

**Date: 6 March 2018**

**Item: Internal Audit Quarter 3 Report 2017/18**

**This paper will be considered in public**

**1 Summary**

- 1.1 The purpose of this report is to inform the Committee of the Internal Audit work completed in Quarter 3 of 2017/18, the work in progress at the end of Quarter 3, the work planned for Quarter 4 and the status of agreed audit actions.
- 1.2 The report also includes proposals (see Section 6 and Appendix 6) for a set of indicators to show trends in the effectiveness of TfL’s control environment.

**2 Recommendation**

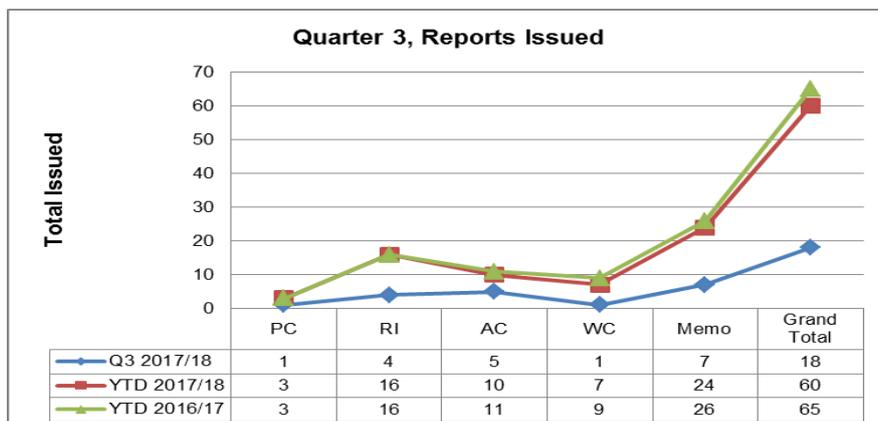
- 2.1 **The Committee is asked to note the report and endorse the use of the proposed control environment trend indicators for reporting to future Committee meetings.**

**3 Background**

- 3.1 The Head of Internal Audit is required to provide an annual report in support of her 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 table below shows the number of Internal Audit Reports and other outputs, including advisory/ consultancy reports and memorandums, issued during Quarter 3, and the year to date together with comparative figures for 2016/17.



**PC** Poorly controlled

**RI** Requires improvement

**AC** Adequately controlled

**WC** Well Controlled

- 4.2 Internal Audit issued 18 reports and other outputs during Quarter 3, the full list can be found in Appendix 1. Where applicable, management actions have been agreed to address the issues raised, and are being taken forward. The appendix shows the date by which the last management action is due to be completed, or confirms that the audit has been closed, as at the date of this report.

### **Third Line Assurance Activity - Internal Audit**

- 4.3 One of the internal audit reports published in Quarter 3 was concluded as 'Poorly Controlled' and is summarised as follows:

Patch Management (Internet Services (IS) Zone) (Internal Audit Report issued 27 October 2017)

- 4.4 Our audit focused on the effectiveness of the controls intended to protect against known operating system vulnerabilities within the Internet Services (IS) zone. We identified three priority 1 issues, and two priority 2 issues. The priority 1 issues highlighted areas for improvement including the pan-TfL approach (strategy and accountabilities) for effective management of the control environment, measures for ensuring security patches are deployed across all applicable operating systems, and activities supporting device discovery procedures.

- 4.5 Technology and Data has taken action to implement the agreed management actions some of which are already complete, with the final action on track for implementation by 28 February 2018.

- 4.6 Other notable reports issued during Quarter 3 are as follows:

Fatigue Management in London Underground

- 4.7 Our audit of the effectiveness of London Underground's arrangements for minimising the risk of fatigue identified four priority 1 issues, and six priority 2 issues, highlighting a number of areas for improvement, including governance around decision making authority, consistent practices for identifying and recording, and assessing fatigue risk generally and role-based training. Work was already in progress to address some of the issues identified, and the last action is on track for completion by 31 March 2018.

IT Infrastructure Control – IP Telephony

- 4.8 Our audit of the security, resilience and effectiveness of the Avaya telephony system's control environment identified five priority 2 issues, highlighting a number of areas for improvement, including governance around component obsolescence risk, security risk assessments, password controls for administrative accounts, security event logging and monitoring, and alignment of security patch management processes to existing standards. The agreed management actions are complete, and the audit is closed.

## Safety Complaints Handling (Audit memorandum)

- 4.9 We plan to complete our audit of TfL's new system for handling safety related complaints in two stages. This first stage reviewed the implementation of the new system. We noted the roll out of the new process across TfL, and that there was generally good understanding of it. We made some recommendations for areas where there was scope for further improving awareness and business buy-in.
- 4.10 The second stage of our audit, in 2018/19, will review how the new process is operating in practice.
- 4.11 Work in progress at the end of Quarter 3 is shown in Appendix 2 and work due to start in Quarter 4 is shown in Appendix 3.

