TRANSPORT FOR THE NORTH

Follow Up

Internal audit report: 2.23/24

FINAL

30 June 2023

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1. EXECUTIVE SUMMARY

Background

As part of the approved internal audit plan for 2023/24 we have undertaken a review to follow up on the progress made by Transport for the North ('TfN') to implement previously agreed management actions. The following audits were considered as part of this review:

- Follow Up (1.22/23);
- Risk Maturity (3.22/23);
- General Data Protection Regulation (GDPR) Governance Framework (4.22/23);
- Equality, Diversity and Inclusion Framework (5.22/23)*; and
- Framework for Project Management - Project Approval, Delivery and Monitoring (6.22/23)*.

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

** Two management actions with our Equality, Diversity and Inclusion Framework (5.22/23) and seven actions within our Framework for Project Management - Project Approval, Delivery and Monitoring (6.22/23) were not due for implementation at the time of our audit fieldwork. Please see Appendix C for more details.*

Please note that no management actions were raised in the Payroll (2.22/23) report.

Given that nine management actions were not yet due for implementation, for the remaining 13 management actions considered in this review, these comprised of:

- One 'high' priority action;
- Three 'medium' priority actions; and
- Five 'low' priority actions; and
- Four 'advisory' actions.

Conclusion

Taking account of the issues identified in the remainder of 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.

9 of the 22 management actions were not yet due for completion and have therefore been excluded when forming the opinion. Details of the actions not yet due are included at Appendix C of this report.

Testing identified that 12/13 (92%) of the actions considered as part of this review have been implemented, and details of the implemented actions are included at Appendix B of this report. For 1/13 (8%) management actions, we confirmed that progress had been made and this 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). Please refer to section 2 for further details.

Progress on actions

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

Implementation status by review	Number of actions agreed	Status of management actions					
		Implemented (1)	Implementation ongoing (2)	Not implemented (3)	Superseded (4)	Not tested during this review* (5)	Completed or no longer necessary (1) + (4)
Follow Up (1.22/23)	2	2	0	0	0	0	2
Risk Maturity (3.22/23)	4	3	1	0	0	0	3
General Data Protection Regulation (GDPR) Governance Framework (4.22/23)	4	4	0	0	0	0	4
Equality, Diversity and Inclusion Framework (5.22/23)	5	3	0	0	0	2	3
Framework for Project Management - Project Approval, Delivery and Monitoring (6.22/23)	7	0	0	0	0	7	0
Total	**22**	**12**	**1**	**0**	**0**	**9**	**12**

* Actions where implementation dates have not passed have been excluded when forming our overall conclusion.

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.

Risk Maturity (3.22/23)	
Original management action/ priority/ original date	a) TfN will establish a Board Assurance Framework, which will include the main areas of risk for TfN and where TfN gets assurance in each area. This Board Assurance Framework will provide for cyclical assessment of controls and the provision of assurance and will be clearly detailed within the Risk Management Strategy. b) The Risk Manager will work alongside Risk Owners for the key corporate risks to ensure the Board Assurance Framework is embedded and applied for all assurance areas. (Low) **a) 31 March 2023** **b) 31 October 2023**
Audit finding/ status	We obtained a copy of the TfN Assurance Framework slides. By review, we confirmed the following information to be captured: • TfN's Three Lines of Defence Model, which has been adopted to make up the assurance model. Each line feeds into oversight by the TfN Board and Audit and Governance Committee. The first line of assurance is detailed to consist of all TfN staff for internal activities, controls and processes. The second line of assurance is provided by the Risk Manager, Risk Champions, Senior Management, Directors, and Chief Executive Officer. They are in place to provide challenge, oversight, review of activities, controls and processes. The third line of assurance consists of independent assurance or review of activities, controls and processes; • An example of the lines of assurance in practice is provided for a detailed risk; and • Prompt questions for each line of assurance are captured, providing guidance of the questioning required to be undertaken for each line of assurances' effectiveness. We were informed by the Risk Manager that the above slides were presented to Operational Board on 6 June 2023.

