in an efficient and effective manner.	Our Interim Audit Report dated 31 March 2014 entitled Implementation of the TfL Integrated Project & Programme Methodology (Pathway) Phase Two identified five priority 1 issues and one priority 2 issue. These Priority 1 issues were; <ul style="list-style-type: none"> • A number of projects had not completed Pathway Product Management Plans (PPMPs). • There was a lack of understanding in the correct use of Pathway by some projects. • Although several Special Interest Groups (SIGs) were set up under Phase 1 of the implementation to develop Pathway products, no SIG was set up for project staff. • On completion of the Pathway project in April 2014, the TfL PMO would not have an overarching role to play in co-ordinating and overseeing Pathway for the 	25/09/2014 ACL

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Summary of Findings	Final Report Issued
					<p>purpose of continuous improvement. This was to be devolved to individual SIGs, which do not have the authority or capacity to co-ordinate and gain approval for continuous improvement across TfL.</p> <ul style="list-style-type: none"> Business Unit training plans for Pathway had not been updated and signed off by appropriate staff, as evidence that staff training in Pathway had been satisfactorily completed. <p>We have now carried out a follow up review, and concluded that management has taken satisfactory action to implement the management actions from the Interim Audit Report.</p>	
Customer Experience, Marketing and Communications						
Maintaining a Long Term Strategic Balanced Plan within the Constraints of Available Resources						
IA_13_602F	Director of Customer Experience	Procurement of the Revenue Collection Services Contract	02/10/2014 WC/ACL	To ensure that the procurement process employed for the Revenue Collection Services was managed effectively, in accordance with approved procedures, EU directives and was open, fair and transparent.	See Interim Audit Report Summary in Appendix 4.	02/10/2014 WC/ACL
London Transport Museum						
IA_13_145F	Director London Transport Museum	Safety and Citizenship Programme	19/12/2013 RI	To provide assurance on the efficiency and effectiveness of the delivery of TfL's Safety and Citizenship (S&C) programme with an emphasis on value for money.	<p>Our Interim Audit Report dated 19 December 2013 entitled Safety and Citizenship Programme identified two Priority 1 issues, four Priority 2 issues and one Priority 3 issue, resulting in 15 management actions.</p> <p>The two Priority 1 issues were:</p> <ul style="list-style-type: none"> The objectives, targets and funding of the S&C programme are agreed with stakeholders through an annual Service Level Agreement (SLA), but this is not agreed, on average, until three months after the academic year has started. Stakeholder requirements lack clarity and funding is unnecessarily complicated. Despite a commitment to 10 days per year, and comprehensive training requiring significant effort and cost, not all Transport Youth Engagement Officers (TYEOs) are available when required. <p>We have now carried out a follow up review of the agreed management actions and can confirm that 14 actions have been satisfactorily addressed. One action remains partially addressed, but an appropriate action plan is in place to ensure this is completed in the near future.</p> <p>Therefore this audit is now closed.</p>	13/10/2014 ACL

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Summary of Findings	Final Report Issued
One HR						
People Strategy						
IA_12_140F	HR Director	Agency Temporary Worker Processes	11/03/2014 PC	To provide assurance on the effectiveness of controls over agency temporary workers within TfL.	<p>Our Interim Audit Report dated 11 March 2013 entitled Agency Temporary Worker Processes identified nine Priority 1 and five Priority 2 issues, resulting in 33 agreed management actions.</p> <p>The Priority 1 issues identified were:</p> <ul style="list-style-type: none"> • Employees displaced through departmental restructuring are not always considered in the recruitment of temporary positions • Some TfL Agency Temporary Workers are engaged in positions of major managerial and financial responsibility increasing the risk of finances and staff not being managed in line with TfL's policies or processes • The NPL rate card is determined using pay data supplied from agencies who have an incentive to maximize the amounts TfL pay; • Pay rates are not checked by HR for all parts of the business resulting in competitive rates not always being obtained • The gifted resource process does not always provide value for money for TfL • There is no checking to ensure that hiring managers request all the employment screening checks required by TfL policy, or testing to ensure that recruitment agencies conduct all the employment screening they claim to complete • Checks over the value of payments to agencies need to be strengthened following multiple overpayments • Timesheet approval controls need to be strengthened to prevent timesheet fraud • Agency temporary workers can be engaged for extended periods of time when it would be more efficient to engage permanent employees <p>We have now carried out a follow up review and can confirm that 26 actions have been satisfactorily addressed, two are partially addressed and three are no longer applicable. In addition, two Priority 2 actions have not yet been addressed:</p> <ul style="list-style-type: none"> • The resourcing strategy and principles will be shared with TfL Legal, Commercial, socialised with Directors for approval and communicated to the business • NPL guidance will be updated to confirm in which 	23/10/2014 ACL

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Summary of Findings	Final Report Issued
					<p>circumstances it would be appropriate to hire each type of NPL and to ensure the reasons for selecting particular resourcing routes are appropriately captured and approved</p> <p>We are satisfied that plans are in place to complete the outstanding actions in the near future, and this audit is now closed.</p>	
Crossrail						
IA_13_505	Crossrail	Cost Verification and Assurance on Contractor Payments	31/03/2014 AC	To provide assurance that Crossrail has effective processes for cost verification and assurance to ensure payments to the contractors are correct.	We have carried out a follow up review of the status of the agreed management actions and found that five of the actions have been addressed satisfactorily. The remaining action, to produce a Cost Verification process manual, has only been partially addressed, but we are confident that this will be completed by December 2014.	10/10/2014 ACL
IA_14_505F	Crossrail	Directors' and Senior Managers' Performance Pay	22/07/2014 AC	To provide assurance that Crossrail has effective processes and controls in place for determining Directors and Senior Managers' performance awards in accordance with the agreed framework and performance objectives.	<p>The Interim Audit Report dated 22 July 2014 identified two Priority 2 and one Priority 3 issues.</p> <p>We have carried out a follow-up review of the status of the agreed management actions and found all the issues have been addressed satisfactorily. This audit is therefore closed.</p>	06/11/2014 ACL
IA_14_509	Crossrail	Pension Scheme	06/10/2014 WC/ACL	To determine the extent of compliance with the automatic enrolment requirements, and how effectively the section 75 debt risk is being managed.	See Interim Audit Report Summary in Appendix 4.	06/10/2014 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
Pan TfL						
Environmental Impact of Delivering a Transport Service						
IA_14_102	Director of Transport Strategy and Policy	Implementation of Environmental Strategic Objectives	27/10/2014 AC	To determine the effectiveness of the processes for developing and implementing plans aimed at achieving TfL's strategic environmental goals and targets	27/02/2015	<p>In the development of the annual TfL Business Plan, which determines the spend for the year's activity, the environmental strategic objectives are used to determine what environmental schemes and projects to propose for inclusion. This aims to ensure that the TfL Business Plan and the environmental activity undertaken by TfL are in accordance with the Mayor's environmental strategic objectives.</p> <p>Any environmental activity proposed for inclusion in the TfL Business Plan is assessed against TfL's needs, in order to ensure the efficient and effective utilisation of funds. Only those that meet certain criteria are selected. Consequently, not all proposed environmental activity will be included in the Plan.</p> <p>The Business Plan describes the environmental schemes and projects at a high level. This is underpinned by the Surface Transport, and Rail & Underground business plans and more detailed environment plans, produced by their environment teams.</p> <p>In order to ensure the environment is considered in project delivery, there is a Sustainability Assessment requirement in the TfL Pathway project management process. This requires projects and programmes with an estimated final cost above £1m that have an approved business case and funding to assess their key sustainability issues and to plan for improvements to maximise the benefits.</p> <p>The audit confirmed that in accordance with these plans, various schemes and projects are underway or being developed for implementing the environmental objectives.</p>

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Follow-up Audit	Summary of Findings
						<p>The audit did not identify any Priority 1 issue but identified three Priority 2 issues, and one Priority 3 issue.</p> <p>The Priority 2 issues are:</p> <ul style="list-style-type: none"> • The coordination of the activities of the various TfL teams involved in environmental activity is not as fully effective as it should be. • Occasionally, the boundaries between certain parts of the environmental responsibilities of Planning and Surface Transport can be unclear, resulting in uncertainty and confusion. • There is an absence of a procedure by which Planning formally and promptly notifies the Surface Transport Board of any major schemes or initiatives developed by Planning, for Surface Transport implementation.
Rail and Underground						
Delivery of Capital Investment Portfolio						
IA_14_611	Director, London Rail	Transfer of the Contracting Authority for West Anglia Services from the DfT to TfL	04/11/2014 AC	To provide assurance that the project to transfer the Contracting Authority for West Anglia Services from DfT to TfL is being managed in an efficient and effective manner.	03/02/2015	<p>The audit has identified that a controlled and structured approach has been established by the Sponsor and his team to deliver this strategically important project. Key groups are meeting regularly, and communications across TfL and with the external parties is being managed through the appropriate channels.</p> <p>During the audit the following points were noted:</p> <ul style="list-style-type: none"> • The project has established a robust governance structure that is transparent and understood by those involved in the project. • While not required to comply with the Pathway process, it is noted that the team have used the Pathway principles in their approach to delivering the programme. • The interviews with key personnel identified that a collegiate approach has been created, with a positive and focussed attitude across the team. • The TfL fortnightly Steering Group provides an open platform to communicate, share concerns and enable senior management to challenge on progress and next steps. • Stakeholder engagement between the four parties (TfL, DfT, AGA, LOROL) involved in the transaction has been proactive and transparent. • A series of new financial models have been developed that have been through a number of reviews across TfL, and have replaced the standard Business Case Assistant in the business