### **Second Line Assurance Activity**

- 4.12 The integrated assurance team within Risk and Assurance issued 10 Health Safety and Environment (HSE) and Technical audit reports during Quarter 3. One of these was concluded as 'Poorly Controlled' and is summarised as follows.

Maintenance of TransPlant Vehicles (Integrated Assurance report issued 23 October 2017)

- 4.13 The audit focused on the control environment in relation to the effectiveness of asset management strategy. TransPlant operates a fleet of engineers' trains, plant and equipment in support of the maintenance, improvement and renewal of the London Underground infrastructure.
- 4.14 The report identified five priority1 issues, and one priority 2 issue, highlighting weaknesses in the management of TransPlant vehicle maintenance, with some overhaul requirements substantially in arrears. There were gaps in the application of the work instructions utilised for the maintenance within the Train Maintenance Regime on some of the vehicles audited and the Asset Management records in the Maximo system were incomplete and not up to date. Work to address the issues identified was already in progress; including placing specific safety restrictions on affected vehicles, to ensure the safety of the railway. The last action is on track for completion by April 2018.

### **Second Line Assurance Activity – Project Assurance**

- 4.15 The Project Assurance team within Risk and Assurance carries out Integrated Assurance Reviews (IARs) of projects and programmes across the Investment Programme. Individual projects are selected for review following a risk-based assessment. All projects with an EFC over £50m are reviewed under the same IAR process but with additional input from the Independent Investment Programme Advisory Group (IIPAG). The assurance reports are considered alongside the Authority request at the Sub Programme boards or at the operating business boards, depending on the size of the project. Issues arising from the reviews are presented with agreed actions, owners and timescales. The reports are also forwarded to the Chief Finance Officer.

- 4.16 Project Assurance also conducts reviews of the Sub-Programmes to inform their annual request for Authority at the Programmes and Investment Committee. A dedicated panel that includes, IIPAG, Project Assurance and an independent External Expert, conducts the sub-programme reviews.
- 4.17 In Quarter 3, Project Assurance completed 23 IARs, with IIPAG providing oversight and guidance on 13 reviews, including two sub-programme reviews, which are summarised below. Neither of the sub-programme reviews identified any critical issues.

#### London Underground Four Lines Modernisation Programme

- 4.18 The Four Line Modernisation is a comprehensive upgrade of the systems on the Circle, District, Hammersmith & City and Metropolitan lines. All 192 new trains are in service. The power and civils works are near completion, with the depot upgrades 80% complete. The signalling upgrade has begun, and is phased in 14 migration areas, completing in November 2020.
- 4.19 At the time of the review, the first signalling migration had not yet been completed. The schedule up to migration area 8, is now agreed, and holds to the 2020 target. Greater schedule certainty is expected in October 2018, which is when the first three migration areas are due to be complete.
- 4.20 The latest service modelling shows pinch points at three locations, which means that some track replacement may need to be brought forward in order to achieve the planned 32 trains-per-hour peak service.
- 4.21 The programme management and governance is robust, with strong leadership focused on coordinating the work streams to completion. TfL Project Assurance made five recommendations; IIPAG made ten. All the recommendations have been accepted, with good progress made. The programme team provides regular updates to IIPAG and Project Assurance as part of our Continuous Assurance.

#### Air Quality and Environment

- 4.22 The sub-programme brings together a number of projects to achieve compliance with EU pollution targets by 2025, including the Ultra-low Emission Zone, Zero Emission Capable Taxis, Rapid charging, Bus Emission Retrofits and the Hydrogen Bus.
- 4.23 The review identified that most of the component projects pre-date the formation of the sub-programme, and as a result, standard prioritisation processes have not been applied. A programme level strategic case, business case and benefits management plan are all required to enable improved prioritisation for new projects. In addition, the “road map” for achieving the Mayor’s Zero Carbon target by 2050 is required, with some early milestones to demonstrate progress.
- 4.24 TfL Project Assurance made eight recommendations, IIPAG made three; all of which were accepted, with progress being made.

## Other significant reviews

- 4.25 Two of the project reviews carried out during Quarter 3 identified critical issues, as follows:

### Emergency Services Network

- 4.26 The Emergency Services Network replaces the analogue Airwave system used by the emergency services on the London Underground network. It is funded by the Home Office as part of its national modernisation of the network.
- 4.27 The project had recently been transferred to the Technology and Data Directorate, with the sponsorship remaining within London Underground. TfL Project Assurance identified three critical issues; IIPAG identified five.
- 4.28 At the time of the review, the target to deliver a 100% operational network by the end of 2019 was extremely challenging. The unrealistic schedule was intrinsic to the critical issues identified, including the clarity of sponsorship, key resources and the maturity of the design. Since the review, the Home Office has extended the national target, including London, by twelve months, enabling a more realistic schedule to be developed. All of the recommendations are being addressed.

