



# TRANSPORT FOR THE NORTH

## Follow Up

Internal audit report 1.21/22

Final

3 June 2021

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To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

# 1. EXECUTIVE SUMMARY

With the use of secure portals for the transfer of information, and through electronic communication means, remote working has meant that we have been able to complete our audit and provide you with the assurances you require. It is these exceptional circumstances which mean that 100 per cent of our audit has been conducted remotely.

## Background

We have undertaken a review to follow up on progress made to implement the previously agreed management actions from the following 2020/21 audits:

- Risk Management - Risk Register Deep Dive (1.20/21);
- Contract Management (2.20/21);
- Follow Up (3.20/21);
- Human Resources – Recruitment and Selection (4.20/21);
- Cyber Security Review (5.20/21);
- Investment Programme Assurance Review (7.20/21); and
- Income and Debtor Management (8.20/21).

Please note that no management actions were raised in the New Payment (Commissioning) Process (6.20/21) report.

The 16 management actions considered during this review comprised of nine 'medium' priority actions, six 'low' priority actions and one 'advisory' action (in respect of report reference 3.20/21). The focus of this review was to provide assurance that all actions previously agreed have been fully implemented.

## Conclusion

Taking account of the issues identified in the remainder of the report and in line with our definitions set out in Appendix A, in our opinion management has demonstrated **good progress** in implementing agreed management actions. Of the 16 management actions reviewed we have confirmed that:

- 13/16 (81%) management actions were confirmed as being fully implemented/superseded at the time of the audit; and
- 3/16 (19%) management actions that were due for implementation were ongoing and management actions have been restated with revised target implementation dates or updated management actions have been made. This comprises of two 'medium' priority and one advisory actions. We noted that progress had been made against one action assessed as ongoing and two actions were on hold due to the changeover of TfN's Chief Executive Officer (CEO). This factor has been taken into consideration when deciding the overall progress opinion.

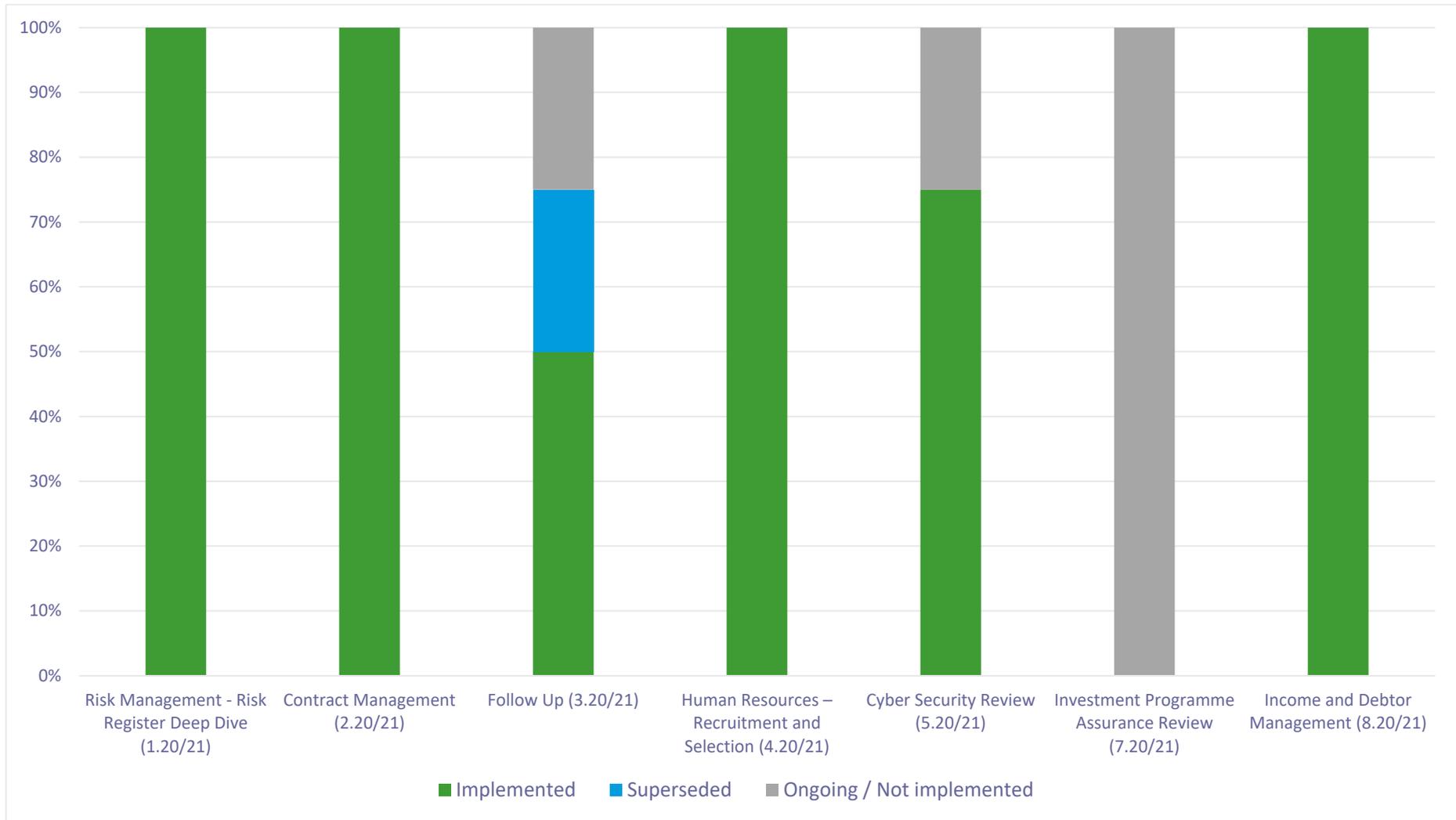
Details of all the implemented and superseded actions are included at Appendix B to the report.

