

**Transport for London**

**Safety and Sustainability Panel**

**Subject: Integrated Assurance Plan 2014/15**

**Date: 19 March 2014**

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**1 Purpose**

- 1.1 The purpose of this paper is to present the 2014/15 Integrated Assurance Plan to the Safety and Sustainability Panel.
- 1.2 The Panel is asked to note the Plan.

**2 Background**

- 2.1 TfL has developed an Integrated Assurance Framework, describing the overall regime within TfL for the efficient provision of assurance over all of its activities.
- 2.2 The Framework recognises four principal functions involved in the delivery of assurance within TfL. These are Internal Audit, Project Assurance, HSE and Risk. The Risk function is not involved in carrying out assurance reviews, but ensures that there is a sound basis for the assurance activities carried out by the other functions.
- 2.3 The attached Integrated Assurance Plan sets out, in summary form, the planned assurance work to be carried out in 2014/15 by these assurance functions. Each of the functions has its own detailed programme of work that underpins the plan.

**3 Development of the Plan**

- 3.1 The Integrated Assurance Plan was developed from the strategic risk registers for Rail and Underground, Surface Transport and Specialist Services, and the consolidated pan-TfL strategic risk register.
- 3.2 Workshops were held for Rail and Underground, Surface Transport and Specialist Services involving directors and senior managers and representatives from assurance functions. The workshops were used to highlight areas where assurance work would be beneficial and to map the assurance requirements against TfL's strategic risks.
- 3.3 The workshops have been complemented by a series of one to one planning meetings with a range of directors and senior managers across the business.
- 3.4 A similar process has been followed in Crossrail to develop a plan for 2014/15. This incorporates the work of Internal Audit and the Crossrail Compliance assurance function, whose work is directed by the Senior Audit Manager,

Crossrail. The planned assurance work is incorporated into the Integrated Assurance Plan. The Crossrail plan was scheduled to be approved by its Audit Committee on 17 March 2014.

- 3.5 The planning of the Integrated Assurance Review (IAR) Process reviews led by the TfL Programme Management Office (PMO) team, together with the related work of the Independent Investment Programme Advisory Panel (IIPAG), has followed a different approach since this work is driven by the timing of the key gate stages of the major projects that are subject to review.
- 3.6 The Plan also incorporates planned work at the London Transport Museum (LTM). The LTM Audit Committee is scheduled to approve the Museum's Audit Plan at its meeting on 26 March 2014.
- 3.7 A programme of audit work in respect of the TfL Pension Fund is also carried out and reported to the Pension Fund Audit Committee.
- 3.8 The Plan has been presented to the Rail and Underground Board, the Surface Transport Board, the Value Group and the Leadership Team. It was approved by the Audit and Assurance Committee at its meeting on 5 March 2014.
- 3.9 The Plan has also been shared with the external auditors, KPMG, and we will be confirming with them, in due course, the areas where they will seek to place reliance on our work.

## **4 Overview of Plan**

- 4.1 The Integrated Assurance Plan includes the assurance work to be carried out by Internal Audit (incorporating HSE and Technical Audit), the Crossrail Compliance Audit function and Project Assurance. In addition, for the first time the plan also includes the work of a number of assurance teams embedded in areas of the business, including the Surface Transport HSE Team who carry out audits of suppliers and bus operators; London Overground (LO) HSE and Engineers, who audit LO key suppliers; the LU Access Team, who audit track protection suppliers; and the HSE Occupational Health team, who audit TfL medical assessment suppliers. These functions have worked together to ensure that assurance work is undertaken by the team most suited to deliver it, avoiding overlap and duplication.
- 4.2 Each of the assurance functions has its own processes and procedures for the delivery of its work, in line with relevant statutory requirements and professional standards, and aligned with the nature of the work it carries out. Nevertheless, where applicable the assurance teams will seek opportunities to better align their processes and methodologies so as to facilitate further joint working in the future.
- 4.3 The Plan included as Appendix 1 is structured around TfL's 15 top-level strategic risks. For each risk any planned assurance activity is grouped into themes.
- 4.4 The themes reflect the main elements of the risks, the mitigations and controls around those risks, and TfL's business objectives, activities and organisation. For each theme a number of audits and reviews have been identified through which it is expected to provide assurance over that theme.

- 4.5 The themes are likely to remain unchanged throughout the year. However, the specific audits and reviews against each theme may change in response to evolving business priorities and plans. The thematic structure will provide a robust and stable basis on which to routinely report progress on assurance work completed and its outcomes.
- 4.6 Some of the more significant elements of the plan are summarised in the following paragraphs.