### Wandsworth Gyrotory Removal

- 4.29 The project will remove westbound traffic from the town centre, with the middle section of the High Street reserved for pedestrians, and cyclists. The initial design had been completed, and approval was being requested to purchase the required parcels of land.
- 4.30 TfL Project Assurance identified one critical issue related to the cost of the land purchases, which had increased to approximately 30% of the total cost, producing a budget gap of approximately £9m. The cost increase was mainly due to the reclassification of the land from industrial to residential use by the London Borough of Wandsworth. Further negotiations with LB Wandsworth were recommended, and are being progressed.

## **Follow-up of audit actions**

- 4.31 Internal Audit monitors the completion of all audit actions and confirms, whether they have been adequately addressed by management.
- 4.32 A list of open audits (ie audits for which the agreed management actions have not yet all been addressed) from previous Quarters, including information on when the last management action is due to be completed, is included as Appendix 4.
- 4.33 The table at Appendix 5 shows the numbers of open audit actions by business area, and the extent to which these are overdue. Where actions are 60 days or more overdue, the Director with responsibility for the actions may be invited to attend the Committee meeting to discuss them.
- 4.34 There are a number of actions more than 60 days overdue, as discussed in the following paragraphs.

## Finance

- 4.35 The outstanding action relates to policies governing the Web Access Control (WAC) refunds processes. A new policy will be published on 1 April 2018, which will close this action, and on that basis we do not believe it is necessary to ask the responsible Director to discuss the issue at this meeting.

## Surface Transport

- 4.36 There are four actions within Surface Transport that are more than 60 days overdue. Three relate to our audit of PCI DSS compliance in the Enforcement and On-street Operations Directorate (EOS). The other relates to our audit of Data Privacy and Protection: Surveillance Cameras – Bus Operations:
- 4.37 The outstanding PCI DSS actions (two priority 2 and one priority 3 actions) relate to process documentation, and data retention controls. These actions are interrelated, and dependent on the implementation of a new payment system. EOS is continuing to focus on completion of these actions, but a decision in respect of the technical solution is outstanding. The preferred option is to adopt the same system used by the Metropolitan Police (AWARE); however, at the date of this report, EOS has not been able to confirm the decision and implementation timeline. We have asked the Director of EOS to attend the meeting to discuss these actions.
- 4.38 The outstanding action (priority 2) in Bus Operations relates to an update to the policy governing how digital downloads are authorised, and requires the appointment of a new action owner. Completion of the action has been challenging due to the impact of the loss of key personnel within Bus Operations. However, in recent weeks, we have seen the closure of two related actions and are comfortable that there is sufficient focus to identify a new action owner and close the remaining action. Therefore we have not requested the attendance of the Director at this time.

## **5 Corporate Assurance Transformation Workstream**

- 5.1 We have previously reported to the Committee on the Corporate Assurance Transformation Programme, which brings together Internal Audit, Project Assurance, Risk and Fraud Management activities into a single Risk and Assurance professional service within General Counsel.
- 5.2 We have now successfully completed the final consultation with the unions, and we went live with the new organisational structure on 12 February 2018.
- 5.3 There are a number of vacant posts in our new structure, and recruitment, processes to fill these are ongoing.
- 5.4 The other key area of focus within the new Directorate is on reviewing and updating our processes, systems and ways of working to enable the benefits of the integrated risk and assurance functions to be fully realised.

## **6 Control Environment Trend Indicators**

- 6.1 At its meeting on 11 October 2017 the Audit and Assurance Committee set a challenge, jointly, to Internal Audit, Finance and the external auditors, to identify a set of indicators that the Committee could use to monitor trends in the effectiveness of TfL's control environment.
- 6.2 We provided a report to the 14 December 2017 meeting setting out a number of areas for which it was proposed to develop indicators. We undertook to report to the March Committee meeting with a list of the proposed indicators, with a view to commencing reporting against those with effect from the June meeting.
- 6.3 The list of proposed indicators is attached as Appendix 6. Data for some of the indicators is not yet available, but is under development. We propose to commence reporting to the Committee against these indicators quarterly, commencing with the Committee's June meeting.

## **7 Customer Feedback**

- 7.1 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. 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 – Audit Reports Issued in Quarter 3 2017/18  
Appendix 2 – Work in Progress at the end of Quarter 3 2017/18  
Appendix 3 – Work Planned for Quarter 4 2017/18  
Appendix 4 – Status of open audits from previous Quarters  
Appendix 5 – Overdue Audit Actions  
Appendix 6 – Control Environment Trend Indicators  
Appendix 7 – Customer Feedback Form – Summary of Responses Quarter 3

### **List of Background Papers:**

Audit reports.