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Follow-up Audit	Summary of Findings
						<p>case.</p> <ul style="list-style-type: none"> The new models are likely to form the basis for modelling for any future rail devolutions. There is recognition of the key risks and the sub-group meetings focus on the management of these risks, as evidenced through the regular updates of the risk registers. <p>The audit did not identify any Priority 1 issues but identified three Priority 2 issues, relating to the need to:</p> <ul style="list-style-type: none"> create a central register to capture key decisions, establish a process to identify and monitor changes across the project, and schedule Lessons Learned sessions.
Security						
IA_14_407	COO, LU	Security of LU Tenants	01/10/2014 RI	To provide assurance that the LU Station Tenants LUCAS process complies with the requirements contained in the LUSP and that the process operates in an effective and efficient manner.	31/05/2015	<p>The station supervisors and tenants are aware of the importance of managing security risk to the organisation in relation to tenants. The security procedures at station level have been developed over a number of years and are based upon instruction and advice given by Transec and police. We found that, at the stations we visited, 98% of the tenants working on LU station properties have been through the familiarisation process in the last six months.</p> <p>Two priority 1 issues were raised:</p> <ul style="list-style-type: none"> The initial roll out of the LUCAS ID cards for tenants has been slower than planned. The new process has not been properly documented in the Management System
Surface Transport						
Delivery of Capital Investment Portfolio						
IA_13_624	Director of Asset Management	Procurement of the TCMS2 Contract	08/10/2014 WC/ACL	To provide assurance that the decision making process in place for governing the letting and implementation of Traffic Control Equipment Maintenance and Related Services 2 (TCMS2) contract ensured the objectives of the contract were achieved.	N/A	<p>Our Interim Audit Memorandum dated 26 June 2014 covered our observations of the procurement up to and including the point at which the Competitive Dialogue phase had been completed, the proposals submitted in response to the ITS were evaluated and a recommendation for award of contract prepared. No issues were identified.</p> <p>Subsequently we reviewed the process for benefits realisation and measuring the impact of the new contract. No issues were identified</p>

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Follow-up Audit	Summary of Findings
						<p>although it is recognised that this process is still evolving.</p> <p>The Audit is now closed.</p>
Major Incident – External						
IA_14_413	Director of Buses	Implementation of Multi Modal Integrated Command and Control System	29/09/2014 WC/ACL	To provide assurance that adequate controls have been designed and implemented by management to ensure that the chosen solution meets the operational needs of London Underground and Surface Transport.	N/A	<p>System objectives have been captured within the User Requirements document which has been validated by both Surface Transport and London Underground. Both the Functional Requirements Specification (FRS) and the Non Functional Requirements Specification (NFRS) have also been validated and endorsed by both areas of the business.</p> <p>Provisions are made within the procurement process to enable early engagement with potential suppliers, thereby allowing suppliers opportunities to seek clarification on any aspect of the requirement specification. This early consultation also facilitates critical changes to be made to the requirements based on the responses received throughout the tender process.</p> <p>Affected stakeholders from both areas of the business and TfL IM are integral to the project and are represented within the governance structure of the project, including representation at Senior Responsible Officer level and as part of the technical and evaluation team.</p> <p>All potential contractual, legal and regulatory requirements are catered for within the standard TfL Agreement for the Supply of Software and Maintenance Services contract. Furthermore, the project is following the OJEU procurement process, and staff from the Commercial ICT are engaged on the project and have provided advice and input into the project plan and to the MICCS Project Board.</p> <p>Areas of integration with other TfL systems have been identified and incorporated into the requirements specification document. The requirements set out explicitly which systems the new solution should interface and interact with. In addition, the requirements document sets out future systems that would need to interact with any solution, thus incorporating a level of 'future proofing'.</p> <p>Lessons learnt from similar projects have been reviewed by the project team and, in addition, the outcomes from this current project are also being captured within the project folder in SharePoint.</p> <p>Overall, this project to procure a solution that meets the needs of both Surface Transport and London Underground is on track. Once the potential supplier is confirmed in January 2015, the detailed design,</p>

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Follow-up Audit	Summary of Findings
						development and implementation activities will begin. We will review the latter phase of the project as part of our 2015/16 Internal Audit Plan.
Financial and Governance Controls						
IA_14_112	COO, ST	LRS Healthcheck	06/11/2014 AC	To provide assurance on the adequacy and effectiveness of internal controls in place within LRS, focussing on key activities.	30/04/2015	<p>Since March 2014, the Infrastructure Development Manager has been carrying out the duties of the Engineering and Safety Manager, as well as his own. At present he spends about a third of his time doing what he was employed to do, and the remainder of his time carrying out the Engineering and Safety Manager's job. This has had an adverse effect on the regular completion of three and six monthly pier inspections to identify maintenance and defect issues.</p> <p>The LRS General Manager confirmed that due to Surface Transport's Business Improvement Programme he decided to delay the recruitment process for this position. As this programme is now well under way, he is ready to commence the recruitment process for the Engineering and Safety Manager. As management is about to take action, this has not been raised as a specific issue within the report.</p> <p>The audit identified no Priority 1 issues, two Priority 2 issues and three Priority 3 issues.</p>
Finance						
Delivery of Capital Investment Portfolio						
IA_14_601	Director of Strategy & Service Development, R&U	Business Cases in TfL	04/11/2014 RI	To review the use of business cases to provide a sound basis for decision-making, focusing in particular on: options appraisals; the extent to which the wider implications of TfL sponsored projects, such as crime and disorder, fraud risk, social value, and equality and inclusion are compliant with TfL requirements, consistently addressed and captured; and the inclusion of appropriate levels of detail.	30/04/2015	<p>During the audit the following examples of good practice were noted;</p> <ul style="list-style-type: none"> The PMO business case review performs a critical role in supporting the development of business cases across TfL. In particular the Business Case Functional Lead has received strong support and praise for the approach he and his team have adopted. The establishment of the Business Case Special Interest Group by the PMO has enabled the Sponsor community to come together to share experiences and identify areas for development. The PMO maintains a detailed register of all personnel across TfL who have undertaken business case training. Both the PMO and HR undertake regular reviews of their guidance based on feedback from users. The creation of the Surface Centre of Excellence will support developing capability of Sponsors in Surface, through working with them to better understand their needs and requirements in this area.

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Follow-up Audit	Summary of Findings
						<ul style="list-style-type: none"> The audit identified a consistent and robust approach to options appraisal within Capital Investment business cases across TfL, with a greater degree of inconsistency within Business Change business cases. This in part can be explained through the long history of preparing capital investment cases in TfL, the role of the PMO and the robustness of the PMO Business Case Review. This contrasts with the relative newness of the Business Change Framework and the absence of an independent review of the change business cases. <p>The audit identified one Priority 1 issue relating specifically to the Business Change business cases. A critical element in the development of business cases is that across any organisation they are developed in a structured manner and that options are appraised consistently using agreed and proven methods for doing so. Across the Business Change business cases reviewed there was a significant variance in the content and detail of the option appraisal undertaken by the sponsor.</p> <p>The audit also identified two Priority 2 issues relating to the focus of business cases on the Benefit to Cost Ratio, and the suitability of the Business Case Development Manual for Surface requirements.</p>
Security						
IA_14_422	Director of Commercial	Mail Room Security Arrangements	25/11/2014 AC	To assess the effectiveness of the security arrangements in operation within TfL mail rooms.	28/02/2014	<p>Our work was carried out with reference to PAS 97 (2012), the specification for mail screening and security developed by the Centre for Protection of National Infrastructure (CPNI) and the British Standards Institution. We found that controls were generally effective across all scope areas including the following:</p> <ul style="list-style-type: none"> Effective arrangements for assessing the risk from postal threats Mail screening is in place, appropriate to the level of risk to the organisation Mail room staff and key security staff receive regular training and awareness on the correct use of scanning equipment Appropriate incident response plans are in place. <p>The audit did not identify any Priority 1 issues, but did identify one Priority 2 and one Priority 3 issues. The Priority 2 issue was as follows:</p> <p>The PAS requirement to record the organisation's requirements for mail screening and security has not been formalised.</p>
Financial and Governance Controls						

