



TRANSPORT FOR THE NORTH

Internal Audit Progress Report

6 December 2024

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KEY MESSAGES

The internal audit plan for 2024/25 was approved by the Audit and Governance Committee at the 8 March 2024 meeting. This report provides an update on progress against the plan and summarises the results of our work to date.



The following audit assignments for the internal audit plan for 2024/25 have been completed since the last Audit and Governance Committee meeting:

- Northern Powerhouse Rail (NPR) Co-Sponsorship Model Arrangements (2.24/25) review which resulted in a 'reasonable' assurance opinion. One 'medium' and four 'low' management actions were agreed with management;
- Northern Powerhouse Rail (NPR) Technical Assurance, Modelling and Economics (TAME) Delivery Model Framework (3.24/25) review which resulted in a 'substantial' assurance opinion. No management actions were raised; and
- TfN Offer (4.24/25) review which resulted in a 'reasonable' assurance opinion. Two 'medium' and two 'low' management actions were agreed with management.

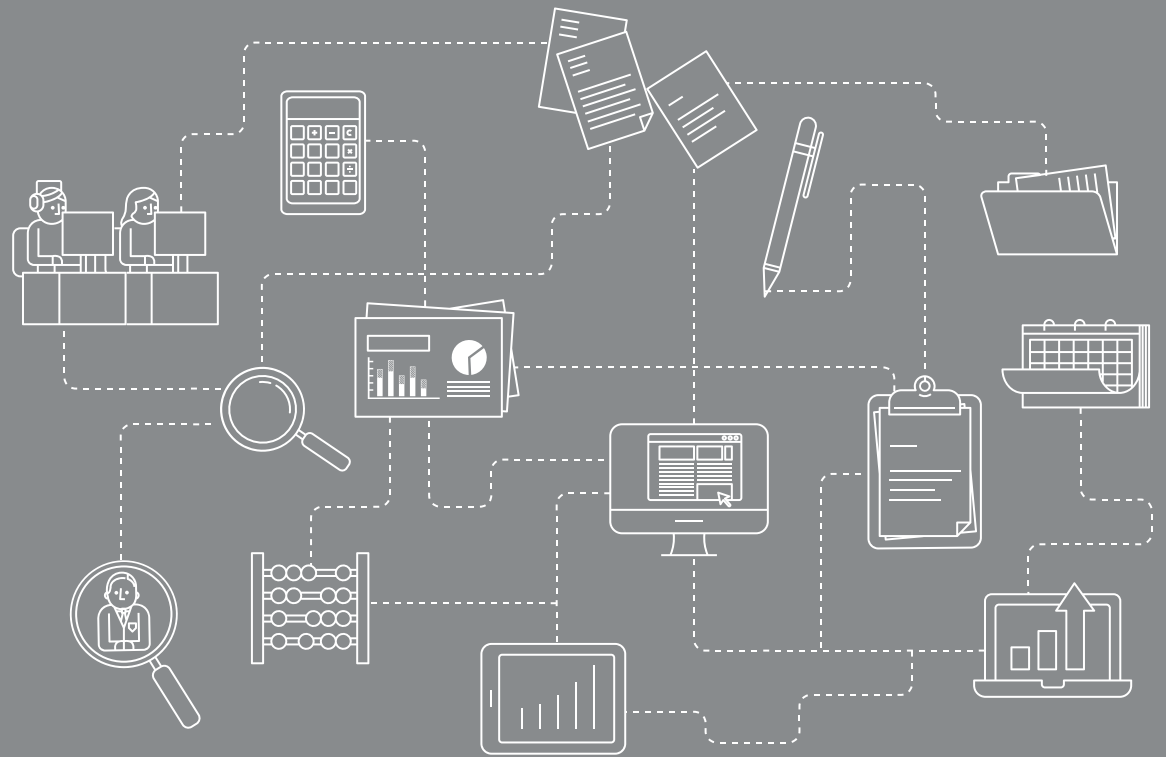
A summary of the outcome of these reviews is provided in Section 1. [\[To discuss and note\]](#)

Details of the progress made against the internal audit plan are included at Appendix A. [\[To note\]](#)

We have shared with management a number of briefings and invites. These are outlined in Appendix B below. [\[To note\]](#)