#### Savings and efficiencies

- 4.7 Successful and sustained delivery of TfL's programme of savings and efficiencies will be of critical importance over the coming years. Internal Audit will be participating throughout 2014/15 in a review, led by the Chief Finance Officer, entitled Ensuring Efficient and Effective Support Services. The purpose of this work will be to assess, for each of the support functions, the extent to which the structure and operating model established as a result of organisational change, has delivered the anticipated benefits both in terms of financial savings, and service effectiveness.
- 4.8 In addition following the review by PwC of TfL's savings and efficiencies programme we will carry out an audit of the actions taken by TfL to address the recommendations made by PwC, in advance of a further external review later in the year.
- 4.9 In addition, where applicable we will include value for money considerations in each of our audits, with the aim of identifying areas of opportunity for the business to reduce spend, or deliver activities more efficiently.

#### Commercial Development

- 4.10 The work of the Commercial Development Directorate to grow TfL's income from secondary revenue streams is fundamental to delivery of TfL's business plan, and this will be a significant focus for internal audit work during the year. We will review both the development of the overall Commercial Development plan, and a number of individual work streams in more detail, including property developments, commercial use of space at stations, and the sponsorship programme.

#### Project Delivery and contract management

- 4.11 Ensuring the effective and efficient management of projects and contracts forms a significant element of the assurance plan, and this is an area where all of the assurance teams have a role to play.
- 4.12 The TfL Programme Management Office (PMO) will lead a comprehensive programme of Integrated Assurance Reviews (IARs), with input from the Independent Investment Programme Advisory Group (IIPAG), to provide assurance over project delivery. A number of IARs are now being carried out as peer reviews using internal staff, reducing the dependence on external consultancy resource and helping share learning across TfL.
- 4.13 In addition to the extensive assurance provided by the TfL PMO and IIPAG over delivery of components of the Investment Programme, Internal Audit will be

carrying out some cross-cutting audits of programme delivery overall. In particular, we will be auditing project management resource planning, business cases, the estimating and review process in LU, and operation of LU's programme boards. We will also be reviewing generally Surface Transport's delivery of the Investment Programme over the past year.

- 4.14 There are a number of audits in the plan in relation to current and planned reorganisation activity within TfL. These include audits of: organisational change in Surface Transport; phase 2 of TfL Commercial's transformation project; and the transfer of West Anglia services to TfL control.
- 4.15 As in previous years, we will audit a number of important procurements, typically on a real time basis, and some non-project related contracts. In addition, reflecting TfL's increasing focus on management of its supply chain, we will review how TfL manages relations with its suppliers, how its suppliers manage second and third tier contractors, the management of contractors on-site, and category management.
- 4.16 The HSE and Technical audit function within Internal Audit will provide assurance over a selection of projects to ensure that key assets are properly designed and delivered. They will also carry out audits at a sample of suppliers to provide assurance over the quality of goods and services delivered. In addition, as noted in 5.1 above, there are teams embedded within several areas of the business that carry out reviews of supplier performance.

#### IM Governance

- 4.17 We will continue to provide assurance over the delivery of major IM programmes of work through our real time reviews of the Run Better, End User Computing and Transforming IM (formerly IM Strategic Sourcing) Programmes.
- 4.18 We will undertake a significant piece of work to 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.
- 4.19 Controls over TfL's IM systems is an important part of the assurance plan and our work will include the provision of assurance over the newly developing Information Security Model and access to SAP provided to third parties.
- 4.20 We will also provide assurance in respect of information security, including audits of incident management and data centre management , as well as continuing our work supporting the business in relation to Payment Card Industry Data Security Standards (PCI-DSS).

#### Health, Safety and Environment

- 4.21 The HSE & Technical Audit Programme focuses on the effectiveness of management systems that contribute towards the control of safety risks to both TfL customers and employees as well as risks to the reliability of TfL services. Key themes of the programme are inspection and maintenance activities, particularly for track, signals, rolling stock, civils and lifts and escalators in

LU; design control of new assets; compliance with the management system informed by intelligence on where weaknesses are present; effectiveness of recent changes to systems; and the adequacy of Quality Systems in key or poor performing suppliers.

- 4.22 Other notable topics for this year around assets include: delivery of significant LU station projects assets including lifts and escalators, implementation of Pathway in Surface Transport, control of asset information accuracy, and LU Power following the integration of Powerlink. Notable topics around control of safety risk include: Trams Infrastructure activities, LU track asset area, London River Services, Dial A Ride, control of risk from working around live electricity, LU track possession management and competence assurance systems in LU. These audit will also include control of environmental risk. rules/procedures in LU; the adequacy of safe system of work planning by suppliers in LU.

### Security Risk

- 4.23 In addition to work on information security/cyber-security referred to above, we will also carry out a programme of audits covering physical security and threats due to the actions of individuals. This work has been allocated against the 'Security' strategic risk although it provides assurance in relation to other risks as well.