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Follow-up Audit	Summary of Findings
IA_14_122	Chief Finance Officer	Risk Management in Specialist Services	26/11/2014 RI	To ensure that effective risk management processes are in operation in Specialist Services for identifying, assessing, evaluating, managing and reporting on risk.	30/06/2015	<p>The Corporate Risk Manager has risk oversight for all Specialist Service business areas, offers guidance and advice on risk management to the business, and facilitates risk review with Key Risk Representatives (KRRs) and others involved in risk management. The Corporate Risk Manager position is currently vacant while restructuring takes place within Finance Business Support Function (FBSF) and this role is covered by the Corporate Planning Specialist. It is planned to recruit into the role if the vacancy is not filled during the restructuring exercise.</p> <p>Quantification of strategic risk in Specialist Services is done using the ARM scoring scheme in the Corporate Risk Overview, and presented to the SMT as the Corporate Risk Register (CRR). It is updated by the Corporate Risk Manager after a quarterly review with the directors and KRRs. The CRR review is aligned with the quarterly business review, planning and forecast meetings, to enable risk management input into the decision-making process.</p> <p>Strategic risk is reported quarterly by FBSF during forecast reviews. The Corporate Risk Manager is responsible for providing CRR updates to GBP&P and the Chief Finance Officer, for the review of top strategic risks in each Specialist Services business area, and reporting on risk via the Finance BMR.</p> <p>Directorates' strategic risk registers are maintained in ARM by KRRs, recording risk detail, ownership and mitigating strategies and actions. Risks are identified, reviewed and reported via formal risk review workshops and meetings, and in periodic BMRs.</p> <p>Specialist Services directorates vary in size and the complexity of local risk management delivery reflects this.</p> <p>Our audit identified two Priority 1 issues together with two Priority 2 and one Priority 3 issues. The two Priority 1 issues relate to:</p> <ul style="list-style-type: none"> • Risk culture and good risk management practice not being effectively shared, leading to different approaches to managing risk • Risk registers not being consistently maintained
IA_13_414	Chief Finance Officer	JNP Payroll Data Integrity	27/11/2014 RI	To provide assurance on the adequacy and effectiveness of the processes, procedures and controls that have been implemented to ensure the integrity,	30/04/2015	<p>In late 2010, JNP implemented the Axiom EPM solution to manage the financial planning and asset performance processes. During our review, we found that the authentication control mechanisms and security settings for managing users' access to the Axiom EPM solution were thorough. The Oracle database (in the JNP Oracle Financials system) is connected to the SQL database (in Axiom EPM)</p>

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Follow-up Audit	Summary of Findings
				availability and confidentiality of the JNP payroll data maintained in the Axiom EPM solution.		<p>via a single read-only system account.</p> <p>We observed through our audit that the Operations Manager – Business Intelligence, who is the system administrator and developer for the Axiom EPM solution in JNP, has improved the efficiency of this solution through liaising with Axiom EPM UK and Northgate, and agreeing numerous enhancements to the Axiom EPM solution that have contributed to its user-friendliness and functionality. One of these enhancements included the automation of the data interface with Northgate, the third party involved in processing the payroll.</p> <p>However, the audit evidence from our review demonstrates that the operating support for the Axiom EPM solution within JNP has been for the most part reactive in nature, with a lack of effective governance in a number of areas. We identified three priority 1 issues as follows:</p> <ul style="list-style-type: none"> • There are concerns over segregation of duties in relation to controls over the Axiom EPM solution. • There is a lack of compliance with JNP information security mandatory principles and procedures. • There are no policies, procedures, standards and guidelines to cover all operational aspects of the Axiom EPM solution, including those associated with information processing and communication facilities, logging and monitoring, service levels, software licensing, patch management and disaster recovery. <p>We also identified two priority 2 issues.</p>
Customer Experience, Marketing and Communications						
Maintaining a Long Term Strategic Balanced Plan within the Constraints of Available Resources						
IA_13_602F	Director of Customer Experience	Procurement of the Revenue Collection Services Contract	02/10/2014 WC/ACL	To ensure that the procurement process employed for the Revenue Collection Services was managed effectively, in accordance with approved procedures, EU directives and was open, fair and transparent.	N/A	<p>We have previously issued the two Interim Audit Memorandums dated 24 October 2013 and 15 July 2014. Neither of these identified any issues with this procurement.</p> <p>No issues have been identified since the date of the last memorandum. This had been a well managed procurement and the audit is now closed.</p>
One HR						
People Strategy						
IA_14_140	HR Director	Staff Travel	09/10/2014	To provide assurance on	31/01/2015	We identified the following areas of good practice:

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Follow-up Audit	Summary of Findings
			RI	the adequacy and effectiveness of controls over the issue, use and recovery of staff and nominee travel passes.		<ul style="list-style-type: none"> • Staff Travel manages a high and fluctuating volume of transactions, consistently achieving customer service SLAs • Staff are experienced and knowledgeable • Staff Travel successfully implemented a £10 administration fee for replacement passes in May 2014 • Intrinsic is tailored to requirements. It has good reporting functionality and the ability to download data into Excel for analysis. However, its age and the high volume of data in the database mean that it is not seen as a long term solution <p>Five Priority 1 issues and two Priority 2 issues were identified during this audit.</p> <p>The Priority 1 issues are:</p> <ul style="list-style-type: none"> • Responsibilities for staff travel are not clearly defined and are spread across several areas of the business. This weakens the overall control environment • Periodic or quarterly management review reports are not available to provide an accurate breakdown of the number of employees, nominees and dependents with travel passes. Staff Travel has a plan to review and develop exception reports • Controls over continued eligibility for nominees could be strengthened. • There is no automated system to make sure that deceased retirees are promptly updated in Staff Travel records and their Oyster cards cancelled • The 'hot list' process is not working effectively.
Crossrail						
IA_14_513	Crossrail	Contract Close-out	26/09/2014 AC	To provide assurance that the management of Contract Close Out by Crossrail is efficient, effective and covers all relevant areas.	30/04/2015	<p>The project teams were using both the Employer's Completion Process (ECP) and Control Administration Manual (CAM) to close out contracts. Several teams mentioned that the progressive assurance being carried out by the Commercial Assurance and Cost Verification teams will assist in making the completion process easier to manage.</p> <p>The Contract Completion and Contract Defects Date Commercial Reports include confirmation that issues raised in the Contract Close-out Checklists or the Whole Contract Constitution Certificate (WCCC) have been addressed and contains information on the final account</p>

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Follow-up Audit	Summary of Findings
						<p>status. The Contract Defects Date Commercial Report provides confirmation that purchase orders have been closed. Most of the Projects reviewed have produced or are intending to produce these reports.</p> <p>There is a database where lessons learned by the project teams are captured and stored. This does not seem to be well publicised outside of the Delivery Directorate. There was no evidence of lessons learned on contract close-out.</p> <p>The audit did not identify any Priority 1 issues, but did identify two Priority 2 issues in relation to the lack of a clear procedure for Corporate close-out, and the Employer's Completion Process, and two Priority 3 issues.</p>
IA_14_509	Crossrail	Pension Scheme	06/10/2014 WC/ACL	To determine the extent of compliance with the automatic enrolment requirements, and how effectively the section 75 debt risk is being managed.	N/A	<p>The findings in respect of the three areas reviewed are as follows:</p> <ul style="list-style-type: none"> • All necessary work to prepare for automatic enrolment has been effectively carried out. • The Section 75 debt risk is being appropriately managed. • The necessary actions to enrol new employees in the TfL supplementary Pension Scheme rather than the Railway Pension Scheme (RPS) have been effectively delivered, and thus RPS was closed to new employees from 1 July 2014. <p>The audit did not identify any issues and is now closed.</p>
IA_14_504	Crossrail	Whole Life Costing	21/10/2014 AC	To provide assurance on how effectively Crossrail has met the requirements of Whole Life Costing.	31/01/2015	<p>A policy has been developed to ensure that WLC is optimised in accordance with the Project Sponsors' requirements and the PDA. The policy is supported by guidance on carrying out WLC appraisals.</p> <p>The original Project Sponsor's Requirement in 2008 required WLC to be optimised on the Project but did not make reference to any funding restrictions. In 2011 the Project Representatives reviewed and affirmed Crossrail's approach to WLC as set out in the policy and in the document called the WLC Principles.</p> <p>There is evidence of WLC being applied across a number of areas of the Project including large items such as track, rolling stock and LED lighting. WLC is considered at the design stage (for example, in relation to Plumstead sidings and depot) to facilitate better maintenance.</p> <p>Applying WLC can give rise to a higher initial capital spend, and the scope to apply WLC within Crossrail therefore has to be balanced against funding restrictions. A pragmatic approach has therefore been adopted by Crossrail in applying WLC to Stations works. This means a</p>