Risk Maturity (3.22/23)				
	Following this presentation, the next steps are to review the key corporate risks with Risk Owners and to ensure the framework is embedded and applied. We noted that the embedding of the Board of Assurance Framework is due to be completed by October 2023 and therefore we have revised the original management action to reflect this. *2 - The action has been partly though not yet fully implemented*.			
Management Action 1	**Revised Management Action** Following presentation of the Assurance slides to the Operational Board, the Risk Manager will work alongside Risk Owners for the key corporate risks to ensure the Board Assurance Framework is embedded and applied for all assurance areas.	**Responsible Owner:** Daniella Della-Cerra Smith, Risk Manager	**Implementation date:** 31 October 2023	**Priority:** Low

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

From the testing conducted and evidence provided during this review we have found the following actions to be implemented.

Assignment title	Management actions and categorisation
Follow Up (1.22/23)	Investment Programme Insurance Review (7.20/21) 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)
	Cyber Security Assessment (5.21/22) Management will ensure that penetration testing is conducted as rescheduled, May 2022. The test results will be reviewed, and vulnerabilities addressed and remedied in a timeous manner. Where penetration testing does not go ahead, this will be reported to the relevant TfN governance and oversight groups. (High)
Risk Maturity (3.22/23)	Risk Champions will ensure all areas of the Predict Risk Management System are utilised, including: • Progress update – the progress function will be utilised to record decisions made during monthly risk workshops regarding each risk; and • The basis for assessment – the basis for assessment box will be completed to record the rationale for the current risk score. (Please refer to next section for details) (Low)
	The Audit and Governance Committee will perform a deep dive into a chosen risk from the corporate risk register in November 2022. Following this, a programme of risk deep dives will be agreed with the Audit and Governance Committee for 2023. Deep dives will include risks that fall outside of TfN's risk appetite, emerging risk areas, or risks that are showing volatility in risk rating. These deep dives will focus on the controls, actions and fallback plans established to mitigate the risk to TfN and provide assurance that the risk is appropriately scored and controls are operating effectively. (Low)

Assignment title	Management actions and categorisation
	The Risk Management Strategy will be amended to include the factors that will be considered when escalating risks to the Operating Board. This could include risks that exceed the TfN risk appetite or could be driven by strategic themes outlined within the Business Plan. (Low)
General Data Protection Regulation (GDPR) Governance Framework (4.22/23)	A formal record of processing activities (ROPA) will be produced and maintained which will include: • The organisation's name and contact details, whether it is a controller or a processor (and where applicable, the joint controller, their representative and the Data Protection Officer (DPO)); • The purposes of the processing; • A description of the categories of individuals and of personal data; • The categories of recipients of personal data; • Details of transfers to third countries, including a record of the transfer mechanism safeguards in place; • Information required for privacy notices, such as the lawful basis for the processing and the source of the personal data; • Information required for processing special category data or criminal conviction and offence data under the Data Protection Act 2018 (DPA 2018); • Records of consent; • Controller-processor contracts; • The location of personal data; • Data Privacy Impact Assessment reports; • Retention schedules; and • A description of the technical and organisational security measures in place Once completed, a process will be implemented to ensure that this central record is accurate and remains up to date to ensure that the organisation continues to hold a comprehensive, accurate and up to date record of all the personal data held. This could be undertaken via regular (at least annual) data audits with nominated data owners to capture any changes. (Advisory) **Management Comment:** *As we can see that the implementation of the action has begun, and the embedding of the processes will be reviewed at least annually, we have reported this action as implemented.*
	The Data Protection Policy will be reviewed and updated to ensure that it reflects current roles and responsibilities. The date in the footer will be updated to align to the version control table. (Advisory)
	Management will ensure that the incoming Data Protection Officer receives appropriate training to undertake the role effectively. (Advisory)