### Risk Management

- 4.24 As TfL's risk management arrangements continue to develop, our focus will be on providing assurance over the effectiveness of risk management arrangements for Specialist Services and the TfL strategic risk management process, including the extent to which risk management is embedded within the organisation.

### Core Financial Processes

- 4.25 The assurance plan includes a number of audits of core financial processes. A key focus this year will be on the payroll process. We will also audit accounts receivable, cash management, and the VAT process, and will revisit controls over changes to supplier bank account details.
- 4.26 We will also provide assurance over a number of aspects of revenue control (included under Risk 1 in the plan), including the ongoing rollout of contactless payment on buses, ticketing debt management, and the service delay refunds system.
- 4.27 Finally, we always ensure that our plan includes coverage of some staff related spend areas (often referred to as 'hygiene' audits), which, whilst not necessarily of high monetary value, have potential for reputational damage if not properly controlled. In 2014/15, this will include a review of how TfL manages potential conflicts of interest of its staff and other associated individuals, the movers and leavers process, and some work on controls over staff and nominee travel cards.

4.28 The audits will be supplemented by a number of targeted data analytical reviews aimed at detecting potential instances of fraud in high risk areas.

## **5 Medium Term Planning**

5.1 As discussed above the Integrated Assurance Plan is risk based, and prepared annually by reference to the Pan-TfL and Operational Risk Registers in order to ensure that assurance effort is properly directed. In line with CIPFA and IIA guidance, the plan that we present only covers activity for one year ahead.

5.2 In some business areas, assurance provision is driven by the activity of the business. For example:

- (a) Procurement audits – The internal audit plan will always incorporate a programme of audits of major procurements, often carried out on a real-time basis. The decision about which procurements to review in any year is based on the risk associated with the procurements having regard to monetary value, complexity and reputational risk.
- (b) Investment Programme reviews – The programme of IAR reviews carried out by the PMO is driven by the gate stages reached by each major project and programme.
- (c) Other project related assurance – There are also other areas of assurance that are driven by project related activities. This includes IM audit reviews of system developments; health, safety and technical audits linked to infrastructure projects, including audits of suppliers; and security audits of significant infrastructure developments.

5.3 There are, though, some areas where, despite the risk-based nature of our planning, there is a cyclical element to the work that we do. This particularly applies to assurance over routine business activities, that is not necessarily derived from the risk registers but where it is appropriate to ensure that assurance is provided on a regular basis. These include the following:

- (a) Core Financial Controls – We seek to ensure that we cover all significant financial control areas at least every three years. For the most significant areas, including Revenue, Procure to Pay and Payroll, a full audit of controls every three years will be supplemented by more targeted assurance work, so that there is always some assurance activity in these areas. For Procure to Pay and Payroll this will include annual performance of targeted SAP data interrogations of key controls aimed at proactive identification of any evidence of fraud or other irregularity.
- (b) Human Resources – There are a number of core elements of HR control, which again we seek to ensure are covered over a three year cycle. These include HR activities such as Recruitment, Performance Management, Learning and Development.
- (c) Governance – One key element of governance is Risk Management, which is intrinsic to the risk based planning of our work. We will, therefore, seek to carry out some assurance work on risk management processes every year. There are some other basic elements of corporate governance that

we would seek to cover regularly on approximately a three year cycle.

- (d) Information Management – While some assurance activity in relation to information management is linked to business activity, such as delivery of major IT developments, there are some basic IM control areas that we need to ensure are covered on a regular basis. This is particularly relevant to controls over the security and resilience of TfL’s systems and data, where we seek to carry out some assurance work every year and ensure that all key areas are covered over a three year cycle.

5.4 Appendix 2 sets out, for these cyclical areas of the plan, the audits done in 2013/14, the audits incorporated in this 2014/15 plan, and indicative audits for 2015/16 and 2016/17.

## **6 Resources**

6.1 Delivery of the Integrated Assurance Plan requires 11,425 person days across the assurance functions involved. This compares to 11,567 planned days in the 2013/14 plan. Further information on resources for each of the assurance functions is set out in the paragraphs 7.3 to 7.11.

6.2 An indication of how the time is allocated, by business area and risk, is shown in the following table. However, these allocations are likely to change over the course of the year, as plans are further refined, and in response to changes in business activity.