Contact Officer: Dili Origbo, Head of Internal Audit  
Number: 020 3054 7952  
Email: [DiliOrigbo@tfl.gov.uk](mailto:DiliOrigbo@tfl.gov.uk)

Reference	Responsible Director	Report Title	Report / Memo Issued	Original Objective	Completion Date of Last Action
<b>Pan TfL</b>					
IA 17 622	Head of TfL PMO	Value management and Innovation in the IP	30/11/2017 Consultancy Report	To review the extent to which value management and innovation has been applied in the Investment Programme and what the contribution has been towards savings in the current TfL business plan arising from these activities.	N/A
<b>London Underground and TfL Rail</b>					
<b>TfL Strategic Risk: Safety Standards</b>					
IA 17 705	Director of Safety, TfL	Fatigue Management in London Underground (4 x Priority 1 Issues / 6 x Priority 2)	03/11/2017 RI	To assess the effectiveness of London Underground's management arrangements for minimising the risk from fatigue.	31/03/2018
<b>TfL Strategic Risk: Delivery of key investment programmes</b>					
IA 17 629	Director of Operations, Crossrail	Contract Management of the MTR Crossrail Concession Agreement (No issues identified)	07/11/2017 WC	To provide assurance that the controls and processes in place to manage the MTR Crossrail Concession Agreement are adequate and effective.	N/A
<b>Surface Transport</b>					
<b>TfL Strategic Risk: Delivery of key investment programmes</b>					
IA 17 632	Director of Finance and Commercial, ST	Lean Six Sigma Benefits Realisation -Surface Transport (2 x Priority 1 Issues / 1 x Priority 3)	24/10/2017 RI	To assess whether the expected benefits resulting from Lean Six Sigma (LSS) reviews within Surface Transport (ST) have been achieved.	18/01/2018
<b>TfL Strategic Risk: Financial Sustainability</b>					
IA 17 130	MD Surface Transport	Independent Reasonable Assurance Report (Accounts Report)	31/10/2017 Memo	To provide assurance over the grant payments to ST projects.	N/A
<b>Customers, Communication and Technology</b>					
<b>TfL Strategic Risk: Significant Technology failure or cyber attack</b>					
IA 16 411	Chief Technology Officer	Patch Management (Internet Services (IS) Zone) (3 x Priority 1 Issues / 2 x Priority 2)	27/10/2017 PC	To evaluate the design and operating effectiveness of the controls that have been implemented to ensure consistent security against known vulnerabilities in the operating systems within the IS Zone.	28/03/2018
IA 17 407	Chief Technology Officer	IT Infrastructure Control - (IP Telephony) (5 x Priority 2 Issues)	19/10/2017 RI	To provide assurance that the IP telephony system (Avaya), its underlying infrastructure and related components are secure, resilient and operating effectively.	31/01/2018
<b>TfL Strategic Risk: Technical or Market Developments</b>					
IA 15 641	Director of Buses, ST	Procurement of Access and Wide Area Network (WAN) Services – Competitive Dialogue (CD) Phase	17/10/2017 Memo	To provide assurance that the procurement relating to the Access and WAN contract is managed effectively, and carried out in accordance with approved procedures. The audit will also consider the steps taken to ensure the resulting contract is fit for purpose.	N/A
IA 15 641	Chief Technology	Procurement of Access and Wide	04/12/2017	To provide assurance that the procurement	N/A

## Status Key

<b>PC</b>	Poorly controlled	<b>RI</b>	Requires improvement	<b>AC</b>	Adequately controlled	<b>WC</b>	Well Controlled
-----------	-------------------	-----------	----------------------	-----------	-----------------------	-----------	-----------------