## Progress on actions

The following tables includes details of the status of each management action:

Implementation status by review	Number of actions agreed	Status of management actions				Confirmation as completed or no longer necessary (1)+(4)
		Impl. (1)	Impl. ongoing (2)	Not impl. (3)	Superseded (4)	
Risk Management - Risk Register Deep Dive (1.20/21)	1	1	0	0	0	1
Contract Management (2.20/21)	4	4	0	0	0	4
Follow Up (3.20/21)	4	2	1	0	1	3
Human Resources – Recruitment and Selection (4.20/21)	1	1	0	0	0	1
Cyber Security Review (5.20/21)	4	3	0	1	0	3
Investment Programme Assurance Review (7.20/21)	1	0	0	1	0	0
Income and Debtor Management (8.20/21)	1	1	0	0	0	1
<b>Total</b>	<b>16</b>	<b>12</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>13</b>

Implementation status by management action priority	Status of management actions					
	Number of actions agreed	Implemented (1)	Implementation ongoing (2)	Not implemented (3)	Superseded (4)	Confirmed as completed or no longer necessary (1)+(4)
Low	6	5	0	0	1	6
Medium	9	7	0	2	0	7
Advisory	1	0	1	0	0	0
<b>Totals</b>	<b>16</b>	<b>12</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>13</b>



## 2 FINDINGS AND MANAGEMENT ACTIONS

Status	Detail
1	The entire action has been fully implemented.
2	The action has been partly though not yet fully implemented.
3	The action has not been implemented.
4	The action has been superseded and is no longer applicable.
5	The action is not yet due.

### Follow Up (3.20/21)

<b>Original management action / priority / date</b>	<p><u>Governance – Northern Powerhouse Rail Programme (6.19/20)</u></p> <p>Management will ensure that the Memorandum of Understanding (MoU) between TfN and the Department for Transport (DfT) is subject to an annual 'light touch' review in accordance with the stated requirement.</p> <p><b>(Advisory)</b></p> <p><b>Original implementation date: 31 March 2021</b></p>
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<b>Audit finding / status</b>	<p>We were informed by management that this action is ongoing due to the delay to the publication of the Integrated Rail Plan (IRP). The IRP is expected to set the context within which the governance arrangements for NPR will be managed. The intention is to agree an updated MOU between TfN and the Department for Transport (DfT) once the implications of the IRP have been considered.</p> <p>2 - The action has been partly though not yet fully implemented.</p>
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Management Action 1	Revised Management Action	Responsible Owner:	Date:	Priority:
	An updated agreement between TfN and the Department for Transport (DfT) will be put in place.	Finance Director	30 September 2021	Advisory

### Cyber Security Review (5.20/21)

<b>Original management action / priority / date</b>	<p>Management will ensure an independent penetration test is planned, scoped and conducted. This will be accompanied by a written policy stating how often an independent penetration test should be conducted and in what timeframe vulnerabilities of differing severity need to be addressed.</p> <p>Following this, a remedial action plan will be completed to plan and monitor the implementation of actions required to remediate any identified weaknesses. Priority should be given to address any critical or high vulnerabilities.</p>
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### Cyber Security Review (5.20/21)

(Medium)

**Original implementation date:** Depending on return to site access

**Audit finding / status** We were informed that this action remaining ongoing and will be addressed once staff have returned to site.  
3 - The action has not been implemented.