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Follow-up Audit	Summary of Findings
						<p>more literal interpretation of the WLC policy in ensuring compliance with the obligations under the PDA, to:</p> <ul style="list-style-type: none"> • Minimise the Anticipated Final Cost in accordance with best value; and • Ensure the Anticipated Final Direct Costs do not exceed the Total Sponsor Committed Funding. <p>This audit did not identify any Priority 1 issues, but did note two Priority 2 issues.</p>
IA_14_510	Crossrail	Changes in PAYE and NIC Legislation	23/10/2014 WC	To provide assurance that Crossrail has effective processes and controls for dealing with legislation changes in PAYE and NIC which could result in additional costs being incurred by contractors and these being passed onto Crossrail.	30/04/2015	<p>The potential risks resulting from the legislation change are captured on ARM and are reviewed regularly.</p> <p>The legislation change and its implications have been discussed with the contractors in the HR and Employee Industrial Relations forums and the Stations Steering Group.</p> <p>A risk mitigation plan is in place to deal with potential risks arising from the legislation change. One of the actions is to monitor the employment status of contractors. There is no evidence to show that contractors have submitted increases in staff costs to Crossrail either by way of reimbursable costs or via compensation events. The risk has therefore not yet materialised. However, reports from contractors show that a few still have a significant percentage of their on-site labour classified as being self employed.</p> <p>Although this does not present a problem for Crossrail now, it could do in 2015 when the HRMC starts to enforce the legislation. The risk therefore remains and there is a need for ongoing monitoring.</p> <p>The audit did not identify any Priority 1 and Priority 2 issues. There was one Priority 3 issue relating to high numbers of self employed staff at some contractors.</p>
IA_14_517	Crossrail	London Underground Assurance of Delivery	03/11/2014 AC	To review the provision of assurance information by LU to support delivery its part of the Crossrail project.	31/01/2015	<p>All aspects of the scope were examined during the audit and any not specifically mentioned were found to be operating effectively.</p> <p>Roles and responsibilities have been defined clearly and are understood by LU and CRL team members.</p> <p>There are LU and Crossrail procedures in place to ensure that projects are being managed and monitored to the satisfaction of senior management in both organisations.</p> <p>All of the projects have signed WPPs in place which are updated as the</p>

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Follow-up Audit	Summary of Findings
						<p>projects progress and further funding is requested. All of the LU teams are using TfL Pathway to manage their projects but have agreements in place that the WPP may replace some of the Pathway documents.</p> <p>There is a robust reporting system in place that informs both LU and CRL senior management of progress and issues via the Interface Steering Board (ISB). The reports range from weekly flash reports to performance dashboards used for review at Board level.</p> <p>There is good communication and collaboration between the CRL and LU teams despite them not being co-located. Bond Street has recently provided a small number of hot desks to facilitate future collaboration.</p> <p>The audit did not identify any Priority 1 or Priority 2 issues but did raise two Priority 3 issues.</p>
IA_14_522	Crossrail	Fujitsu Service Performance	05/12/2014 AC	To assess the effectiveness of the arrangements that have been implemented by Crossrail to ensure that the IT services provided by Fujitsu are sufficient and adequate to Crossrail's needs and to evaluate the adequacy of Fujitsu's service performance in meeting their obligations in delivering the required level of these services as stipulated by the relevant contract.	31/03/2015	<p>The following were examples of good practice we identified during the audit:</p> <ul style="list-style-type: none"> • Crossrail's top management has been involved and supportive in the improvement and revision of the service performance framework focusing on critical IT services. The new service reporting regime implemented in November 2013 has been reviewed by and agreed with the Crossrail Finance Director and the Chief Executive. • Since implementing the new service reporting regime in November 2013, the service reporting and verification processes have significantly improved and become more consistent. Crossrail has also developed a better capability to challenge Fujitsu's service performance. • Crossrail and Fujitsu involve IT users through an IT User Forum. This forum is used to update users on service improvements and projects that may impact them. It also gives users an opportunity to discuss IT issues or concerns. Fujitsu also gathers user feedback from incidents or service requests raised by users. In November 2014, a user satisfaction survey will also be carried out to identify areas with strong performance and where improvements could be made. • Handover process and staff shadowing practices have been established to ensure that changes in key service delivery roles do not give rise to a single point of failure. • Established procedures are used to deal with complaints and contract disputes via a defined escalation path and process. <p>The audit did not identify any Priority 1 issues. However, we noted two</p>

Reference	Responsible Director	Report Title	Interim Report Issued	Original Objective	Follow-up Audit	Summary of Findings
						<p>priority 2 and two priority 3 issues. The priority 2 issues are as follows:</p> <ul style="list-style-type: none"> • The monitoring of 'less critical' and unreported service measures should be improved by ensuring adequate analysis of underperformance on 'less critical' and unreported service measures and reviewing the ongoing relevance of these service measures; and • The documented procedures for verification of the reported service measures do not include detailed notes that would ensure their consistent application.
London Transport Museum						
IA_14_141	Museum Director	LTM Sponsorship	02/12/2014 AC	To provide assurance on the effectiveness of controls over sponsorship.	27/02/2015	<p>We identified the following areas of good practice:</p> <ul style="list-style-type: none"> • The Marketing and Development (M&D) team hold monthly fundraising meetings to discuss current projects and opportunities, and share information. The Museum Director and the Chairman of the LTM Friends also attend • Continuing commitment to commercial sponsor engagement, communication and support • Implementation of the Iris Customer Relationship Management database that includes all LTM stakeholders, with records of current and past activities and the option to attach relevant supporting documents. This will ultimately further increase the efficiency of stakeholder management <p>The audit did not identify any Priority 1 issues but did raise four Priority 2 issues and three Priority 3 issues.</p> <p>The Priority 2 issues relate to opportunities to maximise the benefits from working jointly with TfL, such as better planning and identification of critical milestones in joint projects, and further developing working relationships with TfL. Additionally the Museum Director should provide written authority to the M&D team to sign contracts on LTM's behalf, and the authority limits in the Standing Orders need to be reviewed.</p>

Reference	Report Title	Date Issued	Report Type	Objective	Summary of Findings
Rail and Underground					
IA_13_014	LU SCADA Security Assurance 2013/14	01/10/2014	Memo	The objective of this security assurance was to assess the risks posed from the potential compromise of TfL's SCADA (Supervisory Control and Data Acquisition) systems and the controls in place to address these using the Centre for the Protection of National Infrastructure (CPNI) SCADA Self Assessment Tool.	<p>There has been a lot of good work undertaken within LU to ensure best practice security principles are applied to both current and planned new systems and contracts that provide for SCADA systems. However, our work did identify several areas where there was scope for further improvements to the control environment:</p> <ul style="list-style-type: none"> • The reporting of cyber incidents (i.e. viruses and malware) were not always in accordance with the newly introduced incident reporting process. However, we are satisfied that all such incidents have been dealt with and affected systems restored to their original state. • The definition of an incident needs to be clearly defined and re-communicated to all necessary staff. • Some USB devices were found to have viruses on them when scanned prior to use on TfL systems. • Processes for system software updates received from third party suppliers were not handled in a consistent manner. • Security processes need to be formally documented and communicated to the necessary staff and kept up to-date.
IA_14_430	Review of Dyed Bank Notes Procedures in London Overground	03/10/2014	Memo	To review policies and procedures associated with the identification, recovery and handling of dye stained bank notes used at ticket machines.	LOROL station staff had limited awareness of how recovered dye stained bank notes should be reported in a timely fashion, physically handled, recorded and stored in order to assist any possible future prosecutions. Station accounts for LOROL has a process in place for dealing with dye stained notes but this is not documented. A number of weaknesses were identified and corrective actions are underway.
IA_14_432	Management of Temporary Device Connections to Signalling Systems in London Underground	06/10/2014	Memo	The objective of this review was to provide assurance that the processes used to manage the connection of temporary devices to the signalling systems are sufficient to protect the system from infection by computer viruses and malware.	<p>The signalling systems in use across the Underground network are diverse, having been developed over a long period of time as the various lines have been constructed/ upgraded, Consequently, the policies and procedures for controlling access to the systems for temporary devices are similarly diverse.</p> <p>We recommend that a unified Standard should be developed for the connection of temporary devices to signalling and communication systems to ensure a consistent approach across the organisation.</p>
Surface Transport					
IA_14_111	Enforcement & On-Street Operations (EOS) Taxi and Private Hire compliance	07/10/2014	Memo	The objective of the review was to work with EOS and provide advice on the control environment within TPH Compliance. The review focussed on governance, utilisation and scheduling, roadside inspections, operator visits and the role as a regulator, including prosecutions, enforcement and use of powers.	<p>Whilst there were examples of good practice, our work highlighted a number of areas where the TPH Compliance control environment within EOS requires significant improvement. In particular we made recommendations in relation to the scheduling and utilisation of compliance officers, and the effectiveness of roadside inspections and operator visits.</p> <p>A clear set of deliverables for improvement and change have been created to address the findings identified by Internal Audit and by the Business Process Improvement Project.</p>

