

Assurance and internal audit

What is assurance?

Assurance is something that can be:

- **provided** – by making a positive declaration, based on credible evidence, that gives people confidence about your ability to do something, or
- **gained** – by assessing something (like an activity, process or function) and verifying that it is working as intended.

Businesses often term the processes involved in providing assurance (gathering credible information) as ‘internal audit’, so you can also hear people referring to assurance this way.

In the [Railways Act 2005](#) (the Act), assurance is referred to in regard to safety assessments. It states that the Transport Agency must be able to “gain the appropriate assurances” that any assessed activities are safe and if not, determine the actions required so these assurances can be gained.

Why is assurance necessary?

An assurance programme is critical to making sure you are managing your safety risks. It’s not enough to assume you have a safe organisation, you have to be able to demonstrate it. High-level details of your assurance programme need to be contained in your safety case.

[Section 30\(h\) of the Act](#) states that in order to be approved your safety case must contain a statement or description, as appropriate, of the following:

- (h) the arrangements for procuring and maintaining evidence to ensure that the measures and processes necessary for safety are working as intended, including (but not limited to)—
- (i) the identification of the key safety performance factors and measures, including (but not limited to) accidents and incidents; and
 - (ii) the monitoring and recording of, and reporting on (both internally and to the Agency), the key safety performance factors and measures, including (but not limited to) accidents and incidents; and
 - (iii) the regular supervision, inspection, monitoring, and audit of the rail participant’s safety case, safety system, and licence conditions; and
 - (iv) when required, the provision of evidence to the Agency substantiating the matters in subparagraphs (i) to (iii).

Safety assurance in the rail industry

There are several levels of safety assurance that a licence holder is required to provide.

Safety cases

The first level is contained in your organisation’s safety case. This is where you provide an overview of your organisation’s approach to safety and demonstrate how your management systems work together to achieve your safety commitments.

It’s where your ‘positive declarations’ are made and anyone reading the document should be ‘assured’ that your rail activities are and continue to be as safe as they can be.

Note: For more information, see the [Rail safety cases](#) section of the website.

Safety system, documentation and processes

The next level of assurance is in the safety system, documentation and processes your organisation uses to manage the safety of your rail activities. During a safety assessment, the evidence to support statements and descriptions contained in your safety case is a big part of what is being checked. The ability to demonstrate how a safety system works or to access a safety-critical procedure document provides assurance to the assessor that your safety case is accurate and you're actually doing what you say you're doing.

Continuous improvement

The last level of assurance is to do with the credibility of the safety information you gather. This information is reliant on your processes, procedures, and systems being fit for purpose, so you need to provide assurance that they are.

This is essentially where the internal audit aspect of assurance comes in. By incorporating regular reviews and checks (audits) into your business, you provide the assurance that if something is going to go wrong, you'll find it and control it before it does.

Example: You review your hazard identification procedures annually. Based on a recent review an improvement is made which subsequently leads to a new hazard being identified. It is added to your hazard register for assessment and the process sees a new safety control implemented.

Note: For more information, see our [Risk management](#) page.

What is internal audit?

Internal audit is the term given to the processes that ensure an organisation's policies, procedures and systems are working as expected, and that any gaps or improvements that could be made are identified. It also includes evaluating and improving the effectiveness of any risk management, control and governance processes.

By carrying out an audit of systems and operations, internal auditors aim to identify how well risks are managed. This includes whether the right processes are in place, and whether agreed procedures are being adhered to.

Internal audits should also include suppliers and contractors (especially those who are operating under your licence and safety case) that you interact with so that you know the inputs to your end to end process are safe. These audits are sometimes referred to as 'second party' audits.

External audits by comparison are different in that they are performed by third parties independent of your organisation, and often for an audience outside your organisation. A good example would be the safety assessments performed by the Transport Agency.

Why perform an internal audit?

While your organisation may seem to be running smoothly and has been operating in the same way for years, there will always be the risk that something will go wrong. Even the most well-developed safety case (and accompanying safety system) needs to be checked to make sure it's still accurate and that you're actually achieving your safety commitments.

You shouldn't be reviewing your processes, procedures and activities just to meet your legal requirements – meeting them should be a by-product of your operation running safely and effectively.

Internal audits provide objective assurance that your organisation is meeting its goals, can achieve what it set out to, and is managing its risks effectively.

Who should perform an internal audit?

Auditors should be independent enough to be able to identify and comment on the things you don't want to hear about. It could be someone from a different department, a sister organisation, or a contractor (they don't have to work directly for you), but it shouldn't be someone who is involved in the running of the organisation.

An auditor does not have to be a technical expert in what they are auditing, but they should be familiar enough with the area to understand the documents that they are auditing practice against.

Risk management and assurance

There is a lot of crossover between risk management and assurance. The risk management process can be broken into the following phases:

- Identifying the things that could go wrong (hazards)
- Working out how likely they are to cause an accident or incident
- Establishing what the potential consequences could be
- Choosing and implementing the most appropriate safety controls
- Monitoring the effectiveness of those controls and upgrading as required.

The first four bullets require processes, procedures and tools in place in order to be carried out. The last bullet – by demonstrating their effectiveness – is the contribution to risk management that your assurance programme delivers.

For more information, see our [Risk management](#) page.