Final Reports

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1 FINAL REPORTS

1.1 Summary of final reports being presented to this Committee

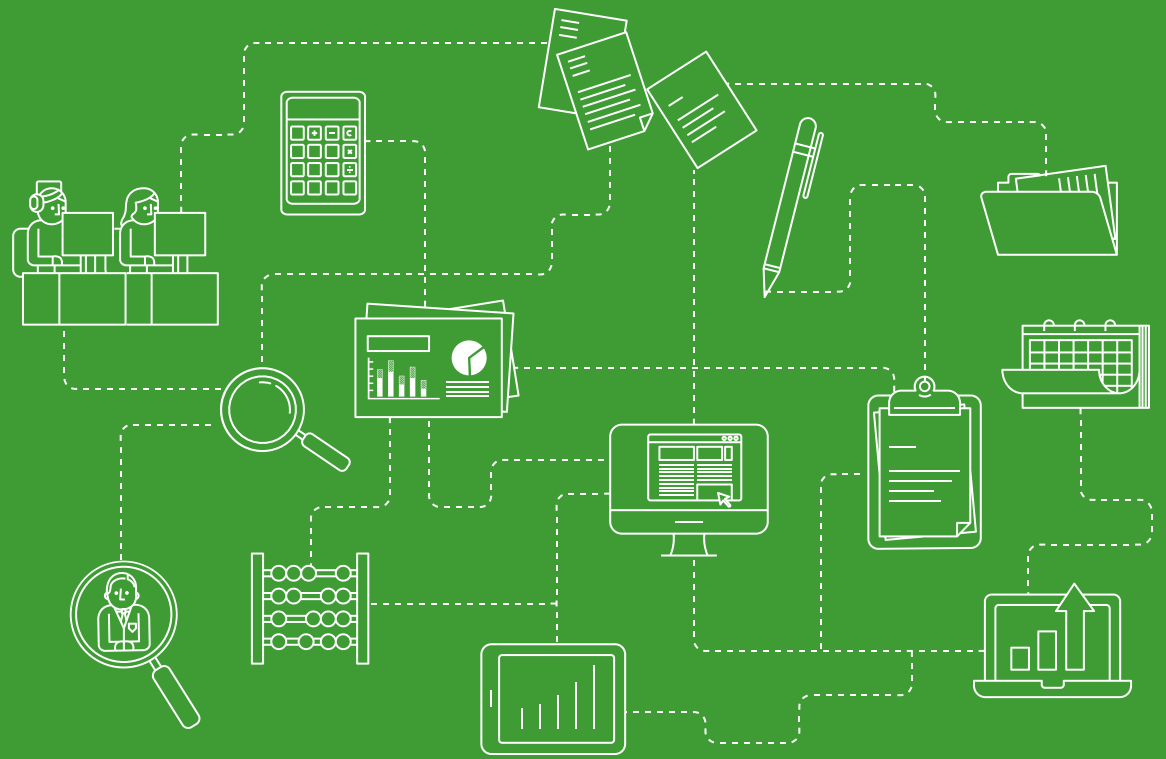
This section summarises the reports that have been finalised since the last meeting.

Assignment	Opinion issued	Actions agreed			
		A	L	M	H
<p>Northern Powerhouse Rail (NPR) Co-Sponsorship Model Arrangements (2.24/25)</p> <p>Through our review, we confirmed that Transport for the North (TfN) has a framework in place to support delivery of its Co-Sponsor role as outlined within the Memorandum of Understanding (MoU). This framework is led by the Northern Powerhouse Rail (NPR) Team at TfN which is headed by the Head of Strategic Rail and underpinned by an action tracker to enable the framework being monitored. Whilst we confirmed TfN has a framework internally to support in the delivery of their Co-Sponsor role, we identified that the action tracker could be further enhanced to support the NPR Team and provide greater visibility of the programme. We have therefore raised one 'low' priority action in relation to this.</p> <p>With respect to the overarching Co-Sponsorship arrangements, we identified that the MoU states that it is to be reviewed between the Department for Transport (DfT) and TfN every 12 months (next review in July 2024). In light of the July 2024 General Election, the next formal review had been delayed. We recognise that TfN management has already highlighted a range of areas within the current Co-Sponsorship framework which they believe could be more effective, which has affected TfN's ability to efficiently and economically fulfil their role as a Co-Sponsor, which concurs with our findings. However, a formal effectiveness review has not been completed by TfN in order to ensure clarity in the required improvements to the current MoU. We have therefore raised four (one 'medium' priority and three 'low' priority) actions to support TfN in conducting an internal review prior to the joint exercise with DfT.</p>	Reasonable Assurance	0	4	1	0
<p>Northern Powerhouse Rail (NPR) Technical Assurance, Modelling and Economics (TAME) Delivery Model Framework (3.24/25)</p> <p>Through our review we confirmed that the Technical Assurance, Modelling and Economics (TAME) Team has a delivery model in place to support the co-sponsorship of the Northern Powerhouse Rail (NPR) Programme. This delivery model is designed by the TAME Team, but it has been reviewed to ensure compliance with the Transport for the North's (TfN's) project management guidance. These policies define the roles and responsibilities.</p> <p>We reviewed the monitoring documents that are in place for the TAME Team. This includes</p>	Substantial Assurance	0	0	0	0

