

TRANSPORT FOR THE NORTH

Internal Audit Progress Report

21 July 2023

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1 Key messages

The internal audit plan for 2023/24 was approved at the February 2023 Audit and Governance Committee meeting.

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

The final two audit assignments for the internal audit plan for 2022/23 have been completed since the last Audit and Governance Committee meeting. These relate to following:



- Equality, Diversity and Inclusion Framework (5.22/23) review which resulted in a 'reasonable' assurance opinion. Two 'medium' and three 'low' management actions were agreed with management;
- Framework for Project Management - Project Approval, Delivery and Monitoring (6.22/23) review which resulted in a 'reasonable' assurance opinion. Two 'medium' and five 'low' management actions were agreed with management;

More detail is provided in section two below. [\[To discuss and note\]](#)

The first two audit assignments for the internal audit plan for 2023/24 have also been completed. These relate to following:



- IT and Remote Working Asset Management (1.23/24) review which resulted in a 'reasonable' assurance opinion. One 'medium' and two 'low' management actions were agreed with management; and
- Follow Up (2.23/24) review which resulted in a 'good progress' opinion with 12 out of 13 management actions considered as part of this review have been implemented.

More detail is provided in section two below. [\[To discuss and note\]](#)



One change has been made to the internal audit plan 2023/24 since the last Audit and Governance Committee meeting This is outlined in Appendix C below. [\[To note\]](#)



We have shared with management several briefings and invites. These are outlined in Appendix C below. [\[To note\]](#)

2 Reports

2.1 Summary of final reports being presented to this committee meeting

This section summarises the reports that have been finalised since the last meeting.

Assignment	Opinion issued	Actions agreed		
		L	M	H
<p>Equality, Diversity and Inclusion Framework (5.22/23)</p> <p>An Action Plan/Tracker is in place outlining the steps to be achieved as part of the development of the TfN's Diversity Policy, which includes the incorporation of the resultant actions from TfN's own self-assessment in 2021 against the Local Government Equality Framework 2020 assessment. The Diversity Action Group has led on TfN's continued compliance with PSED in particular through the live action tracker. There is an opportunity, once a further self-assessment has been conducted against the Essential Guide to the Public Sector Equality Duty: England (and Non-Devolved Public Authorities in Scotland and Wales), to consider how compliance and the resultant action plan becomes further and more widely embedded in organisational business as usual action. We have included five actions relating to the embedding of the PSED within Policy considerations, alongside the completion of an Equality Impact Assessment. This will strengthen in the following areas: reporting and determining publicly available documentation.</p>	Reasonable Assurance	3	2	0
<p>Framework for Project Management - Project Approval, Delivery and Monitoring (6.22/23)</p> <p>Through our work we identified that there are elements of a consistent project management framework in use across the organisation, for example we confirmed that aspects of the existing Policy Development Framework are used by project teams. Overall, project approval, delivery and monitoring mechanisms vary across different projects and areas of the organisation.</p> <p>Due to the diverse portfolio of projects, varying in scope and size, we appreciate that flexibility is needed to ensure project managers can tailor their approach to the needs of the project. However, in line with good practice and based on what we have seen in place at other organisations, we have raised seven management actions (five 'low' priority and two 'medium' priority) to further strengthen TfN's existing framework in this area. The actions will help to ensure more consistency across the key stages of projects, such as project inception and approval, and project close-out stages to ensure that projects receive a consistent level of scrutiny, whilst also enabling some flexibility within the delivery phase to allow project teams to tailor their approach to the needs of the project.</p> <p><i>Following the issue of our draft report, we were informed by the Director of Strategy, Analysis and Communications that the Senior Management Team believe there is an opportunity to</i></p>	Reasonable Assurance	5	2	0



Assignment	Opinion issued	Actions agreed		
		L	M	H
<p><i>refine the framework, given the change in TfN’s operating model, the nature of their work is less ‘large projects and programmes’ and more ‘strategic advice’. The initial framework was created for a different TfN operating model. The Senior Management Team believe there is an opportunity to include within the framework other key considerations when setting up new TfN workstreams, such as Equality Impact Assessment and arrangements for data sharing and GDPR compliance. Therefore, it has been agreed that a task and finish group from within the Senior Management Team will be formed to take forward the work on the project management framework, including reviewing and responding to the management actions within this report.</i></p>				
<p>IT and Remote Working Asset Management (1.23/24)</p> <p>Our review has confirmed that a full reconciliation/ verification of the assets recorded on the Mojo system has been undertaken by the Information Technology Manager, with assistance of the Facilities Manager in March 2023 to ensure the accuracy of the data and to identify any issues.</p> <p>Additionally, we have confirmed that TfN has an Asset Management Policy and Procedure, which has recently reviewed and updated (April 2023), however through our review and testing undertaken, we have identified that further review of the Asset Management Policy and Procedures is required.</p> <p>We also noted that, as part of a full reconciliation process completed in March 2023, it was identified that 12 laptops had not been returned to TfN, following on from a member of staff leaving. Through the use of the Azure software, emails and telephone calls, where possible, three had been retrieved. However, at the time of review, there remained nine laptops still to be retrieved. Through discussions with the Information Technology Manager, we confirmed that they were actively pursuing these machines. Through our audit work, we are also aware that controls have now been implemented to limit the risk of this occurring in the future. As such, we have not raised a management action specifically in regards to the nine laptops which have not been retrieved.</p> <p>Our review has resulted in one 'medium' priority and two 'low' priority management actions being raised.</p>	Reasonable Assurance	2	1	0
<p>Follow Up (2.23/24)</p> <p>Taking account of the issues identified in the report, in our opinion Transport for the North has demonstrated good progress in implementing the agreed management actions included in the assignment reports considered as part of this review.</p> <p>9 of the 22 management actions were not yet due for completion and have therefore been excluded when forming the opinion.</p> <p>Testing identified that 12/13 (92%) of the actions considered as part of this review have been implemented. For 1/13 (8%) management actions, we confirmed that progress had been made and this</p>	Good Progress			12 out of 13 management actions have been implemented.