	Officer/ Director of Customer Experience	Area Network (WAN) services – Invitation to Submit Final Tender (ISFT) phase	Memo	relating to the Access and WAN contract is being managed effectively and carried out in accordance with approved procedures. The audit will also consider the steps taken to ensure the resulting contract is fit for purpose.	
<b>TfL Strategic Risk: Safety Standards</b>					
IA 17 115	Director of Safety, TfL	Safety Complaints Handling	30/11/2017 Memo	To provide assurance that Health and Safety complaints are handled effectively across TfL including those made to third party providers.	N/A
<b>Finance</b>					
<b>TfL Strategic Risk: Governance Suitability</b>					
IA 16 125	Interim Chief Finance Officer	Compliance with the Scheme of Authorities (2 x Priority 1 Issues / 1 x Priority 3)	18/09/2017 AC	To determine the extent of compliance with the requirements of the Scheme of Authorities.	30/03/2018
IA 17 601	Director of City Planning	Follow up to the Audit of the Garden Bridge Design and Development Procurements (No issues identified)	02/10/2017 AC	To provide assurance that the recommendations made in the audit of the Garden Bridge Design and Development Procurements have been considered and acted upon.	N/A
<b>TfL Strategic Risk: Financial Sustainability</b>					
IA 17 104	Interim Chief Finance Officer	Construction Industry Scheme (CIS) (3 x Priority 2 Issues / 1 x Priority 3)	10/10/2017 AC	To provide assurance over the revised CIS processes and controls.	31/03/2018
<b>Commercial Development</b>					
<b>TfL Strategic Risk: Delivery of commercial revenue targets</b>					
<b>London Transport Museum</b>					
IA 16 113	Museum Director	Safeguarding Audit Follow up on Agreed Actions	02/11/2017 Memo	To provide assurance over the implementation of agreed actions arising out of the recent audit of LTM's safeguarding arrangements.	31/03/2018
<b>Crossrail</b>					
<b>Delivery of key investment programmes – Crossrail</b>					
IA 17 509	Crossrail Central Delivery Director	Engineering Safety Management and System Safety (1 x Priority 1 Issue / 3 x Priority 3)	20/09/2017 RI	To assess the effectiveness of the planned arrangements implemented by Crossrail to manage the Engineering Safety Management and System Safety.	05/01/2018
IA 17 516	Delivery Director, CRL	Network Rail (NR) Technical Assurance (No issues identified)	11/10/2017 AC	To review elements of NR's Governance, Engineering Safety, Technical Assurance and Handover processes and to provide assurance that controls were effective.	N/A
IA 17 510	Delivery Director, CRL	Management of Technical Assurance (1 x Priority 2 Issue)	21/11/2017 AC	To assess the effectiveness of the arrangements implemented by Crossrail to manage technical assurance, including compliance with London Underground (LU) Standard SI-538 'Assurance' and the effectiveness of the Verification and Activity Plan (VAP) process.	31/01/2018
IA 17 514	Crossrail Central Delivery Director	Rolling Stock and Depot Assurance Process	31/10/2017 Memo	To provide assurance that the supplier is testing and inspecting the Crossrail Rolling Stock Class 345 to the required Standards. In addition, the audit covered the assurance process in place for Rail for London.	N/A

Status Key

<b>PC</b> Poorly controlled	<b>RI</b> Requires improvement	<b>AC</b> Adequately controlled	<b>WC</b> Well Controlled
-----------------------------	--------------------------------	---------------------------------	---------------------------

**TfL Internal Audit**  
**Work in Progress at end of Period 9 2017/18**

Risk	Audit Title	Objective
<b>LU and TfL Rail</b>		
	Governance suitability	
	Data Privacy and Protection - Surveillance Cameras LU	To provide assurance that LU's use, management, and control of surveillance cameras are in accordance with the relevant TfL policies, laws and relevant codes of practice.
<b>Surface Transport</b>		
	Operational Reliability	
	Topographical Testing	To provide assurance over the revised process and controls around topographical testing.
	Financial Sustainability	
	Innovate Grant Assurance	To provide assurance over the grant payments to ST projects.
<b>Commercial Development</b>		
	Delivery of commercial revenue targets	
	Contract Management of the TfL Advertising Partnering Agreement	To provide assurance over the operation of the new advertising contract.
<b>Customers, Communication and Technology</b>		
	Technological or market developments	
	Procurement of Access & WAN services	To provide assurance that the procurement relating to the Access and WAN contract is being managed effectively and carried out in accordance with approved procedures. The audit will also consider the steps taken to ensure the resulting contract is fit for purpose.
<b>General Counsel</b>		
	Governance suitability	
	Data Privacy and Protection - preparation for GDPR	To provide assurance that TfL's preparations for the General Data Protection Regulation (GDPR) are appropriate, timely robust and effective.
<b>Planning</b>		
	Delivery of key investment programmes <input type="checkbox"/>	
	Commercial Management within Planning	To review commercial management processes within Planning to provide assurance over compliance with TfL policies and good practice.
<b>Transformation</b>		
	Financial Sustainability	
	Transformation - Assurance on Transition to Go Live	To provide assurance that the appropriate second line assurance processes and procedures are in place in order to ensure the intended benefits are effectively monitored, challenged and reported.
<b>Crossrail</b>		
	Ricardo Rail Delivery of Assessment Body (AsBo) and Notified Body (NoBo) Services	To review Ricardo Rail's delivery of the AsBo/NoBo contract and provide assurance that the services delivered support staged opening of the Elizabeth Line
	Semi Annual Construction Report and Master Handover Schedule	To provide assurance that there is effective management and reporting of the Crossrail programme budget and schedule.

Risk	Audit Title	Objective
	Follow up of actions and recommendations from 2016 audit of payments to contractor.	To review the effectiveness of revised controls over payments to contractor following the audit carried out in 2016.

