



TRANSPORT FOR THE NORTH

Summary Document - Draft Audit Areas for Consideration for 2025/26

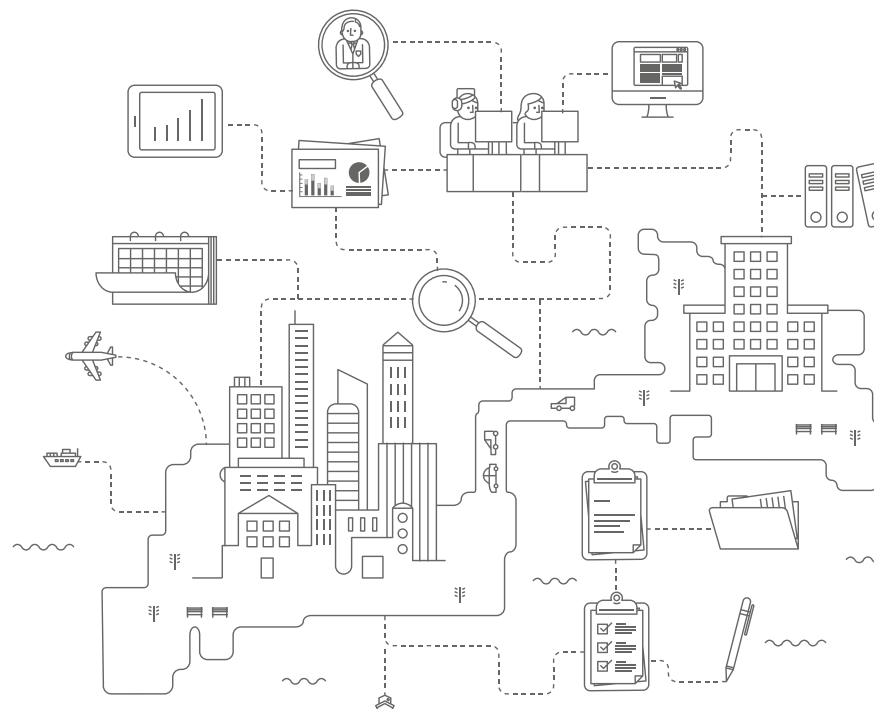
Presented at the Audit and Risk Committee meeting of: 6 December 2024

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CONTENTS

| | |
|---------------------------------------|---|
| Executive summary | 3 |
| Internal audit strategy 2025/26 | 4 |



EXECUTIVE SUMMARY

Our approach to developing your internal audit plan is based on analysing your corporate objectives, risk profile and assurance framework as well as other, factors affecting Transport for the North (TfN) in the year ahead, including changes within the sector.

In discussion with the Finance Director and the Risk Manager & Programme Lead – Management Systems, on 30 October 2024 and 19 November 2024, we have reviewed the existing internal audit strategy and intended reviews for 2025/26, considered sector emerging issues, and areas which may be beneficial for internal audit coverage during the next financial year.

Based on these discussions, the proposed areas and suggested timings for 2025/26 include:

- Information Management – Quarter 1;
- Contract Management – Quarter 2;
- Payroll – Quarter 3; and
- Cyber – Quarter 4.

Below we have included both the high level objectives for each review and our proposed revised internal audit strategy. We ask members to review this document and provide any comments as they see fit. Once agreed, we will present our formal internal audit plan for 2025/26 at the next committee meeting.

PROPOSED INTERNAL AUDIT PLAN 2025/26

| Proposed area for coverage | Internal audit coverage | Q1 | Q2 | Q3 | Q4 |
|----------------------------|---|----|----|----|----|
| Information Management | We will undertake a review to consider whether the new implemented Information Management Strategy is in line with good practice examples we have seen at other organisations. Also, we will review linkage with the TfN's Strategic Plan. We will assess the level of governance, risk management, oversight and control over the Strategy including development of the Strategy, underpinning action plans and key performance indicators. | ✓ | | | |
| Contract Management | <p>This review is designed to evaluate the systems and processes in place within TfN for reviewing and approving contracts with external parties. As part of the review, we will test a sample of contracts to identify whether appropriate individuals have reviewed and approved the contracts and that their roles / responsibilities and accountabilities are consistent with the level of approval limits.</p> <p>We will also review the level of contractor performance management undertaken across TfN. This will include the processes in place for recording, storing and maintaining contract documentation, and consideration of how contract amendments are managed and expiry dates are monitored.</p> | | ✓ | | |
| Payroll | <p>This review is designed to provide assurance regarding TfN's controls for ensuring payroll is processed in an accurate and timely manner. The following areas will be specifically considered during the review:</p> <ul style="list-style-type: none"> • Policies and procedures; • Starters, leavers and amendments to payroll; • Monthly payroll review and authorisation procedures; • Segregation of duties; and • Establishment checks. <p>Where possible, our review will include the use of data analytics, to identify the following:</p> <ul style="list-style-type: none"> • Any duplicate monthly payments made to employees; • Multiple employees with the same bank details; and • Leavers that continue to be paid once they have left TfN. | | | ✓ | |

| Proposed area for coverage | Internal audit coverage | Q1 | Q2 | Q3 | Q4 |
|--------------------------------------|--|----|----|----|----|
| Cyber | <p>The remit of the review will include an evaluation of a sample of the 10 control areas that have been identified by the National Cyber Security Centre (NCSC) as key control areas for cyber risk management. These are:</p> <ul style="list-style-type: none"> • Risk management; • Engagement and training; and • Supply chain security. <p>Risk management in the cyber security domain helps ensure that the technology, systems, and information are protected in the most appropriate way.</p> <p>This audit will be conducting by our Technology Risk Assurance colleagues.</p> | | | | ✓ |
| Other Internal Audit Activity | | | | | |
| Follow up | To meet internal auditing standards, and to provide assurance on action taken to address actions previously agreed by management. | | | | ✓ |

APPENDIX A: INTERNAL AUDIT STRATEGY 2022/23 - 2026/27

The table below shows an overview of the audit coverage to be provided through RSM's delivery of the internal audit strategy.

| Assurance Provided | | Internal Audit – Third Line of Assurance (independent review / assurance) | | | | |
|------------------------|------------------------------------|--|---------------|---|-------------------------------|------------------|
| Audit area | Client Risk Ref (December 2023) | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| Risk Management | 920 | | Risk Maturity | | | |
| Corporate Governance | 920 | | | | | Governance |
| Strategic Offering | 877 / 882 / 999 | | | NPR Co-Sponsorship NPR TAME TfN Offer | | |
| Core Financial Systems | 916 / 300 / 309 | | Payroll | Value for Money Reporting | Contract Management / Payroll | Accounts Payable |

| | | | | | | |
|--|-----------|--|--|--------------------|---|--------------------------|
| IT Audit | 876 | GDPR Governance | IT: Access Management Security IT: IT and Remote Working Asset Management | | IT: Cyber Security / Information Governance | |
| Mental Health and Wellbeing | 643 | | Staff Mental Health and Wellbeing | | | |
| Human Resources | 643 | Equality, Diversity and Inclusion Framework | Performance Management and Appraisals | | | |
| Stakeholder Engagement/Communications and Social Media | 880 | | | | | |
| Project Management / Policy Development Framework | 881 / 298 | Framework for Project Management - Project Approval, Delivery and Monitoring | | Project Management | | Strategic Transport Plan |
| Emergency Planning / Business Continuity | 310 / 647 | | | | | ✓ |
| Follow Up | N/A | ✓ | ✓ | ✓ | ✓ | ✓ |
| Management | N/A | ✓ | ✓ | ✓ | ✓ | ✓ |

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