Reference	Report Title	Date Issued	Report Type	Objective	Summary of Findings
Finance					
IA_14_414	Run Better Programme	30/09/2014	Memo	The objective of this real time audit was to use a stakeholder survey to provide assurance that there are adequate arrangements for engaging stakeholders and testing of the solutions delivered by the various initiatives under the Run Better Programme to ensure that these are in line with business requirements.	<p>Stakeholders interviewed in our survey made several comments related to the quality of reporting and communications.</p> <p>In our survey, the lowest average score was received in response to the question about confidence that the Programme will help achieve business goals. The general view was that progress appeared to be very slow. Some stakeholders stated there were no defined plans or that they are still being developed</p> <p>The initial objective of the Programme was to improve the use of SAP within TfL. Subsequently, TfL management realised that this would also involve a review of business processes to improve efficiency. The perception continues from some stakeholders that the main focus is the SAP solution instead of an effective business process.</p>
IA_12_632	Procurement of the Professional Services Frameworks	10/10/2014	Memo	To ensure that the procurement process employed for the Professional Services Frameworks (PSFs) is managed effectively, in accordance with approved procedures, EU directives and is open, fair and transparent.	<p>The memorandum set out our observations on the procurement since the issue of our last memorandum on 20 August 2014.</p> <p>The only issue of note during this stage of the process has been a number of instances where evaluators have been unable to view a supplier's response. On each occasion only one supplier's response has not been visible to a particular evaluator, although the submission has been visible to the Commercial Manager and/or the other evaluator. This is being investigated by the e-tendering support desk to understand the cause of the problem, as it may be either a technical problem with the AWARD system or a training need for some evaluators. The problem has not had any impact on the final outcome but did result in some additional time being taken during the consensus process where evaluators only become aware at the consensus meeting that they were the only ones affected by the problem.</p> <p>Subject to the above, we are satisfied that the risks and controls in procuring the PSFs are being managed appropriately at this stage.</p>
IA_14_626	London Cycle Hire Scheme Sponsor	24/10/2014	Memo	To provide assurance that the tender for the new Cycle Hire Scheme Sponsor is being developed and governed in a structured and controlled manner and likely to provide the optimum benefit and long term strategic development to TfL.	<p>The project documentation is clear and concise and establishes the strategic objectives and desired outcomes from the new Sponsorship agreement. The documentation is structured and sets out a clear plan for the delivery of the project and the responsibilities of each member of the team. The planning documentation and risk register follow accepted good practice.</p> <p>The audit identified the following areas of note:</p> <ul style="list-style-type: none"> • The project has met all the agreed targets and remains on track to deliver the new contract in the agreed timescale. • The team have undertaken a review of the previous sponsorship agreement and have put in place actions to address the issues raised. • The project team is made up of from senior resource within Commercial Development and Commercial and, with the support of TfL Legal, has recruited specialist external legal support. • The team has established clear and robust governance arrangements, where those involved understand their role in the project. • The team recognise the risks involved through transition and are working with all relevant parties in TfL to mitigate and resolve in a structured manner.

Reference	Report Title	Date Issued	Report Type	Objective	Summary of Findings
					<ul style="list-style-type: none"> The team are planning to use this project as the “blue print” for future “high value” Sponsor projects, and are gathering learning as the project progresses. <p>We have found no areas of concern during the audit to date, but have raised with the project team some matters for consideration. These are intended to provide opportunities to improve and strengthen the overall system of control for the project moving forward.</p>
IA_14_149	Procurement Authority and Associated Controls	27/10/2014	Memo	<p>Internal Audit was asked to undertake a review to determine the factors responsible for a breach of Procurement Authority in respect of an IT contract</p> <p>This was the first stage of the review; the second stage will entail a review of a sample of high-value contracts across TfL to identify any other instances of non-compliance, as well as the roles and responsibilities for granting and monitoring procurement authorities.</p>	<p>Our review determined that weak controls over the granting and monitoring of Procurement Authority (PA) resulted in the breach of the contract’s PA. A number of actions were raised to address the issue which should be implemented as a matter of urgency to prevent a recurrence.</p> <p>However, proper financial authority for this spend was in place and our audit found no evidence of fraud.</p> <p>PA is not currently controlled by SAP and we understand that R&U and ST have separate manual systems to monitor it. This may be absent in Specialist Services where there are fewer large contracts.</p> <p>The second stage of the audit will review the control arrangements for granting and monitoring PA across a range of other contracts, including roles and responsibilities for this activity.</p>

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_721	Planning and Production of Pre-fabricated Points and Crossings	29/10/2014 RI	To provide assurance in relation to the production of prefabricated points and crossings by Progress Rail.	<p>A good level of co-operation and collaboration was identified between Progress Rail and London Underground Track and Signals.</p> <p>Good Practice:</p> <ul style="list-style-type: none"> Progress Rail have started to hold generic stock items for some variants of components in stores (e.g. Soleplates), so when specialist configurations of these components are required, they can be customised and do not have to be manufactured from scratch, reducing lead times. <p>Areas of Effective Control:</p> <ul style="list-style-type: none"> The arrangements and flexibility of staff ensure that delivery dates are consistently met. The use of the layout master sheet ensures there are sufficient resources and space at Beeston to undertake the assembly of P&C panels. Staff at Beeston are suitably trained and hold the required licences to undertake their roles. <p>High Priority Issues:</p> <ul style="list-style-type: none"> Communication and instruction with regards design changes and approvals between LU and Progress Rail need to be formally recorded and documented. <p>Other Issues:</p> <ul style="list-style-type: none"> The physical condition of the yard at Beeston should be addressed to ensure Progress Rail provide a consistent quality product that can be demonstrated to meet customer requirements. LU should provide a definitive acceptance Certificate of Conformance for designs submitted by Progress Rail. The Progress Rail materials database needs to be reviewed on a regular basis to ensure lead times are accurate.

Reference	Report Title	Report Issued	Original Objective	Summary of Findings
IA_14_776	Bridges and Structures Deep Tube Tunnels Maintenance Regime	12/11/2014 RI	To examine civil engineering maintenance processes to ensure that specified requirements are being met, that the maintenance regime is managed effectively through to completion and to identify any improvement opportunities.	<p>There were examples of Good Practice found which would benefit from being shared across the other maintenance teams. There are also some significant issues that need addressing and further opportunities for improvement.</p> <p>Good Practice</p> <ul style="list-style-type: none"> • In BCV/SSL there is a strong link and co-ordination between the Line, Asset and Network Plan (LANP), the Active Work Plan and the S&SD eighteen month plan. • In BCV/SSL key asset records provided by contractors relating to maintenance works are loaded into a central document repository (Livelink Core Asset Information). • In BCV/SSL the Asset Condition Assessment (ACA) is continuously updated soon after the completion of the Principal Inspection Report. <p>High Priority Issues:</p> <ul style="list-style-type: none"> • H&S files are not updated following maintenance work in JNP • A Conceptual Design Statement has not been completed for the design of nosing stone supports in BCV • There is no risk assessment process in place to assess the impact on the asset and the operational railway when maintenance works are deferred • There are no defined timeframes for the completion of medium priority maintenance works in BCV and SSL • Required assurance documentation is not being provided for all maintenance jobs listed as substantially completed. This is being addressed through the updating of relevant guidance. • A controlled process is required to manage the addition and removal of jobs from the approved maintenance list in BCV/SSL <p>Other Issues:</p> <ul style="list-style-type: none"> • JNP competence assessors are not formally qualified as A1 vocational skills assessors. • The format of 'As Built Computer Aided Design drawings' were not in DGN format in BCV/SSL as required by the standard • Post-works inspections are not undertaken for DTT seepage works in order to check whether the maintenance activities have been successful or not.
IA_14_773	Rolling Stock Calibration Process	27/11/2014 RI	To ensure there is a system in place for the management and control of Inspection, Measuring and Test Equipment (IMTE) used for Rolling Stock maintenance, at the Stonebridge Park, Upminster and Cockfosters depots.	<p>Good Practice:</p> <ul style="list-style-type: none"> • The IMTE external calibration process is well documented and managed at Cockfosters depot. The Stores Personnel demonstrated good understanding of the process, and managed effectively IMTEs that are due or nearly due for external calibration. <p>High Priority Issues:</p> <ul style="list-style-type: none"> • Some torque testers at Upminster depot were not uniquely identified or calibrated. There is a risk of a lack of traceability and incorrect torque wrench setting, resulting in wrong tightening torque values being used for Rolling Stock maintenance work. • There was no certificate of calibration for six IMTEs at Stonebridge Park depot, therefore the calibration