Assignment title	Management actions and categorisation
	Refresher training for existing staff will be undertaken annually to reflect GDPR requirements. (Advisory) **Management Comment:** *Through discussions with the Senior Lawyer, we were informed that reminders have been sent to all staff to ensure that they complete their annual training and a deadline in July 2023 has been set for all staff. Going forward, there will be a six-week programme beginning in May of each year where everyone will be required to complete the refresher training. As we can see that the implementation of the action has begun, and the embedding of the processes will be reviewed annually, we have reported this action as implemented.*
Equality, Diversity and Inclusion Framework (5.22/23)	Management will implement a formal mechanism to record the completion of annual policy reviews ensuring that due regard is given to the latest version of the Essential Guide to the Public Sector Equality Duty: England (and Non-Devolved Public Authorities in Scotland and England) when such reviews are completed. Any future changes or amendments made to the Diversity Policy (or any other HR policies) should be reflected in the completion of a formal EIA and this should be noted as a requirement in the Diversity Policy itself. (Low) **Management Comment:** *The Head of HR confirmed that any future changes to the Diversity Policy would require an Equality Impact Assessment (EIA). The use of such a tool would be undertaken once the agreed framework of such is agreed and implemented. This is in relation to a further management action raised, which is due for implementation by the end of September 2023. Please see Appendix C for more details.*
	Management will undertake an assessment against the most recent Local Government Equality Framework available to ensure continuing compliance with the requirements of the PSED. The current Action Plan Tracker 21/22 will be revisited in light of the assessment with new responsible officers and timescales where appropriate. (Medium)
	Management will ensure that the frequency at which the Senior Management Team will review the Diversity and Inclusion Action Plan Tracker (minimum quarterly) is included in the Terms of Reference. (Low)

APPENDIX C: ACTIONS NOT YET DUE

The table below lists the management actions that were not yet due for implementation at the time of our review:

Assignment title	Management action and categorisation
Equality, Diversity and Inclusion Framework (5.22/23)	A framework/and or procedure will be introduced to ensure that existing policies and new TfN policies, procedures and strategies are reviewed for consideration in line with PSED and that Equality Impact Assessments (EIA) are incorporated into Policies moving forward. The framework should consider, but not limited to: • Why an EIA is important; • When an EIA should be completed and who should complete this; • Questions to consider within the EIA template (e.g. what policy or change is being introduced, who is affected by the policy/change, what engagement with stakeholders will take place and what data will be used); • Documentation of any actions from the EIA; and • The approval process for EIAs. (Medium)
	Management will, going forward update TfN's website to include clear information on the organisation's position in respect of diversity and inclusion, ensuring transparency at all times. (Low)
Framework for Project Management - Project Approval, Delivery and Monitoring (6.22/23)	Management will review and update the Policy Development Framework (PDF) to include a definition of what is considered to be a project (based on size, spend and scope). Once updated, the PDF will be formally rolled-out and implemented to ensure that the two-step process in relation to development of projects is followed consistently and the supporting documentation completed. (Low)
	Project Initiation Documents (PIDs) will be presented and approved as part of the project approval processes in line with the approval limits within the Scheme of Delegation and by an individual with assigned responsibility. Completed PIDs will be retained centrally within a shared drive to ensure they can be shared in case of a change in the project team. (Medium)
	Management will ensure that the full Responsible, Accountable, Supportive, Consulted, and Informed (RASCI) matrix exercise is completed for all projects, giving consideration to both internal and external stakeholders. (Low)

Assignment title	Management action and categorisation
	Management will review project management best practices and identify monitoring mechanisms which will be used consistently across projects. Once finalised templates will be developed and distributed to ensure consistency. (Low)
	Management will update the lessons learnt template to include a section in relation to benefits realisation. The completion of the lessons learnt template will then be made mandatory for Project Managers (or equivalent individual assigned responsibility) for all projects. This will include the identification of actions for improvement with action owners and intended implementation dates. Completed templates will be saved within an action log or a shared drive to enable Project Managers from across the organisation to benefit from the learnings. (Medium)
	Once completed, lessons learnt reports will be presented to a delegated relevant committee / forum for oversight and to monitor actions through to completion. (Low)
	Through discussions with Project Managers, Management will consider the value of the Interdependencies Tracker and identify based on the outcomes of discussions and the funding received from the DfT whether it will be maintained and kept up to date. (Low)

APPENDIX D: 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
To ensure outstanding management actions agreed as part of previous internal audits performed at the University have been implemented.

The following areas will be considered as part of the review:

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

- Follow Up (1.22/23);
- Risk Maturity (3.22/23)8;
- General Data Protection Regulation (GDPR) Governance Framework (4.22/23);
- Equality, Diversity and Inclusion Framework (5.22/23)*; and
- Framework for Project Management - Project Approval, Delivery and Monitoring (6.22/23)*.

The focus of this review is to provide assurance that actions previously raised have been adequately implemented. Full details of the management actions considered is provided in Appendix A.

* This will be dependent on the completion of actions at the time of our audit fieldwork, noting that some are not due for implementation until after our fieldwork.

Please note that no management actions were raised in the Payroll (2.22/23) report.

The following limitations apply to the scope of our work:

- 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.

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