<b>Management Action 2</b>	Original management action remains open and applicable.	<b>Responsible Owner:</b> Head of IT and Information	<b>Date:</b> 30 September 2021	<b>Priority:</b> Medium
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### Investment Programme Assurance Review (7.20/21)

**Original management action / priority / date** A documented mapping exercise should be undertaken to formally link the actions included in the Northern Transport Charter to the Investment Programme objectives/actions and the KPIs included in the TfN Business Plan.  
In addition to this, management may wish to consider the nature of the Investment Programme-related KPIs and the way in which performance against the KPIs is reported going forward (e.g. to allow for more flexibility with the KPIs and the related update reporting).  
(Medium)  
**Original implementation date:** To be confirmed as part of 2021/22 Business Plan

**Audit finding / status** We were informed by management that this action will be considered as part of the changeover of TfN's Chief Executive Officer and has therefore yet to be implemented.  
3 - The action has not been implemented.

<b>Management Action 3</b>	Original management action remains open and applicable.	<b>Responsible Owner:</b> Interim Strategy and Programme Director	<b>Date:</b> 31 December 2021	<b>Priority:</b> Medium
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## APPENDIX A: DEFINITIONS FOR PROGRESS MADE

The following opinions are given on the progress made in implementing actions. This opinion relates solely to the implementation of those actions followed up and does not reflect an opinion on the entire control environment.

Progress in implementing actions	Overall number of actions fully implemented	Consideration of high priority actions	Consideration of medium priority actions	Consideration of low priority actions
Good	75% +	None outstanding.	None outstanding.	All low actions outstanding are in the process of being implemented.
Reasonable	51 – 75%	None outstanding.	75% of medium actions made are in the process of being implemented.	75% of low actions made are in the process of being implemented.
Little	30 – 50%	All high actions outstanding are in the process of being implemented.	50% of medium actions made are in the process of being implemented.	50% of low actions made are in the process of being implemented.
Poor	< 30%	Unsatisfactory progress has been made to implement high priority actions.	Unsatisfactory progress has been made to implement medium actions.	Unsatisfactory progress has been made to implement low actions.

## APPENDIX B: ACTIONS COMPLETED OR SUPERSEDED

From the testing conducted during this review we have found the following actions to have been fully implemented and superseded.

Follow Up	Management actions and categorisation
<b>Risk Management - Risk Register Deep Dive (1.20/21)</b>	<b>Implemented</b> The Portfolio Risk Manager will ensure that the Directorate risk registers are updated consistently following each review point. Where there are no changes to a risk, and/or action, this will be documented as a nil return to ensure that there is a clear audit trail of senior management review. <b>(Low)</b>
<b>Contract Management (2.20/21)</b>	<b>Implemented</b> Management will ensure that mandatory Contract Manager training attendance is monitored going forwards through utilisation of the HR training spreadsheet. <b>(Low)</b>
	<b>Implemented</b> (i) Programme Directors will ensure that at the start of a contract, a Performance Management Framework (PMF) is created for each contract, and the PMF is used during regular contract performance review meetings with suppliers. Minutes from contract performance reviews with suppliers will be saved in SharePoint. (ii) The Procurement Manager will provide oversight of the PMF process to monitor compliance and escalate non-compliance to a relevant Group/Committee, where necessary. <b>(Medium)</b>
	<b>Implemented</b> (i) Management will update the Performance Management Framework (PMF) to enable lessons learned arising from contract review meetings to be captured. (ii) Programme Directors will ensure that supplier contract review forms, where possible supported by a supplier feedback form, are completed post contract to summarise lessons learned identified throughout the contract. These forms should be completed by the Contract Manager and supplier respectively and stored on SharePoint in the relevant contract folder. (iii) The Procurement Manager will provide oversight of the supplier review process to monitor compliance and escalate non-compliance to a relevant Group/Committee, where necessary. <b>(Medium)</b>
	<b>Implemented</b> Management will ensure the contract log is fully complete to ensure contract review dates can be identified and monitored. Going forward, the log will be reviewed during the batch test undertaken every three months to ensure start and end dates are recorded so that Contract Managers are aware of and can take necessary action in regard to upcoming end dates. <b>(Low)</b>

**Follow Up****Management actions and categorisation****Follow Up (3.20/21)****Implemented**Review of SharePoint (4.19/20)