Reference	Report Title	Report Issued	Original Objective	Summary of Findings
				<p>results cannot be authenticated or the recorded calibration details considered to be correct and valid.</p> <ul style="list-style-type: none"> There was no record at any of the three depots to indicate that the torque wrench force output is checked against the wall mounted torque tester, at the beginning of a shift and every time the torque wrench is used on a different train. This could lead to incorrect torque value being applied and used for Rolling Stock maintenance. <p>Other Issues:</p> <ul style="list-style-type: none"> There was no evidence of an IMTE registration process at Upminster depot to record the equipment movement. In the event the equipment is found to be out of calibration or damaged, it could not be easily traceable to the job it was booked out to. The IMTEs in the temporary storage room at Upminster depot were not well stored and protected. This could affect the integrity and fitness for purpose of the equipment. There was no generic Standard, Procedure or Work Instruction that defines the IMTE's requirement for Rolling Stock maintenance work. This will lead to different requirements being applied and used at the depots.
IA_14_772	Depot Equipment Maintenance	16/10/2014 AC	To determine whether depot equipment – power and track assets are being maintained as specified, and to ascertain who owns the assets.	<p>Areas of effective control:</p> <ul style="list-style-type: none"> The Power Assets at both Upminster and Neasden depots are being maintained as specified, and there are records to substantiate maintenance of these assets. The Track Assets at Upminster and Neasden depots are being maintained as specified, and there are records to support the maintenance being carried out. The Axle Counters at Neasden depot are maintained regularly as specified, and there are records to demonstrate that maintenance activities are being carried out to specifications. The Power Assets in the depots are owned and maintained by the Power Delivery Manager and his team, and there is documentary evidence to support this. <p>Issues:</p> <ul style="list-style-type: none"> There is no clear owner of the Track Assets in the depots. The standard for Requirements for Electrical Track Equipment does not include ABB Megamax Circuit Breakers, in use at Neasden and Upminster depots. The frequency of individual Track Quality (PM3) Inspections are recorded as 728 days in the Ellipse database.
IA_14_747	Knorr Bremse Rail Systems (UK)	16/10/2014 WC	To provide assurance that Knorr Bremse Rail Systems (UK) Limited (KBRS), has implemented and is continuing to maintain an acceptable regime for the procurement and supply of maintenance replacement parts, equipment repair and	<p>Good Practice:</p> <ul style="list-style-type: none"> KBRS has an established computer managed materials stocking system that will ensure accurate stock holding records and full traceability of individual batch or parts held. An established materials receipt process involved a goods inspection 'Skip' process and a graded inspection requirement based on risk and supplier performance. Poor supplier performance can lead to review of receipt inspection and an increase in the risk based inspection requirement. Inspection scope is included with KBRS receipt documentation.

Reference	Report Title	Report Issued	Original Objective	Summary of Findings
			overhaul, compliant with LU's contract objectives	<p>Areas of Effective Control:</p> <ul style="list-style-type: none"> • KBRS has a mature and fully documented quality management system. The system procedure documentation includes highly descriptive process flow diagrams and hyperlinked procedures, processes and records systems. • Supply performance, customer reject returns and non-conforming materials statistics are comprehensively recorded. • A new 'non-compliant material' reject record process had been recently implemented. The new process includes a high level of problem, cause and countermeasure analysis to be recorded and action taken to achieve closure. • A comprehensive performance measurement and analysis reporting process is being maintained that includes visual graph and chart presentation. An established 'Oil' reporting process is used to record contract progress and performance.
IA_14_741	Tata Steel	06/11/2014 WC	To provide TfL assurance that Tata Steel has implemented and is maintaining a satisfactory quality management regime and production controls that can consistently deliver a high quality product and service support.	<p>This audit was requested by the COO Commercial Maintenance Services management team in response to concerns raised by LU regarding Tata's quality management regime. The warehouse stocking of finished rail product and its status identification was given special attention as LU had received incorrectly branded rail in error during early 2014 and subsequent deliveries of rail with a poor surface finish.</p> <p>The audit verified that the system improvements implemented since the incidents of incorrect supply have resulted in new robust control that will prevent a repeat incident.</p> <p>Areas of Effective Control:</p> <p>Comprehensive rail production quality records are held in a software system TWillite and video image recording. The system assures that material quality records are held with full production process traceability.</p> <p>The production and quality management process included:</p> <ul style="list-style-type: none"> • Automatic laser measurements of rolled rail at multiple locations around the rail periphery are made each 100mm over the full length (nominal 108m long). • Real time visual inspection of rail product during hot rolling using camera and display screen. • Rolling team 'hot inspection' involving test sampling, length control and dimensional inspection using a comprehensive set of Go and Not-Go gauges. • Production stage bar code identification post hot rolling, is used at each subsequent process stage and ensures full traceability. The bar code labels match the hot stamped rail ID. • Final inspection post NDT and cutting to finished length involved further Go and Not-Go gauging and a thorough visual inspection before release into the stock area. • The new warehouse stock 'Abeyance' procedure will ensure rail for delivery or rail returned back to Tata is subject to quality release authorization. All LU rail is now subject to the Abeyance procedure.
IA_14_777	Inspection and Maintenance of Station Premises	06/11/2014 AC	To assess whether LU station premises are being inspected and maintained in accordance with the	<p>Areas of Effective Control:</p> <ul style="list-style-type: none"> • Inspections, surveys and maintenance activities are being effectively planned, resourced and completed

Reference	Report Title	Report Issued	Original Objective	Summary of Findings
			requirements of the LU Management System and that maintenance is managed effectively through to completion	<ul style="list-style-type: none"> • Key asset records (Ellipse/Maximo) are being updated following the completion of works • Surveys are used to identify required maintenance and this is programmed • Planned and corrective maintenance quality is being monitored and assured in accordance with the management system documents • Contractors are subject to KPIs which are reviewed at contract review meetings • Interface with other assets is being effectively managed <p>Issues:</p> <ul style="list-style-type: none"> • Assurance Plans are not annually reviewed and updated. • The management system document used in BCV/SSL (R0106) is not as comprehensive and adequately defined as those in JNP and also does not reflect all the current management practices. • Whilst competence matrices are used for in house and contractor staff and competence assessments undertaken, the overall competence framework is not adequately defined, particularly in BCV/SSL. This includes defining the competence of those assessing staff . • Whilst surveyors hold relevant degree qualifications, the requirements for professional memberships and the competency of those assessing the competence of Surveyors are not defined. • The results of visual surveys are not stored in a central database.
Delivery of Capital Investment Portfolio				
IA_14_705	Bond Street Station Upgrade (BSSU) "One Team" Organisation Change	05/12/2014 RI	To determine whether the project's key Project Management Framework (PMF) Products took into account the Bond Street Station Upgrade (BSSU) "One Team" organisation change, and to assess whether they are compliant with key Management System and PMF requirements, including those relating to the Construction, Design and Management (CDM) Regulations.	<p>The results of this audit demonstrate that the BSSU project has implemented the 'One Team' approach, whilst ensuring key functions that require independence from the project team continue to do so.</p> <p>However, the project has not complied with a number of Management System and PMF requirements, including some that relate to demonstrating compliance with the CDM Regulations.</p> <p>Good Practice:</p> <ul style="list-style-type: none"> • The Supplemental Agreement requires, enables and facilitates the implementation of the 'One Team' approach. • The Primavera programmes take less time to produce than before, are more reliable and more trusted, and look at details further ahead than previously. • The BSSU project team is using Key Performance Indicators (KPIs) that have been well chosen and developed, and that provide useful information. <p>High Priority Issues:</p> <ul style="list-style-type: none"> • The Change Assurance Plan for the BSSU One Team organisation change was not approved by the Change Owner prior to the change being implemented, it was not submitted to DRACCT and it relates to Engineering areas only. <p>Other Issues:</p> <ul style="list-style-type: none"> • The current version of the LU Project Execution Plan was formally issued on 25 October 2012. It has not been updated to reflect the One Team organisational arrangements.

Reference	Report Title	Report Issued	Original Objective	Summary of Findings
				<ul style="list-style-type: none"> Although some parts of the project have been delivered, a Gate Management Plan Product Matrix for Stage 5 (Delivery) has not been produced, and no PMF Stage Gate Reviews have been held to date. The current PEP does not contain or reference a detailed Allocation of CDM Duties document, and evidence was not provided during the audit to demonstrate that a detailed Allocation of CDM Duties document had been produced. The CDM Team Competency Matrix has not been formally issued since 2011. It does not include mapping of individual competencies against competency requirements for the project team, and it was not clear during the audit session whether training needs have been satisfactorily met. The BSSU Project has two separate Verification Activity Plans (VAPs), one for all verification activities excluding HSE and another one for HSE activities. The Engineering part of the VAP has been reviewed on a monthly basis, but in some areas the VAP has not been reviewed and updated for two years.
IA_14_802	Competency, Training and Licensing of Staff in LU Power Maintenance.	29/09/2014 AC	To determine whether appropriate management systems were in place to ensure adequate competency, training and licensing of staff in LU Power Maintenance	<p>Overall, the process of Competency, Training and Licensing of staff in LU Power Maintenance is adequately controlled with the exception of review and control processes for Competency Statements within the Control Systems Division.</p> <p>Areas of Effective Control:</p> <ul style="list-style-type: none"> Management system documents describe in depth roles, responsibilities and competency processes ensuring that staff are trained, competent and licensed to undertake the tasks allocated to them by their line managers Those planning and undertaking the work understand their roles, legislative requirements, the risks, and control measures identified and are adequately trained and possess the appropriate Competencies and Safety Critical Licences Effective arrangements are in place to ensure that competency of staff returning to work following absence is reviewed There are safeguards in place to ensure that personnel whose competency requirements have expired do not undertake any Safety Critical work The Substation Entry Permit dates and Safety critical licence dates are aligned such that if either of the dates has expired the licence holder will not have access to any of the substations <p>Issues:</p> <ul style="list-style-type: none"> As an assurance activity, Managers are required by written procedures to perform an annual review of employees' competency assessments and record this in a Competency Statement. Since transfer of Powerlink to TfL this has continued with the exception of one area – Control Systems. These were due for completion in August 2014 A backlog has developed with the undertaking of some non-safety critical training previously undertaken annually in Powerlink. This training interval is different to that commonly used across LU and would benefit from review to clarify the training requirement.
IA_14_704	Bank Project Technical Team	26/09/2014 WC	To provide assurance over compliance of the Bank Project Technical Team	The results of this audit indicate that the BSCU Project Technical Team is meeting its obligations under the ROGS Regulations, and is compliant with the requirements of associated LU Standards and processes.