### Summary of allocation of assurance resources by strategic risk and business area

Risk	Pan TfL	R&U	Surface Transport	Specialist Services	CRL	LTM	Pension Fund	Total Days
Maintaining a long term strategic, balanced plan within the constraints of available resources.	0	0	0	475	0	0	0	475
Pension Fund	0	0	0	0	0	0	55	55
Ability to re-prioritise short term deliverables in response to external factors.	0	0	0	20	0	0	0	20
Delivery of capital investment portfolio	1,955	952	107	170	0	0	0	3,184
Failure of Critical IT Systems	0	0	30	150	0	0	0	180
Risk of Information or Cyber-security incident	120	35	0	105	0	0	0	260
Disruption to Quality of Service	50	1,718	47	0	0	0	0	1,815
Security	0	35	145	125	0	0	0	305
Major Incident – External	0	1,086	201	0	0	0	0	1,287
Major incident – Ticketing Systems failure	0	0	0	105	0	0	0	105
Environmental impact of delivering a transport service	35	44	0	0	0	0	0	79
Industrial Relations	30	0	0	0	0	0	0	30
People Strategy	35	30	45	215	0	0	0	325
Financial and Governance Controls	110	0	190	445	0	0	0	745
Crossrail	0	0	0	0	2,425	0	0	2,425
Other	0	0	0	0	0	135	0	135
<b>Total Days</b>	<b>2,335</b>	<b>3,900</b>	<b>765</b>	<b>1,810</b>	<b>2,425</b>	<b>135</b>	<b>55</b>	<b>11,425</b>
<b>2013/14 Total Days</b>	<b>2,819</b>	<b>4,513</b>	<b>631</b>	<b>1,544</b>	<b>1,900</b>	<b>100</b>	<b>60</b>	<b>11,567</b>



### Internal Audit

- 6.3 Internal Audit's total budgeted headcount for 2014/15 is 58. The team incorporates a wide range of skill sets including qualified auditors/ accountants, experienced project and contract managers, IM auditors, security specialists and fraud investigators. Full induction programmes and ongoing training are provided to enable everyone to comply with the Audit Manual and understand the purpose of the Internal Audit function. Audit staff who do not have an audit background are required to take the Certificate of Internal Audit qualification set by the IIA in their first year.
- 6.4 The Internal Audit service will be delivered wholly or largely using in-house permanent employees. TfL participates in a GLA-wide contract for specialist internal audit services with RSM Tenon. This provides the facility to supplement in-house resource if required. However, no use was made of this contract in 2013/14 and it is not currently anticipated that the contract will be used in 2014/15.
- 6.5 The Internal Audit element of the 2014/15 plan (excluding the HSE auditors) requires 4,220 days (2013/14: 4,330 days). This small reduction in planned days reflects a decision to allow for the likelihood that there will be some level of staff vacancy during the year and, therefore, to not assume we will be fully resourced.

### HSE and Technical

- 6.6 In total, 5,454 days (2013/14: 5,487 days) of the plan relate to the various HSE and technical audit functions within the business. Although the total number of days is similar year on year, there has been a small reduction in resource applied within Rail and Underground due to rationalisation following the merger of the Tube Lines and TfL teams, offset by an increase in HSE audit resource within Crossrail.
- 6.7 The HSE function within Internal Audit has a core team of 16 staff carrying out technical, safety, quality, health and environmental audits covering the Operations, Maintenance and Project Management functions of Rail and Underground and Surface Transport.
- 6.8 There is a compliance audit team within Crossrail, with a budgeted headcount of 11. This carries out a programme of HSE, Quality and Technical audits, both against the Crossrail Management System, and at contractors. With the exception of three Health and Safety auditors, this resource is managed by the Senior Audit Manager – Crossrail within the Internal Audit team.
- 6.9 The total also includes an estimated 900 days (2013/14: 900 days) in respect of the work of qualified auditors embedded within the former Tube Lines business, who carry out audit work as part of their overall responsibilities.

### Project Assurance

- 6.10 The project assurance element of the plan requires 1,750 days (2013/14: 1750

days), representing the work of approximately eight heads within the PMO carrying out IAR reviews. This time will be supplemented by the work of external experts and internal peer reviewers engaged to provide technical support on IAR reviews, which is not included in the table above.

- 6.11 The table also does not include time spent on reviews by IIPAG members (394 days of activity planned for 2014/15).

## **7 Delivery of the Plan**

- 7.1 The Integrated Assurance Plan will be kept under review throughout the year. In view of the ongoing pace of change within TfL, it is likely that it will be revised over the course of the year to reflect changing business priorities, including management requests for audit and consultancy work that we typically receive.
- 7.2 The Director of Internal Audit will, with input from other assurance providers, provide a quarterly report to the TfL Audit and Assurance Committee, and an annual report at the end of the year, summarising the work completed against the Integrated Assurance Plan. This information, together with outputs from other assurance obtained or observed during the year, will be used to provide an overall opinion on the effectiveness of internal controls across TfL.

## **8 Recommendation**

- 8.1 The Panel is asked to NOTE this paper.