Management will ensure that the Approved Internet Domains Policy and associated approved internet domain list is reviewed and approved at the earliest opportunity. Following approval management will ensure that the control framework identified in the policy, regarding the maintenance of the approved internet domains list, approving additions to the list and requesting changes etc, is put into operation and monitored in accordance with the policy. **(Medium)**

**Implemented**IT Audit: Cyber Security Controls (4.18/19)

Following the implementation of the online Cyber Security training module, management will monitor and report compliance and take appropriate action to address non-compliance. **(Medium)**

**Superseded**Risk Management Framework (1.18/19)

Management will review the value and applicability of the inclusion of a defined assurance framework within each of Transport for the North's risk registers. **(Low)**

RSM Comment

*We were informed by management that this action has been considered and a decision has been made not to implement a risk assurance framework. Therefore, this has been superseded on the basis that TfN considers alternative assurance arrangements suffice for its needs at this present time.*

**Human Resources – Recruitment and Selection (4.20/21)****Implemented**

Management will update the Recruitment and Selection Policy to remove any references to CRB checks, and to replace these with the requirements in relation to DBS checks. **(Medium)**

**Cyber Security Review (5.20/21)****Implemented**

- (i) Management will review the current leavers process for employees and contractors and ensure that leaver forms are approved and submitted in a timely manner to enable their system access to be revoked.
- (ii) Management will review the leavers procedure and document that a leavers request needs to be submitted to IT prior to that individual leaving TfN. This will clearly state the responsibilities of the stakeholders in the leavers process to ensure the timely submission of leavers requests.
- (iii) Management will also establish a periodic review control to identify users with access to SharePoint who are no longer employed or contracted by TfN, or whose roles and approval for access may have changed within TfN. **(Medium)**

## Follow Up

### Management actions and categorisation

#### Implemented

Management will ensure all policies and procedures contain the following details for version control:

- Date of approval and who by;
- Date of most recent and next review and who by; and
- Version control to track any changes.

Management will also ensure that all staff have read the IT Policy and have agreed to work according to it and are made aware of any updates to it.

**(Low)**

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#### Implemented

Management will assign resources for the completion of the Disaster Recovery and Business Continuity Plan. The wider business will be consulted with, a test plan formulated and formally approved.

Where systems are hosted by a third party, management will include disaster recovery procedures in the contract and document them in TfN's disaster recovery plan.

**(Low)**

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### Income and Debtor Management (8.20/21)

#### Implemented

Management will establish a timeframe for the periodic review of the Grant Acceptance and Management Policy and ensure that reviews are carried out in line with the agreed timeframe. In addition, a version control section will be added to the Policy to capture changes made to the Policy following review, date of review dates and relevant approval at oversight Committee. **(Medium)**

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# APPENDIX C: SCOPE

## Scope of the review

The internal audit assignment has been scoped to provide assurance on how Transport for the North manages the following area:

### Objective of the area under review

Management has introduced effective systems for the monitoring of implementation of agreed management actions and ensuring that these are implemented in line with the agreed timescales.

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When planning the audit, the following areas for consideration and limitations were agreed:

To assess the degree of implementation achieved of the management actions raised in the following assignment reports:

- Risk Management - Risk Register Deep Dive (1.20/21);
- Contract Management (2.20/21);
- Follow Up (3.20/21);
- Human Resources – Recruitment and Selection (4.20/21);
- Cyber Security Review (5.20/21);
- Investment Programme Assurance Review (7.20/21); and
- Income and Debtor Management (8.20/21).

The focus of this review is to provide assurance that actions previously raised have been adequately implemented.

Please note that no management actions were raised in the New Payment (Commissioning) Process (6.20/21) report.

### Limitations to the scope of the audit assignment:

- The review only covers audit management actions previously made and does not review the whole control framework of the areas listed above, therefore we are not providing assurance on the entire risk and control framework;

- We will ascertain the status of management actions through discussion with management and review of the most recent management action tracking report presented to the Audit and Governance Committee;
- Where the indication is that management actions have been implemented, we will undertake limited testing to confirm this;
- Where testing is undertaken, our samples will be selected over the period since actions were implemented or controls enhanced; and
- Where relevant to the management action being followed up, we will ascertain whether policies / procedures / documentation have been established but we will not assess whether these are fit for purpose.
- The results of our work are reliant on the quality and completeness of the information provided to us; and
- Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

**Debrief held** 28 May 2021  
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**Responses received** 2 June 2021  
**Final report issued** 3 June 2021

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