Reference	Report Title	Report Issued	Original Objective	Summary of Findings
			<p>with the Railways and Other Guided Transport Systems (Safety) Regulations (ROGS) and associated LU Standards and processes. Also to identify improvement opportunities that could be adopted by Bank Station Capacity Upgrade (BSCU) and other LU projects.</p>	<p>The following good practices were demonstrated during the audit, and actions have been agreed to encourage other projects to adopt these good practices.</p> <ul style="list-style-type: none"> • The use of an Independent Safety Verification (ISV) Assessment Tool, developed following a request from the BSCU Team, provided objective evidence that a ROGS applicability assessment has been performed and documented by LU. • A realistic, detailed and risk-based Verification Activity Schedule (VAS) has been developed, and is being used in an effective manner by the BSCU Team. • The Core Design Team (CDT) process developed and used by the BSCU Project has been very effective in managing the design process, including systems integration and verification activities, and has contributed to the production of a good quality Concept Design that has been produced in good time. • A BSCU Technical Team Resource Plan identifies the specific competencies required by each Bank Project Technical Team member, and each Team member has been assessed against these requirements. <p>No issues or improvement opportunities were identified.</p>
IA_14_710	Configuration Management of Signalling and Control Systems	10/10/2014 AC	<p>To provide assurance in relation to configuration management of signalling and control systems such that disruption to service is avoided and traceability of assets is maintained</p>	<p>Areas of Effective Control were:</p> <ul style="list-style-type: none"> • Documented work instructions are in place for maintenance activities. In some cases these consist of manufacturer maintenance manuals whilst Work Instructions being produced as part of the TfL Management System are subject to review and agreement • Arrangements are in place to ensure that software upgrades are undertaken in a controlled manner including appropriate checks and back ups • Apart from USB drives, other external devices used on systems are subject to virus checks • Processes are in place for the provision of spares including controls to ensure local inventory records are accurate. Fail safe controls are common to ensure that incorrect components cannot be installed and commissioned for use. • Arrangements are in place to ensure only competent employees undertake specific activities. <p>Issues identified were:</p> <ul style="list-style-type: none"> • LU Signalling standards establish the asset information that must be maintained via an asset register. This is to ensure visibility and availability of asset information and also traceability. Maximo in JNP was found to be compliant and plans are in place for an upgrade to include additional information such as software versions. Ellipse in BCV/SSL is much less mature and mandated information such as serial numbers and batch numbers are not recorded. • The upgrade of software on the Central Line requires a laptop provided by the manufacturer. Over time a number have been lost or become defective with only three remaining. Replacement laptops or additional controls may be required to ensure the risk of a laptop not being available is controlled to tolerable levels. • Portable USB drives are not subject to virus checks. A separate Information Management Audit has been undertaken with recommendations to minimise the associated risk.

Reference	Report Title	Report Issued	Original Objective	Summary of Findings
Major Incident - External				
IA_14_824	HSE Management in Asset Support Power Maintenance	02/10/2014 AC	To assess effectiveness of arrangements to ensure that HSE risks, including safety critical licensing, are adequately controlled by local procedures and systems.	<p><u>Areas of effective control</u></p> <ul style="list-style-type: none"> • Safety Critical licensing is managed and controlled as per the Management System. An area of good practice was noted in the completion and recording of staff night worker assessments • Local work instructions were found to be of a high standard and readily available • Power Authority to Work Certificates are issued as required to implement a documented safe system of work • Staff on site were observed to have the correct PPE, calibrated meters and required competences to complete tasks • Planned General Inspections are being undertaken and completion to programme monitored <p><u>Issues</u></p> <ul style="list-style-type: none"> • Safety System Checks are not planned or undertaken and Safety Tours are not being undertaken by senior managers (Band 5) but by Band 4 and below. This weakens senior management visibility on HSE and management assurance that control systems are working as planned. • Manual handling assessments have not been reviewed in the last three years and not all DSE assessments have been completed by staff that use DSE. • Workplace Risk Assessments had been reviewed but had not been validated and submitted to the Workplace and Customer Risk Assessment (WoCRA) database. • The status of some items of plant had not been identified, as there were a number of legacy pieces of plant which were not accounted for.
IA_14_827	SSL Fleet HSE Management and Safety Critical Licensing	07/10/2014 AC	<p>This audit was in two parts:</p> <p>Part 1: A follow up audit on previously agreed actions from audit 13 717 – Rolling Stock HSE Management and ORR intervention on Safety Critical Licensing</p> <p>Part 2: Environmental Control in compliance with ISO 14001 standards and the HSE management system with regards to Waste and Pollution control.</p>	<p>Significant progress had been made in undertaking the agreed management actions from the previous audit, with all but two having been suitably addressed.</p> <p>Areas of Effective Control:</p> <ul style="list-style-type: none"> • The majority of workplace risk assessments are held in WoCRA and those that are not are tracked locally. • Adequate numbers of staff have received training in the use of WoCRA. • Traffic management plans and risk assessments were in place at all depots. • All Safety Critical Licences sampled were in date and training was planned where required. • An appropriate regime of safety hours was found to be in place. • Waste was seen to be suitably segregated within the depots. • Waste transfer notes were available at all depots for at least the three years required. <p>Issues:</p> <ul style="list-style-type: none"> • There was no evidence that management system checks were planned or undertaken

Reference	Report Title	Report Issued	Original Objective	Summary of Findings
				<ul style="list-style-type: none"> Not all DDMs and DTLs were able to access the competence and SCL information for all fleet maintenance staff at the depot.
IA_14_788	BCV Fleet HSE Management and Safety Critical Licence	10/10/2014 AC	<p>This audit was in two parts:</p> <p>Part 1: A follow up audit on previously agreed actions from audit 13 717 - Rolling Stock HSE Management and ORR intervention on Safety Critical Licensing</p> <p>Part 2: Assessing environmental control in compliance with ISO 14001 standard and the HSE management system (specifically management of waste and pollution)</p>	<p>There was a significant improvement in all areas following the previous audit, with the exception of HSE management system checks.</p> <p>Areas of Effective Control:</p> <ul style="list-style-type: none"> The majority of workplace risk assessments are held in WoCRA and those that are not are tracked locally. Adequate numbers of staff have received training in the use of WoCRA. Traffic management plans and risk assessments are in place at all depots. A suitable regime of safety hours was found to be in place and being delivered. All Safety Critical Licences sampled were in date and training was planned where required. Waste was seen to be suitably segregated within the depots. Waste transfer notes were available at all depots for at least the three years required. <p>Issues:</p> <ul style="list-style-type: none"> A programme of management system checks had not been produced and system checks are not undertaken in accordance with the management system Not all DDMs or DTLs were able to use SAP to run a holistic report for a member of staff, outside of their team, as required by the handbook.
IA_14_794	Oval Station Group HSE Management	07/11/2014 AC	To assess compliance with critical elements of the TfL HSE Management System, London Underground (LU) Managers Handbook, LU Rule Books and the effectiveness of local arrangements.	<p>Areas of Effective Control:</p> <ul style="list-style-type: none"> Workplace and Customer Risk Assessments are being undertaken and reviewed as required. Emergency plans are current and control measures for foreseeable emergencies are in place, including checks and measures to maximise security Competence including safety critical licensing is managed and monitored to ensure staff meet licensing requirements The management team is undertaking pro-active monitoring effectively via systems checks, Planned General Inspections and station checks. Incident trends are monitored and individual incidents investigated in line with corporate procedures <p>Issues:</p>