## **9 Contact**

- 9.1 Contact: Clive Walker, Director of Internal Audit  
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TfL Integrated Assurance Plan - 2014/15				Appendix 1
Theme	Theme Description	Proposed Audits/Reviews	Assurance Function(s)	Business Area(s)
<b>1. Maintaining a long term strategic, balanced Plan within the constraints of available resources.</b>				
Ticket revenue	Assurance over processes for ensuring that primary income is maximised.	TfL web hosting arrangements; Call Centres; Lessons learned from ticketing system procurement; Benefits realisation from new ticketing system(s); Validity of Primary Revenue Finance Assurance Map; Ticketing debt management	TfL Audit	Customer Experience
Sources of secondary income	Assurance over the robustness of budgets for secondary income, and the mechanisms for maximising and securing it now and in the future.	Business plan development; Financial modelling of property developments; Engagement with Operating Businesses; Commercial Development programme management; Commercial use of space at stations; Commercial arrangements for sponsorships; Adoption of a 'property company' approach; New bus shelters advertising contract; Non-fare price setting	TfL Audit	Commercial Development
Delivery of savings and efficiencies	Assurance over all aspects of the delivery of savings and efficiencies programmes.	Ongoing contribution into Ensuring Efficient and Effective Support Services; Review of efficiencies in preparation for the next external review; Accommodation Strategy.	TfL Audit and the Delivery Cost Review Team	Pan-TfL
Long term planning	Assurance over long-term planning activities and the risk that they will adversely impact delivery of the business plan.	Planning - interfaces with Operational Businesses	TfL Audit	Planning
<b>2. Pension Fund</b>				
Management of the Pension Fund	Assurance over the management of the TfL Pension Fund.	Programme of audits reported to the Pension Fund Audit Committee covering IT General Controls including disaster recovery; deduction and payment of contributions; assets and investments.	TfL Audit	Pension Fund
<b>3. Ability to re-prioritise short term deliverables in response to external factors.</b>				
Demand forecasting and contingency planning	Assurance over sources of demand forecasting data, used in development of the business plan, assumptions made, contingencies, flexibility to respond to unexpected changes in demand.	Forecasting and Budgeting; Preparation for general election.	TfL Audit	Pan-TfL
<b>4. Delivery of the capital investment portfolio</b>				
Capital programme management	Assurance over the governance of the programme, the project delivery environment, and thematic issues applicable to the portfolio overall.	Project management resource planning. Transforming IM [TIM] Programme; Review of the Run Better Programme. Monitoring of cycling benefits realisation.	TfL Audit	Pan-TfL IM Surface Transport
Project assurance	Assurance over individual projects within the portfolio linked to approvals.	Series of TfL PMO Integrated Assurance Reviews. Business cases (options appraisals). Railway Timetabling System (RTS).	Project Assurance TfL Audit	Pan-TfL Pan-TfL Rail & Underground
Procurement and contract management	Assurance over the processes for procurement of new contracts and for the effective management of contracts awarded.	Renewal of contracts; Commercial arrangements with key suppliers; Management of pan-TfL escalator contract with OTIS; Real-time procurement audits; Management of 2nd & 3rd tier contactors.  Management of Supplier Assurance; ATC contract lessons-learned; Value for money in small contracts; Heathrow PFI contract; Track Partnership contract; Track haulage contract; Procurement of Manufacture and supply of signalling (BCV & SSL) contract; Procurement of Managed Services contract for the supply of track labour; Procurement of Provision of Electrical & Mechanical Managed Services; Construction management; Renegotiation of LOROL contract; Fraud audit work.  Management of the TfL Centre of Excellence; Category management.	TfL Audit	Pan-TfL  Rail & Underground  Finance
Delivery of reliable and safe assets	Assurance that key assets are designed and delivered in accordance with requirements	ST Pathway Implementation,  LU Asset Registers and Information; Learning Lessons from Past Projects; LU Asset Handover; Quality audits of key LU station projects and their suppliers; Baker Street/Bond Street Tunnels; audits of design, testing and commissioning of key assets (signals, track and rolling stock, fire).	TfL Audit	Surface Transport  Rail & Underground
<b>5. Failure of critical IT systems (Applications, Networks and Infrastructure) impacting the delivery of key business operations</b>				
IT Systems, Networks and Infrastructure	Assurance over the availability and effective use of internal systems and processes to ensure efficient and effective business operations.	End user Computing [EUC] Programme; Business Relationship Management; Framework for the Provision of Enterprise Architecture Services; Data Centre Management  Implementation of Systems Development Life-Cycle (SDLC) in Surface Transport.	TfL Audit	IM  Surface Transport
<b>6. Risk of an Information or Cyber Security incident on key services that support business and/or network operations</b>				
Data and Infrastructure Security	Assurance over threats to security of TfL's data	Information Security Model  Cyber Security; Third Party Access to SAP Systems; Staff access to Oyster data; SCADA (Supervisory Control and Data Acquisition) networks; Incident management data loss procedures; PCI DSS Compliance Assurance.	TfL Audit	IM  Pan TfL