## Pan-TfL

Delivery of key investment programmes 

Benefits realisation reviews	To review whether TfL has an effective process for planning, managing and measuring the benefits achieved from investment and whether projects are utilising this process throughout the project lifecycle, including completion of benefits realisation reviews.
------------------------------	---

**TfL Internal Audit  
Work Planned - P10 to P13 2017/18**

Risk	Audit Title	Objective
<b>LU and TfL Rail</b>		
	Delivery of key investment programmes <input type="checkbox"/>	
	Single sourcing	To review the use of single sourcing in procurement in LU including the frequency and legitimacy of single sourcing, and the robustness of the approval process.
	<b>Governance Suitability</b>	
	Data Privacy and Protection – Surveillance Cameras LU	To provide assurance that LU's use, management and control of surveillance cameras are in accordance with the relevant TfL policies, laws and relevant codes of practice.
	<b>Managing railway or strategic road network asset base</b>	
	LU Control of Asset Information within the Asset Database	To provide assurance that the risk of asset degradation and risk to safety and reliability as a result of assets not being added to the asset database is governed, controlled and assured via 2nd line of defence activities.
<b>Crossrail</b>		
	Disposal of Crossrail assets	A review of the arrangements contractors have in place for the disposal of assets, in particular, items of plant and machinery.
	Undertakings and Assurances	A review of the compliance with Crossrail undertakings and assurances.
	Testing and Commissioning	A review of the Testing and Commissioning Strategies and Plans for delivering the Crossrail Project, focusing on a sample of Delivery teams and contractors.
	Management of Stakeholders, Sponsors and Interfaces	A review of the arrangements for managing stakeholders, sponsors and interfaces between interested parties in the Crossrail Programme. To include some contractor verification audit.
	Readiness for Handover, acceptance and receipt of CRL assets by MTR Crossrail	A review of the preparedness of MTR Crossrail to receive the CRL assets. To include readiness of MTR to deliver Crossrail services, including recruitment, competence and training of operations staff.
	Training of Operators	To review the arrangements for training of operations staff (e.g. signallers) and maintenance staff.
	Effectiveness of the acceptance of common	To review the effectiveness of arrangements for working on common assets which are used by NR, LU, RfL and MTR - for example equipment
<b>Human Resources</b>		
	<b>Workplace Adaptability</b>	
	Controls over Agency Temporary Workers	To provide assurance on the adequacy and effectiveness of controls in place over the recruitment and management of NPL, including use of personal service companies.
<b>Pan-TfL</b>		
	<b>Safety Standards</b>	
	Arrangements for acting as Principal Contractor	To provide assurance that the workstream to revise management arrangements regards TfL acting as Principal Contractor has been effective and arrangements are being assured via 2nd line of defence activities.
	<b>Delivery of key investment programmes <input type="checkbox"/></b>	
	Re-Tender of Professional Services Framework PSF (EPMF4)	To provide assurance that the procurement of the Professional Services Framework is carried out in an efficient and effective manner.

Reference	Responsible Director	Report Title	Report / Memo Issued	Due date for completion of last action	Comments
<b>Pan-TfL</b>					
<b>TfL Strategic Risk: Catastrophic Event</b>					
IA 16 114	Chief Operating Officer, ST	Business Continuity (BC)	17/08/2016 RI	31/12/2017	One Priority 1, one Priority 2 and one Priority 3 actions overdue
<b>TfL Strategic Risk: Delivery of key investment programmes</b>					
IA 17 600	Chief Procurement Office, FI	Pan-TfL Retention of Procurement Records (1 x Priority 1 issues / 1 x Priority 3)	16/06/2017 RI	15/02/2018	One Priority 1 action overdue
<b>Surface Transport</b>					
<b>TfL Strategic Risk: Governance suitability</b>					
IA 16 129	Director of Road Space Management	Privacy and Data Protection, Traffic Management Cameras – London Street Traffic Control Centre (LSTCC) and London Streets Tunnels Operations Centre (LSTOC)	11/11/2016 RI	30/04/2018	
IA 16 140	Chief Operating Officer, ST	Privacy and Data Protection, Surveillance Cameras, Bus Operations (2 x Priority 1 Issue / 7 x Priority 2)	03/03/2017 RI	30/04/2018	
IA 16 138	Chief Operating Officer, Surface Transport	Privacy and Data Protection, Surveillance Cameras, CentreComm (4 x Priority 2 Issues)	19/12/2016 RI	30/04/2018	
<b>TfL Strategic Risk: Financial sustainability</b>					
IA 17 123	Director of Service Operations	Traffic Enforcement (1 x Priority 2 Issue/ 1 x Priority 3)	14/09/2017 AC	30/03/2018	
<b>TfL Strategic Risk: Significant Technology failure or cyber attack</b>					
IA 16 410	Enforcement and on-Street Operations, ST	Taxi & Private Hire – Controls over Disclosure of Personal Information to External Agencies (1 x Priority 1 Issue / 7 x Priority 2)	15/05/2017 RI	30/04/2018	
IA 16 416	Director, London Rail	Payment Card Industry Data Security Standard Compliance in Docklands Light Railway Limited (2 x Priority 1 Issues / 2 x Priority 2)	31/05/2017 RI	31/12/2017	One Priority 2 action overdue
IA 16 410	Director of Enforcement and on-Street Operations, ST	Controls over disclosure of personal information to external agencies - EoS (2 x Priority 2 Issues)	10/05/2017 AC	30/04/2018	
IA 16 417	Director of Enforcement and On-street Operations, ST	Card Industry Data Security Standard Compliance in Enforcement and On-street Operations (2 x Priority 2 Issues)	12/04/2017 AC	31/08/2017	Three Priority 2 actions overdue

