



TRANSPORT FOR THE NORTH

Internal Audit Progress Report

10 June 2022

This report is solely for the use of the persons to whom it is addressed.
To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP
will accept no responsibility or liability in respect of this report to any other party.



Contents

Contents	2
1 Key messages	3
2 Reports	4
Appendix A – Progress against the internal audit plan 2022/23	6
Appendix B – Other matters	7
For more information contact	9

1 Key messages

The internal audit plan for 2022/23 was approved at the February 2022 Audit and Governance Committee meeting. As the developments around Covid-19 will continue to impact on all areas of the organisation's risk profile, we will work closely with management to deliver an internal audit programme which remains flexible and 'agile' to ensure it meets your needs in the current circumstances.

This report provides an update on progress against that plan and summarises the results of our work to date.

-  One audit assignment has been completed since the last Audit and Governance Committee meeting. This relates to the Follow Up (1.22/23) review which resulted in a 'reasonable progress' opinion. All reports are referred to at Appendix A. [\[To discuss and note\]](#)
-  No changes have been made to the internal audit plan 2022/23 since the last Audit and Governance Committee meeting. Proposed fieldwork dates and scopes have been issued to management for the internal audit reviews for 2022/23. [\[To note\]](#)
-  We have shared with management several briefings and invites. These are outlined in Appendix B below. [\[To note\]](#)

2 Reports

2.1 Summary of final report being presented to this committee meeting

This section summarises the report that has been finalised since the last meeting.

Assignment	Opinion issued	Actions agreed		
		L	M	H
<p>Follow Up (1.2022/23)</p> <p>In our opinion management has demonstrated reasonable progress in implementing agreed management actions. Of the 21 actions considered as part of the review, we have confirmed that a total 19 (90%) actions have been fully implemented or superseded; one (5%) 'medium' priority action has been partly though not yet fully implemented; and one (5%) 'high' priority action has not yet been implemented.</p> <p>We note that progress had been made against the action assessed as ongoing as Transport for the North is progressing with a business planning exercise that was delayed whilst awaiting the publication of the Integrated Rail Plan and Transport for the North's funding settlement, which arrived late in February 2022. We also note that implementation of the action not yet implemented was delayed due to network outages affecting the dates available for penetration testing, which is now scheduled to be completed during May 2022. The delay was reported to the Leadership Team.</p>	Reasonable Progress			19 of 21 actions completed

2.2 Themes arising from control observations in 2022/23 reports

	Advisory	Low	Medium	High
Planning	0	0	0	0
Policies and / or procedures	0	0	0	0
Non-compliance with policies / procedures	0	0	0	0
Design of the control framework	0	0	0	0
Training / awareness for staff	0	0	0	0
Management or performance information	0	0	0	0
Lack of segregation of duties	0	0	0	0
Poor record keeping	0	0	0	0
Risk Management	0	0	0	0
Governance weaknesses	0	0	0	0
Information technology	0	0	0	0
Management actions from previous audit reports	0	0	1	1
Total	0	0	1	1

Both actions to date relate to management actions from previous audit reports raised in the Follow Up (1.22/23) report. Themes will continue to be analysed throughout 2022/23 following the completion of each audit assignment.

Appendix A – Progress against the internal audit plan 2022/23

Assignment and Executive Lead	Status / Opinion issued	Actions agreed			Target Audit and Governance Committee (as per IA plan 2022/23)	Actual Audit and Governance Committee
		L	M	H		
Follow Up (1.22/23)	Resonable Progress	19 of 21 actions completed			June 2022	June 2022
Risk Maturity Review (2.22/23)	Due to commence 19 September 2022	n/a			November 2022	n/a
General Data Protection Regulation Arrangements (3.22/23)	Due to commence 4 July 2022	n/a			September 2022	n/a
Payroll Controls (4.22/23)	Due to commence 5 September 2022	n/a			November 2022	n/a
Health and Safety Framework (5.22/23)	Due to commence 12 December 2022	n/a			February 2023	n/a
Equality, Diversity and Inclusion Framework (6.22/23)	Due to commence 12 December 2022	n/a			February 2023	n/a



Appendix B – Other matters

On-going liaison and internal audit plan 2022/23

Ongoing liaison has taken place between RSM and the Finance Director throughout the year to discuss progress against the internal audit plan. In addition to this, RSM's Andrew Mawdsley and Andrew O'Donnell met with the Finance Director in March 2022 to discuss timings of the reviews included in the internal audit plan 2022/23. The internal audit plan 2022/23 and three year strategy were approved at the February 2022 Audit and Governance Committee meeting.

Updates and briefings

The following updates, briefings and invites have been issued since the last Audit and Risk Committee meeting:

- The Real Economy – Cyber Security (shared with management and appended below);
- We have shared with management details regarding:
 - RSM's NED network events that took place 4 May 2022; and
 - RSM and CIPFA Public Procurement Webinars that took place on 2 March, 30 March, 27 April and 25 May 2022.

The Real Economy – Cyber Security

Our latest edition of [The Real Economy – Cyber Security](#) focuses on the changing landscape of cyber security, the ways attacks are becoming more advanced and how middle market businesses are fighting back. It also touches on the UK's digital skills shortage, and how organisations are turning to third-party providers for their cyber security needs.

Key data findings:

- A third of respondents experienced an attack in the last 12 months, up from 20 per cent in 2021.
- More than half of respondents have increased investment in cyber security over the past 12 months.
- 72 per cent of respondents felt they could be at risk of a ransomware attack in the next 12 months.
- A third felt that their Board do not understand the cyber threat landscape enough to be able to determine the level of risk to their business.
- 33 per cent had challenges recruiting or retaining staff with a cyber security skill set.



A third of respondents have reported that they have experienced a cyber-attack in the last 12 months, this is an increase of 20% when compared with 2021.

[Click here to read The Real Economy – Cyber Security Report](#)

Quality assurance and continual improvement

To ensure that RSM remains compliant with the IIA standards and the financial services recommendations for Internal Audit, we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews being used to inform the training needs of our audit teams.

The Quality Assurance Team is made up of; the Head of the Quality Assurance Department (FCA qualified) and an Associate Director (FCCA qualified), with support from other team members across the department. This is in addition to any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments.



For more information contact

Lisa Randall, Head of Internal Audit

lisa.randall@rsmuk.com

07730 300 309

Alex Hire, Senior Manager

alex.hire@rsmuk.com

07970 641 757

Andrew O'Donnell, Manager

andrew.o'donnell@rsmuk.com

0141 285 3937

rsmuk.com

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of Transport for the North and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM UK Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.