	<u>Theme</u>	<u>Theme Description</u>	<u>Proposed Audits/Reviews</u>	<u>Assurance Function(s)</u>	<u>Business Area(s)</u>
	<b>7. Disruption to quality of service</b>				
	Management of disruption	Assurance over processes for minimising the impacts of disrupted services.	Access Improvement Plan.	TfL Audit	Rail & Underground
	Reliability	Assurance over activities to improve LU service reliability.	Post Implementation Reviews of the Incident Command and Control System	TfL Audit	Rail & Underground
	Internal systems and processes	Assurance over the availability and effective use of internal systems and processes to ensure efficient and effective business operations.	Scrutiny of operational contracts; Mobilisation of new service contracts; TPH system go-live; Novation of Easynet contract  New DLR franchise mobilisation;  Procurement and Management of Software Licences in TfL	TfL Audit	Surface Transport  Rail & Underground  Pan-TfL
	Assurance of Suppliers	Assurance that TfL's suppliers can be relied upon to provide the quality of goods and services that are required.	First Trams; Bombardier Trams; supply of trams road/rail vehicles; Alstom Northern Line; LU projects - principal contractors.  Audits of suppliers pre and on contract (risk-based)  Audits of Bus Operators  Audits of TfL Medical Assessment Suppliers  Audits of London Overground key suppliers  Audits of Track Protection Suppliers	TfL Audit  TfL Audit, Surface Transport HSE Team  Surface Transport HSE Team  HSE Occupational Health Team  London Overground HSE and Engineers  LU Access Team	Rail & Underground  Pan-TfL  Surface Transport  Pan-TfL  Rail & Underground  Rail & Underground
	Asset Maintenance	Assurance over the continued maintenance of assets	Inspection and maintenance of bridges and structures  East London Line maintenance contract; Effect of organisational changes (TLL and Powerlink integration); Risk based audits of inspection and maintenance of key assets (signals, track, rolling stock, civils, premises)	TfL Audit	Surface Transport  Rail & Underground
	<b>8. Security</b>				
	Insider Threat	Assurance over the security risk posed to TfL from people	Ensuring TfL is protected against the 'threat from within' through audits of LU station tenants; Pre employment screening; Vetting of TfL staff: Review of TfL's overall security awareness & culture;	TfL Audit	Pan TfL
	Physical security	Assurance over the security risk posed to TfL's assets	Ensuring TfL's assets are protected against the risk of terrorism through a series of audits, advisory visits, reviews and consultancy work on: Integrated Building Access Control Project; Security of buildings; Mail screening; TfL Critical National Infrastructure (CNI) security and ownership.	TfL Audit	Pan TfL
	<b>9. Major events</b>				
	<i>Nothing planned specifically for this risk but some of the work planned for other risks will also provide assurance over this one.</i>				
	<b>10. Managing external stakeholder interests</b>				
	<i>Nothing planned specifically for this risk but some of the work planned for other risks will also provide assurance over this one</i>				
	<b>11. Major Incident - External</b>				
	Safety management	Assurance over TfL's approach to health & safety management.	Cycling safety; Occupational Safety Management London River Services; Dial-a-Ride, Organisation Change Control; Safety Requirements in Contract Procurement; Road Safety Action Plan; T&PH Inspections  LO Change Control; Possession Planning; Safety audits of key projects (Track Delivery Unit, Station Upgrades, Sub-surface Upgrade); Buried Services; Temporary Works; Electricity at Work; Safety Management in key asset performance areas (Track, Power, Rolling Stock follow up); Sample audits of service delivery groups; Competence Assurance Asset Performance and Train Operators; Asbestos Management; COO Incident Reporting and Investigation; LU Major Incident Plan; Trams Infrastructure Occupational Safety Management  DLR annual safety management audit  Safety Management System Compliance Audits  MICCS Incident Command and Control System	TfL Audit  TfL Audit  DLR Externally Procured review  Surface Transport HSE Team	Surface Transport  Rail & Underground  Rail & Underground  Surface Transport
	<b>12. Major incident - Ticketing Systems failure</b>				
	Ticketing systems failure	Assurance over resilience of ticketing systems.	Contactless Ticketing; Mobilisation of new ticketing contract(s)	TfL Audit	Customer Experience
	<b>13. Environmental impact of delivering a transport service</b>				
	Environmental Strategy	Assurance over TfL's strategic approach to overall environmental strategy.	Waste Management Asset Performance, Management of environmental impacts via Pathway; Implementation of Environmental Strategy/Initiatives.  Audits of environmental compliance	TfL Audit  LU Environment Team, Surface Transport HSE Team	Rail & Underground  Rail & Underground, Surface Transport