Status Key

<b>PC</b>	Poorly controlled	<b>RI</b>	Requires improvement	<b>AC</b>	Adequately controlled	<b>WC</b>	Well Controlled	<b>Memo Con A</b>	Memorandum Consultancy Advisory
-----------	-------------------	-----------	----------------------	-----------	-----------------------	-----------	-----------------	-------------------	---------------------------------

Reference	Responsible Director	Report Title	Report / Memo Issued	Due date for completion of last action	Comments
<b>TfL Strategic Risk: Managing railway or strategic road network asset base</b>					
<b>Commercial Development</b>					
<b>TfL Strategic Risk: Delivery of commercial revenue targets</b>					
IA 16 210	Director of Commercial Development	Procurement and Management of Professional Advisers in Commercial Development (4 x Priority 1 Issues / 2 x Priority 2)	10/04/2017 RI	29/12/2017	One Priority 2 action overdue
IA 16 202	Director of Commercial Development	Management of the Property Partnerships Programme (1 x Priority 1 Issue / 6 x Priority 2 / 1 X Priority 3)	13/04/2017 RI	26/01/2018	Three Priority 2 actions overdue
IA 16 212	Director of Commercial Development	Investments appraisal in Commercial Development (4 x Priority 1 Issues / 4 x Priority 2)	27/04/2017 RI	31/03/2018	
IA 16 200	Director of Commercial Development	Management of TfL’s Interest in Earls Court Partnership Limited (2 x Priority 2 Issues)	02/08/2017 AC	31/01/2018	Two Priority 2 actions overdue
IA 16 205	Director of Commercial Development	Contract Management of the TfL Advertising Partnering Agreement (APA)	25/07/2017 Memo	31/01/2018	One Priority 2 action overdue
<b>One HR</b>					
<b>TfL Strategic Risk: TfL Strategic Risk: Workforce adaptability</b>					
IA 16 100	Director of HR	Movers and Leavers Processes (3 x Priority 1 Issues / 3 x Priority 2)	05/05/2017 RI	30/03/2018	
<b>General Counsel</b>					
<b>TfL Strategic Risk: Governance suitability</b>					
IA 16 127	Head of Information Governance	Transparency (1 x Priority 1 Issue / 3 x Priority 2 / 2 x Priority 3)	18/05/2017 RI	31/12/2017	One Priority 2 and one Priority 3 actions overdue
<b>Customers, Communication and Technology</b>					
<b>TfL Strategic Risk: Financial sustainability</b>					
IA 16 107	Director of Customer Experience	Fares Refunds (3 x Priority 1 Issues / 7 x Priority 2)	08/02/2017 RI	30/11/2017	One Priority 2 action is overdue
<b>London Transport Museum</b>					
IA 16 113	Museum Director	Safeguarding (6 x Priority 1 Issues / 3 x Priority 2)	25/07/2017 PC	08/06/2018	
IA 16 418	Museum Director	London Transport Museum (LTM) IT Governance (2 x Priority 1 Issues / 3 x Priority 2 / 1 x Priority 3)	19/01/2017 RI	30/03/2018	These actions were reported as more than 60 days overdue at the July Audit and Assurance Committee. A new completion date has been agreed to allow time for the new arrangements between T&D and LTM to be established.
IA 16 419	Assistant Director, Business and Performance	Payment Card Industry Data Security Standard Compliance in London Transport Museum (2 x Priority 1 Issues / 3 x Priority 2)	31/05/2017 RI	29/12/2017	Three Priority 2 actions overdue

Status Key

<b>PC</b> Poorly controlled	<b>RI</b> Requires improvement	<b>AC</b> Adequately controlled	<b>WC</b> Well Controlled	<b>Memo Con A</b> Memorandum Consultancy Advisory
-----------------------------	--------------------------------	---------------------------------	---------------------------	---

## Outstanding Internal Audit Actions Statistics

Directorate	Not yet due	1 – 30 Days	31 – 60 Days	61-90 Days	91+ Days
Commercial Development	12	6	1	0	0
Crossrail	0	0	0	0	0
Customers Communication & Technology	10	0	0	0	0
Finance	5	0	0	0	1
General Counsel	13	3	0	0	0
HR	1	0	0	0	0
LTM	7	0	3	0	0
LU & TfL Rail	2	0	0	0	0
Surface Transport	1	1	1	1	3
Major Projects	0	0	0	0	0
<b>Total</b>	<b>51</b>	<b>10</b>	<b>5</b>	<b>1</b>	<b>4</b>