Assignment	Opinion issued	Actions agreed		
action should continue to be monitored until the action is fully implemented (we noted however, that part of one of this action was not due for implementation until October 2023).		L	M	H

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	2	1	0
Non-compliance with policies / procedures	0	0	1	0
Design of the control framework	4	4	2	0
Training / awareness for staff	0	0	0	0
Management or performance information	0	1	1	0
Lack of segregation of duties	0	0	0	0
Poor record keeping	0	1	0	0
Risk Management	0	0	0	0
Governance weaknesses	0	3	0	0
Information technology	0	0	0	0
Management actions from previous audit reports	0	0	1	1
Total	4	11	6	1

The arising theme that has been detected through our work in 2022/23 is in relation to the design of the control framework. This is reviewed following the completion of each audit assignment.

2.3 Themes arising from control observations in 2023/24 reports

	Advisory	Low	Medium	High
Planning	0	0	0	0
Policies and / or procedures	0	1	0	0
Non-compliance with policies / procedures	0	1	1	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	1	1	0	0
Total	1	3	1	0

No arising themes have been detected through our work conducted at this time. Themes will continue to be analysed throughout 2023/24 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
Payroll (2.22/23)	Substantial Assurance	0	0	0	November 2022	September 2022
Risk Maturity Review (3.22/23)	Advisory	3	1	0	November 2022	November 2022
General Data Protection Regulation Arrangements (4.22/23)	Advisory	Four 'uncategorised' management actions raised			February 2023	February 2023
Equality, Diversity and Inclusion Framework (5.22/23)	Reasonable Assurance	3	2	0	February 2023*	July 2023
Framework for Project Management - Project Approval, Delivery and Monitoring (6.22/23)	Reasonable Assurance	5	2	0	February 2023*	July 2023

* The fieldwork for the Project Management Arrangements and Equality, Diversity and Inclusion Framework audits commenced in December 2022 and continued in January 2023 to accommodate the Christmas period and TfN staff availability.

Appendix B – Progress against the internal audit plan 2023/24

Assignment and Executive Lead	Status / Opinion issued	Actions agreed			Target Audit and Governance Committee (as per IA plan 2023/24)	Actual Audit and Governance Committee
		L	M	H		
IT and Remote Working Asset Management (1.23/24)	Reasonable Assurance	2	1	0	July 2023	July 2023
Follow Up (2.23/24)	Good Progress	12 of 13 actions completed			July 2023	July 2023
Value for Money	Due to commence 10 July 2023	-	-	-	September 2023	-
Staff Mental Health and Wellbeing	Due to commence 4 September 2023	-	-	-	November 2023	-
IT: Security Review	Due to commence October 2023 (depending on the office move)	-	-	-	November 2023 (February 2024)	-
Performance Management and Appraisals	Due to commence 8 January 2024	-	-	-	February 2024 (July 2024)	-

Appendix C – other matters

On-going liaison and changes to the internal audit plan 2023/24

The internal audit plan 2023/23 and three year strategy were approved at the February 2023 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. Since presenting the plan in February 2023, there has been one change, our Governance review has been replaced by our IT and Remote Working Asset Management review, following discussions with the Finance Director, given that the organisation is currently in the process of moving office locations and that a review on the management of assets would be beneficial to support this move. In addition, the timeframes for the fieldwork of the individual audits have been discussed and agreed with management and Committee timeframes have been revised to reflect this.

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.

Updates and briefings

Since the last Group Audit and Governance Committee meeting, we have issued the following:

- We have shared with management details regarding the following events:
 - NED Network: ESG, what do NEDs need to know, held 27 February 2023;
 - NED Network: Shrinking the gap between talent and strategy, held on 20 April 2023;
 - RSM and CIPFA Public Procurement webinar, held on 28 February 2023, 23 March 2023 and 23 May 2023.
- Procurement and Contract Management newsletter (February 2023, March 2023 and June 2023);
- RSM UK's Middle Market Business Index: Q1 2023 results (March 2023);
- Spring Statement (March 2023);
- Employment Matters (April 2023); and
- The Real Economy Business Resilience Part 2 (April 2023).



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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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