	<u>Theme</u>	<u>Theme Description</u>	<u>Proposed Audits/Reviews</u>	<u>Assurance Function(s)</u>	<u>Business Area(s)</u>
	<b>14. Industrial Relations (IR)</b>				
	Industrial Relations	Assurance over risks associated with industrial relations issues	Contingency planning to mitigate impact of industrial action	TfL Audit	HR; London Underground
	<b>15. People Strategy</b>				
	Availability of resources	Assurance over TfL's processes for securing resources in an efficient and cost effective manner.	IM Sourcing Strategy; Lost Time Injury.	TfL Audit	Finance. HR London Underground
	People management	Assurance over the efficiency and effectiveness of TfL's management of resources.	Resourcing Strategy; Reward Strategy; Demand/Resource Planning; Graduate Scheme; Movers/Leavers.	TfL Audit	HR
	Organisational change	Assurance over the development and implementation of organisational changes	Organisational change within Surface Transport; Phase 2 Commercial Transformation; Organisational change across TfL	TfL Audit	Surface Transport Pan-TfL
	<b>Financial and Governance Controls</b>				
	Corporate Governance	Assurance over TfL's corporate governance.	Surface Transport's regulatory environment.  Company Management System; Conflicts of Interest; Strategic Risk Management; Specialist Services Risk Management; Preparation of Assurance Maps; Accuracy of reporting in MD Scorecards.	TfL Audit	Surface Transport  Pan-TfL
	Financial controls	Assurance over TfL's core financial controls to ensure that they are efficient and effective, and compliant with statutory requirements.	SAP data interrogations (including those related to procure to pay and payroll);  Payroll; Accounts Receivable; VAT; Financial administration of subsidiaries; Cash management; Blue Badge; Capitalisation of assets.  Financial Healthchecks on VCS, LRS and LBSL	TfL Audit	Pan-TfL  Finance  Surface Transport
	<b>London Transport Museum</b>				
	London Transport Museum		Programme of audits, also reported to the LTM Audit Committee covering: TfL Online Shop; Review of IT; Sponsorship; Operation of Heritage Vehicles; Fixed assets.	TfL Audit	LTM
	<b>Crossrail</b>				
	Finance and Fraud	Assurance over CRL's financial and anti-fraud controls to ensure that they are efficient and effective, and compliant with statutory requirements.	Network Rail's finance charges; Director and Senior Management bonuses; Fraud Management by Contractors; Crossrail Complaints Commissioner Accounts; Corporate Asset Accounting	TfL Audit	Crossrail
	Commercial Assurance	Assurance over the processes for procurement of new contracts and for the effective management of contracts awarded.	Commercial assurance of the new Systemwide Contracts; Network Rail Apportionment of Costs; Contract close out; Estate Management System; Compulsory Purchase Order Claims; Corporate Procurement Process; Contractor Insurance Claims	TfL and Crossrail Audit	Crossrail
	Technical Assurance	Assurance over the operation of technical assurance processes.	Technical Assurance processes for Systemwide Contractors; Assurance Information and Building the Digital Model; Completion of the running tunnels; Design & Build management of design; System Integration ; Engineering Safety Management; Compliance with the Railway Interoperability Regulations; Project Testing and Commissioning Strategy	Crossrail Audit	Crossrail
	Programme Management	Assurance over the governance of the Crossrail programme, and the project delivery environment.	Project Interface Management; Management of RFIs (Requests for Information); Effectiveness of the Stations Hub; Network Rail Management of Line Closures; London Underground Delivery and Assurance of Complex Systems; Management of Change Control; Whole Life Asset Costing	TfL and Crossrail Audit	Crossrail
	IT and Security	Assurance over the business and security risk posed to CRL from people and systems.	Fujitsu Service Performance ; IT infrastructure management; IT disaster recovery; Fujitsu contract governance; Mobile computing and accessibility	TfL and Crossrail Audit	Crossrail
	Safety and Environment	Assurance over day to day compliance with health, safety and environment standards, processes, procedures, etc.	Construction Design Management (CDM); Incident Reporting & Investigation; Business Continuity; Common Safety Methods; Health & Safety Performance Indicators (HSPIs); Occupational Health; Environmental training and competence; Environmental Management by Network Rail	Crossrail Audit	Crossrail
	Quality Management	Assurance over the availability and effective use of internal management systems to ensure efficient and effective business operations.	Management of Contractor Self-certification	Crossrail Audit	Crossrail
	People	Assurance over the efficiency and effectiveness of CRL's management of resources.	Role of key advisors; Resource Management; Pension Scheme	TfL and Crossrail Audit	Crossrail
	Contractor Quality, Environmental, and Health and Safety, including Contractor management	Assurance over contractors' day to day compliance with health, safety and environment standards, processes, procedures, etc.	A programme of audits of Quality, Environmental, Health and Safety and Employment process controls at contractors.	Crossrail Audit	Crossrail