## Control Environment – Trend Indicators

### Audit indicators

%age of audit reports (rolling annual average) that are:	Q3 17/18	Q2 17/18	Q1 17/18	16/17	Trend
Poorly Controlled	3.6%	3.9%	2.0%	2.4%	↔
Requires Improvement or Poorly Controlled	32.7%	32.4%	32.0%	34.0%	↔

### Finance indicators

	Q3 17/18	Q2 17/18	Q1 17/18	Q4 16/17	Trend
% invoices submitted by Small and Medium Enterprises paid inside 10 days	92.0%	92.65%	92.4%	92.75%	↔
% invoices paid within terms (BVPI8)	97.7%	97.9%	98.0%	98.0%	↔
Payments incorrectly made to staff who have left TfL	Data under development				

### Commercial indicators

	YTD 17/18	Q2 17/18	Q1 17/18	16/17	Trend
%age of expenditure where the PO is issued retrospectively	2.3%	Not yet available		2.5%	↑
%age of expenditure outside of approved agreements	Data under development				
%age of expenditure that is single sourced	Data under development				

### Technology indicator

	Q3 17/18	Q2 17/18	Q1 17/18	16/17	Trend
%age of time that internal systems are available	99.48%	98.68%	99.87%	O/S	↔

### Information Governance indicator

FOI requests	Q3 17/18	Q2 17/18	Q1 17/18	Q4 16/17	Trend
Number received over past year	3100	2869	2713	2616	
%age responded to on time	88.9	85.5	82.1	80.7	↑

**INTERNAL AUDIT CUSTOMER FEEDBACK FORM  
SUMMARY OF RESPONSES FOR 2017/18  
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, including a selection of the freeform comments that we have received.

**Customer Feedback Forms Sent: Q3 =20 (Q2 = 30)**

**Customer Feedback Forms Returned: Q3 = 20 (Q2 = 17)**

ASSIGNMENT ASSESSMENT CRITERIA	No score given		Very poor		Poor		Satisfactory		Good		Very good		Average Score	
	Q3	Q2	1	2	3	4	5	Q3	Q2	Q3	Q2	Q3	Q2	Q3
<b>PLANNING AND TIMING</b>	0	0	0	0	1	0	0	1	7	5	12	11	4.4	4.6
The assignment timing was agreed with me and there was appropriate consideration of my other commitments as the work progressed	0	0	0	0	1	0	0	1	7	5	12	11	4.5	4.6
The assignment was completed and the report issued within appropriate timescales	0	0	0	0	0	0	4	0	7	6	9	11	4.3	4.6
<b>COMMUNICATION</b>													4.4	4.5
Communication prior to the assignment was appropriate, including the dates and objectives	0	0	0	0	0	0	2	2	9	3	9	12	4.4	4.6
Throughout the assignment I was informed of the work's progress and emerging findings	0	0	0	0	0	0	1	1	9	7	10	9	4.5	4.5
<b>CONDUCT</b>													4.2	4.5
The Internal Audit team demonstrated a good understanding of the business area under review and associated risks, or took time to build knowledge and understanding as the work progressed	0	0	0	0	0	1	7	1	7	5	6	10	4.0	4.4
The Internal Audit team acted in a constructive, professional and positive manner	0	0	0	0	0	1	1	0	9	3	10	13	4.5	4.6
<b>RELEVANT AND USEFUL ADVICE AND ASSURANCE</b>													4.2	4.5
A fair summary of assignment findings was presented in the report	0	0	0	0	0	0	3	1	9	4	8	12	4.3	4.6
Assignment recommendations were constructive, practical and cost-effective	0	0	0	0	0	1	3	1	11	6	6	9	4.2	4.4
My concerns were adequately addressed and the review was beneficial to my area of responsibility and operations	0	0	0	0	0	0	2	1	11	6	7	10	4.3	4.5
<b>Overall assessment</b>													4.3	4.5

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

*"There was a significant shift between the initial draft, interim draft and final report in terms of weighting and issues identified."*

*"I am reassured that the [new process] is considered to be adequately controlled and the further improvements suggested seem sensible and should further bolster controls in this area."*

*"The review has highlighted areas in which we need to improve and issues that need to be addressed."*

*"The recommendations and actions took a few meetings to finalise and agree. With the current transformation on going across the business and the reduction in resource levels, some of the recommendations may not be achievable."*

*"Auditor was able to listen, learn and adapt to some of the issues given the long drawn out and complicated history of the technology."*

*"Good communication was maintained prior to and after the audit."*

*"It was a difficult audit given the sensitivity and high profile of the issue. Our operator failed to grasp the 'snapshot' concept, IA managed this well."*

*"It took a lot of negotiation to keep our operator engaged but the IA team was very flexible and worked hard to find a way to keep all parties on board."*

*"The auditor was methodical, professional and fair. The auditor kept to the remit of the audit scope. He limited the time required from our maintainers to an appropriate level. In general it was a positive experience and I enjoyed working with the auditor."*