Reference	Report Title	Report Issued	Original Objective	Summary of Findings
				<ul style="list-style-type: none"> • Station tenants are not familiarised and are not signing in with the Station Supervisor as required by the LU Rule Book. This is designed to ensure they can be accounted for in the event of an evacuation • Assessments of the first aid arrangements are not being completed as per the Rule Book requirements • DSE assessments are only 24% completed. The Safety Improvement Plan has a target date of 31/12/14 to have all DSE assessments completed • Pro-active checks of emergency equipment, including public help points, OLBI checks and first aid boxes, is happening but not to the frequency required by the LU Rule Book • Health and Safety boards contained some out of date information and were poorly maintained.
IA_14_784	Temporary Works on the Vauxhall Station Upgrade Project	18/11/2014 AC	To provide assurance in relation to the compliance and overall effectiveness of the processes for temporary works on the Vauxhall station upgrade project and to ensure that temporary works are being completed by competent people. Bechtel, as the Principal Contractor for the Vauxhall station upgrade, is responsible for the temporary works.	<p>Areas of Effective Control:</p> <ul style="list-style-type: none"> • Identification of temporary works, including the submission of Conceptual Design Statements and Design Risk Assessments prior to commencement of works. • Assurance of temporary works, including the submission of Design Check Certificates prior to commencement of works. • Consideration of the health, safety and environmental aspects. • The procurement of designers and contractors, including the monitoring of competences. • Implementation of the works, including method statements, permits and inspections. • Compliance with BS5975:2008 Section 2: Procedural control of temporary works. <p>Issues:</p> <ul style="list-style-type: none"> • Changes to the walkway and ladder temporary works were completed before design approval was given. • Cutting, Grinding, Drilling and Fixing Log (CDFL) part 2s are not being submitted on time. Bechtel are reviewing CDFL part 2s for completion and communicating the CDFL timing requirements to their staff and contractors.
IA_14_826	JNP Fleet HSE Management and Safety Critical Licensing	21/11/2014 AC	<p>This audit was in two parts:</p> <p>Part 1: A follow up audit on previously agreed actions from audit 13 717 - Rolling Stock HSE Management and ORR intervention on Safety Critical Licensing</p> <p>Part 2: Assessing environmental control in compliance with ISO 14001 standard and the HSE management system</p>	<p>There was a significant improvement in all areas following the previous audit.</p> <p>Areas of Effective Control:</p> <ul style="list-style-type: none"> • All workplace risk assessments (WRAs) are tracked locally and were evidenced to be in date and a review date in place. There is a plan to store WRAs in Maximo within the next 6 months. • Adequate numbers of staff have received training to complete WRA. • Traffic management plans and risk assessments are in place at all depots. • A suitable regime of safety hours was found to be in place and being delivered. • All Safety Critical Licences sampled were in date and training was planned where required. • Managers on duty have access to local databases, which are kept current, so can provide the

Reference	Report Title	Report Issued	Original Objective	Summary of Findings
			(specifically management of waste and pollution)	<p>competence of any individual within 1 hour as required.</p> <ul style="list-style-type: none"> • Waste was seen to be suitably segregated within the depots. • Waste transfer notes were available at all depots for at least the three years required. <p>Issues:</p> <ul style="list-style-type: none"> • The review period of WRA is managed locally by the HSE advisor. There is no system for an automated reminder every three years. • There is no centrally managed system in place for safety critical licences and training to be reported and updated. This has been a finding from previous PAS 55 audits. The local databases are managed by fleet trainers in each depot.
IA_14_801 A	Signal Competence (IRSE Licensing) – SSL and BCV	24/11/2014 AC	To assess the processes, capabilities and competencies for the delivery of IRSE Licenses and review closure of previous findings.	<p>Areas of Effective Control:</p> <ul style="list-style-type: none"> • With the exception detailed below, the procedures and processes of the Assessing Agency met the requirements of the IRSE Licensing Standard and Procedures. • All records observed were accurate, detailed and correctly completed. • Licensing assessments were thorough and contained detailed applicable evidence which supported the assessment decisions. • Recent changes to the IRSE's requirements had been identified and communicated to Assessing Agency personnel. • Internal Verification plans were in place and being undertaken, including observed assessments, with suitable reports produced and communicated. <p>Issues:</p> <ul style="list-style-type: none"> • The controlling Work Instruction W0092 did not make specific reference to the requirement for impartiality of assessment personnel. • The Management Review report did not formally record all the areas detailed by the IRSE Licensing procedures.
IA_14_801 B	Signal Competence (IRSE Licensing) – JNP	24/11/14 AC	To assess the processes, capabilities and competencies for the delivery of IRSE Licenses and review closure of previous findings.	<p>Good Practice:</p> <ul style="list-style-type: none"> • AAM maintained a spreadsheet that detailed Licence Holders' Logbook reviews by Management to ensure this was undertaken at the required frequency. <p>Areas of Effective Control:</p> <ul style="list-style-type: none"> • With the exception detailed below, the procedures and processes of the Assessing Agency met the requirements of the IRSE Licensing Standard and Procedures. • All records observed were accurate, detailed and correctly completed. • Licensing assessments were thorough and contained detailed applicable evidence which supported the assessment decisions. • Recent changes to the IRSE's requirements had been identified and communicated to Assessing

Reference	Report Title	Report Issued	Original Objective	Summary of Findings
				<p>Agency personnel.</p> <ul style="list-style-type: none"> Internal Verification plans were in place and being undertaken, including observed assessments, with suitable reports produced and communicated. <p>Issues:</p> <ul style="list-style-type: none"> The process for the identification and accommodation of any specific candidate requirements for a licence assessment was not detailed within the controlling procedure or assessment plan. One licence assessment pack out of six reviewed contained information with regards Work Experience that was more than six months old.
Surface Transport				
Major Incident - External				
IA_14_821	Surface Transport HSE Implications of Organisational Change	21/10/2014 RI	To review the extent to which Health, Safety and Environmental (HSE) implications resulting from the Surface Integration Programme (SIP) have been identified, assessed and mitigated	<p>The HSE implications of SIP had not been considered as part of the SIP process.</p> <p>Areas of Effective Control:</p> <ul style="list-style-type: none"> Post SIP, the strategic and local risks that existed prior to SIP were re-assigned to reflect the organisational changes within the Directorates. Safety Delivery Plans have been produced, post SIP, by the Surface Safety Team. These outline each Directorate's arrangements for managing health and safety post SIP. <p>Issues:</p> <p>The following could not be evidenced for HSE implications of SIP:</p> <ul style="list-style-type: none"> A change assurance plan, or inclusion of HSE implications in the Directorate's SIP business plans. Assigning of responsibility for managing the HSE implications arising from SIP. The identification and monitoring of HSE risks arising from SIP. Implementation of the Safety Change Management Plan. A review of lessons learned from other TfL divisions regarding the management of HSE risks during change (Prior to SIP). A lessons learned exercise addressing the HSE implications (Post SIP).

INTERNAL AUDIT CUSTOMER FEEDBACK FORM
SUMMARY OF RESPONSES FOR 2014/15
Quarter 3

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 received, including a selection of the freeform comments that we have received.

Customer Feedback Forms Sent: Q3 = 57 (Q2=60)

Customer Feedback Forms Returned; Q3 = 26 (Q2 = 21)

	No score given	Very poor	Poor	Satisfactory	Good	Very good	
ASSIGNMENT ASSESSMENT CRITERIA	1	2	3	4	5	Average Score	
PLANNING AND TIMING							4.4 (4.5)
The assignment timing was agreed with me and there was appropriate consideration of my other commitments as the work progressed	1(0)	0(0)	0(0)	2(2)	10(6)	13(13)	
The assignment was completed and the report issued within appropriate timescales	0(0)	0(1)	0(0)	3(2)	9(9)	14(10)	
COMMUNICATION							4.3 (4.3)
Communication prior to the assignment was appropriate, including the dates and objectives	1(0)	0(0)	0(0)	3(1)	8(10)	14(10)	
Throughout the assignment I was informed of the work's progress and emerging findings	1(0)	0(0)	1(1)	4(3)	8(7)	12(10)	
CONDUCT							4.4 (4.5)
The Internal Audit team demonstrated a good understanding of the business area under review and associated risks, or took time to build knowledge and understanding as the work progressed	1(1)	0(0)	2(0)	1(4)	12(4)	10(12)	
The Internal Audit team acted in a constructive, professional and positive manner	0(0)	0(0)	0(0)	3(1)	6(6)	17(14)	
RELEVANT AND USEFUL ADVICE AND ASSURANCE							4.4 (4.2)
A fair summary of assignment findings was presented in the report	0(1)	0(0)	0(1)	3(4)	10(8)	13(8)	
Assignment recommendations were constructive, practical and cost-effective	0(1)	0(0)	1(0)	3(4)	7(7)	15(9)	
My concerns were adequately addressed and the review was beneficial to my area of responsibility and operations	1(0)	0(0)	0(0)	4(4)	9(9)	12(8)	
Overall assessment							4.3 (4.3)

Other comments including suggested improvements and areas of good performance:

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

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

The audit team was new to [this] area of the business and therefore had to gain a lot of knowledge throughout the process. Consequently, preparations for the audit were more drawn out and time consuming than we would usually expect and some aspects of the audit scope were not covered. However the team addressed this through its recommendation to undertake a further audit later in the year to address them. Nevertheless, the reporting of the audit findings were very useful to leverage the improvements that we require within the business and thus mitigate risks.

I was kept informed of the audit's progress and emerging findings throughout the assignment by the auditor. Very professional constructive audit.

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

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

The auditor identified appropriate areas of concern and provided robust assurance confidence to the audit client.

Very happy with the audit and that significant improvement from the previous year has been seen.