## Integrated Assurance Plan 2014/15 – Cyclical audit areas

	2013/14 Actual	2014/15 Plan	2015/16 (Indicative)	2016/17 (Indicative)
<b>CORE FINANCIAL CONTROLS</b>				
<b>Procure to Pay/ Accounts Payable/ Receivable</b>	Procure to Pay/ Accounts Payable  SAP Data interrogations	Accounts receivable  SAP Data interrogations	SAP Data interrogations	Procure to Pay/ Accounts Payable  SAP Data interrogations
<b>Payroll</b>	SAP Data interrogations	Payroll controls (including starters)  SAP Data interrogations	SAP Data interrogations	SAP Data interrogations
<b>Fixed Assets</b>	Fixed asset controls	Capitalisation of assets		Fixed asset controls
<b>Cash</b>	Supplier Bank Accounts (as part of P2P)	Supplier Bank Accounts  Cash Management	Treasury Controls  Cash Forecasting	Supplier Bank Accounts
<b>Revenue</b>	Revenue protection activities  Ticket revenue systems - reconciliation controls  Operation of	Operation of contactless payment Phases 2 and 3	Oyster System – IT Controls	Ticket revenue systems - reconciliation controls (including contactless)  Revenue Protection activities

	2013/14 Actual	2014/15 Plan	2015/16 (Indicative)	2016/17 (Indicative)
	contactless payment Phase 2  Barclays Cycle Hire - new system			
<b>General Accounting/ Sundry</b>	Project Accounting in LU  Management Accounting  Dial A Ride Healthcheck  Bank reconciliations	Project Accounting for a sample of major projects  Victoria Coach Station Healthcheck  London River Services Healthcheck  LBSL Healthcheck  VAT	TPH Financial Controls  General Ledger Controls	Management Accounting  Dial A Ride Healthcheck  Bank reconciliations
<b>'Hygiene' Audits</b>	Make a Difference Scheme  Mobile Phones and portable devices  Staff Travel (Bus companies)	Movers/ Leavers  Staff and Nominee Travel cards	Pool Cars  Business Expenses and Purchasing Cards	Make a Difference Scheme  Mobile Phones and portable devices

	2013/14 Actual	2014/15 Plan	2015/16 (Indicative)	2016/17 (Indicative)
	Business Expenses and Purchasing Cards (follow up)			
<b>GOVERNANCE</b>				
<b>Risk Management</b>	Risk Management - Surface Transport	Risk Management – Pan TfL including Control Self Assurance  Risk Management – Support Services	Risk Management – Rail and Underground	Risk Management – Surface Transport
<b>Legal/ statutory compliance</b>	Governance and administration of Subsidiaries  Bribery Act	Financial administration of Subsidiaries	Freedom of Information  Legal Compliance  Transparency	Bribery Act
<b>Internal Governance</b>	UK Code of Corporate Governance	Conflicts of Interest  Company Management System	Gifts and Hospitality  Delegated Authorities	Policy management
<b>HUMAN RESOURCES</b>				
<b>Core HR Processes</b>	Use of consultants  Employee master data  Pre-employment Screening	Recruitment Process  Demand planning  Reward Strategy  Graduate Scheme	Staff induction  Managing attendance	Non-permanent labour



	2013/14 Actual	2014/15 Plan	2015/16 (Indicative)	2016/17 (Indicative)
		Performance management		
<b>INFORMATION MANAGEMENT</b>				
<b>Information Security</b>	Security of Mobile Devices  Review of Firewalls  User Access Controls – Urban Traffic Control System  PCI / DSS	Information Security Model  Cyber Security  Third Party Access to SAP Systems  PCI / DSS  Data Centre Management (including Virtualisation)	User Access Controls – Active Directory  Security of Wireless Networks SAP User Access Controls  PCI / DSS  Review of IM Security Policies and Procedures	PCI DSS  Network Perimeter Security  User Active Controls – Unix
<b>General IM Processes and Controls</b>	IM Resilience  Review of IM Governance	Framework for the provision of enterprise architecture services  Business relationship management  Software Licensing	Change management Process  Incident and problem Management  Management of IM suppliers  Back-up and disaster	Review of System Development Life Cycle (SDLC)  IM Resilience  Service delivery  Software licensing

	2013/14 Actual	2014/15 Plan	2015/16 (Indicative)	2016/17 (Indicative)
			recovery  IM assets inventory management	Customer Experience IM processes