



TRANSPORT FOR THE NORTH

Internal Audit Progress Report

16 September 2022

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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 Payroll (2.22/23) review which resulted in a 'substantial' 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>Payroll (2.2022/23)</p> <p>Through our work, we confirmed that TfN has established systems and processes in place in regard to its payroll function.</p> <p>Through sample testing, we confirmed that controls were being consistently complied with for all areas tested. As such, no exceptions were identified in our testing and we have not raised any management actions. As part of our review of the payroll data, we also performed data analytics testing by utilising our in-house software.</p> | <p>Substantial Assurance</p> | 0 | 0 | 0 |

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) | Reasonable Progress | 19 of 21 actions completed | | | June 2022 | June 2022 |
| Risk Maturity Review (4.22/23) | Due to commence 19 September 2022 | n/a | | | November 2022 | n/a |
| General Data Protection Regulation Arrangements (3.22/23) | Commencement date to be agreed with management* | n/a | | | September 2022* | n/a |
| Payroll (2.22/23) | Substantial Assurance | 0 | 0 | 0 | November 2022* | September 2022* |
| 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 |

* The General Data Protection Regulation Arrangements review was postponed at the request of management. The Payroll review was brought forward and completed in its place. This change was approved at the Committee meeting held on the 14 July 2022.



Appendix B – Other matters

On-going liaison and 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. Ongoing liaison has taken place between RSM and the Finance Director throughout the year to discuss progress against the internal audit plan.

Updates and briefings

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

- RSM & CIPFA Public Procurement and Contract Management 2022 in-person conferences (June 2022);
- 'Employment Matters' (June and July 2022);
- The Real Economy – Global Supply Chains (July 2022);
- RSM and CIPFA Public Procurement Webinar (July 2022); and
- RSM's Technical Update Series 2022 (to take place during September and October 2022).

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

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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.

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