Assignment	Opinion issued	A	L	M	H
<p>milestone trackers, action logs, change management forms and forecasts. We confirmed that these documents are completed in line with the necessary timeframes and scenarios. Management also complete an annual financial forecast, with subsequent estimated expenditure commitments for the year, reviewed at the end of each quarter, alongside a request to drawdown funding for the quarter.</p>					
<p>TfN Offer (4.24/25) Embedded procedures and mechanisms for the provision and management of TfN Offer requests were identified throughout the course of this review. In doing so, we have identified that a Project Initiation Document (PID) was approved by the Strategy Director and Deputy Chief Executive which outlines project remit within the parameters of the Department for Transport (DfT) additional funding, and process flow maps have been implemented to guide the Offer process. In addition, TfN Offer updates and lessons learnt have been reported to Operational Business Team (OBT) and Executive Board on an ad hoc basis.</p>					
<p>However, we acknowledge that TfN is on a longer term transformational journey in relation to the management of TfN Offer requests. Specifically, through our sample testing on 10 Offer requests completed since September 2023, we have noted that the design of the control framework could be further enhanced in relation to the management of silver requests and increased central oversight on request delivery. Two 'medium' priority management actions have been raised in this area.</p>	Reasonable Assurance	0	2	2	0
<p>Through inspection of evidence and in discussions with management, we also recognise that work is ongoing in relation to formalising TfN reporting requirements. However, we noted that the performance information captured by the Strategy, Policy and Research Team and reported to Senior Management Team (SMT) and Executive Board could be strengthened as part of determining reporting requirements. A further two 'low' priority management actions have been raised in this area.</p>					

Appendices

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APPENDIX A: PROGRESS AGAINST THE INTERNAL AUDIT PLAN 2024/25

Assignment	Status / Opinion issued	Actions agreed			Target Audit and Governance Committee (as per IA plan 2024/25 / change controls)	Actual Audit and Governance Committee
		L	M	H		
Follow Up (1.24/25)	Good Progress	21 of 23 actions completed			July 2024	July 2024
Northern Powerhouse Rail (NPR) Co-Sponsorship Model Arrangements (2.24/25)	Reasonable Assurance	4	1	0	September 2024 (December 2024)*	December 2024
Northern Powerhouse Rail (NPR) Technical Assurance, Modelling and Economics (TAME) Delivery Model Framework (3.24/25)	Substantial Assurance	0	0	0	December 2024	December 2024
TfN Offer (4.24/25)	Reasonable Assurance	2	2	0	March 2025	December 2024
Project Management	Due to commence 20 January 2025	-	-	-	March 2025	-

* At the request of management, we have deferred the timing of the presentation of our Northern Powerhouse Rail (NPR) Co-Sponsorship review from September to December 2024, to allow management further time to respond to the management actions.

APPENDIX B: OTHER MATTERS

On-going liaison and changes to the internal audit plan 2024/25

The internal audit plan 2024/25 and three year strategy were approved at the March 2024 Audit and Governance Committee meeting. Ongoing liaison has taken place between RSM, the Finance Director and Risk Manager throughout the year to discuss progress against the internal audit plan. RSM met with the Finance Director and Risk Manager on 19 November 2024 to discuss initial areas for the 2025/26 plan.

Updates, briefings and invites

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

Briefings

- RSM's Latest Sustainability Insights (July 2024);
- Duty to Prevent Sexual Harassment at Work (October 2024); and
- Autumn Budget 2024 (November 2024).

Invites

- RSM's webinars in relation to the New Procurement Act 2023, held in July 2024;
- Financial Reporting Technical Update Webinar held on 15 October 2024;
- RSM's Cut to the Chase on VAT held on 16 October 2024;
- RSM's Cut to the Chase: Budget Special held on 30 October 2024;
- Autumn Budget 2024 webinar held on 30 October 2024;
- An Interview with a Fraudster held on 21 November 2024; and
- National Minimum Wage: compliance challenges and changes held on 27 November 2024.

Quality assurance and continual improvement

To ensure that RSM remains compliant with the Internal Audit Standards 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 are used to inform the training needs of our audit teams.

As part of the Quality Assessment and Improvement Programme, none of your files were selected for Internal Quality Monitoring programme to date for 2024/25. From the results of the reviews undertaken across our client base, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

In addition to this, any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments is also taken into consideration to continually improve the service we provide and inform any training requirements.

Post assignment surveys

We are committed to delivering an excellent client experience every time we work with you. Your feedback helps us to improve the quality of the service we deliver to you. Following the completion of each product, we include a link to a brief survey in each report we issue.

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APPENDIX C: KEY PERFORMANCE INDICATORS

	Delivery				Quality		
	Target	Actual	Notes		Target	Actual	Notes
Audits commenced in line with original timescales*	Yes	Yes		Conformance with IIA Standards	Yes	Yes	
Draft reports issued within 10days of debrief meeting	10 days	4 / 4 (100%)		Liaison with external audit to allow, where appropriate and required, the external auditor to place reliance on the work of internal audit	Yes	Yes	
Management responses received within 10 days of draft report	10 days	2 / 4 (50%)*		Response time for all general enquiries for assistance	2 working days	1 day	
Final report issued within 3 days of management response	3 days	4 / 4 (100%)		Response for emergencies and potential fraud	1 working day	N/A	

Notes

This takes into account changes agreed by management and Audit and Governance Committee during the year. Through employing an agile or a flexible approach to our service delivery we are able to respond to your assurance needs.

*Management requested additional time to review responses with a number of stakeholders involved in both the Northern Powerhouse Rail (NPR) Co-Sponsorship Model Arrangements (2.24/25) and TfN Offer (4.24/25) reviews. As such, we believe this to be reasonable.

FOR FURTHER 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.

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.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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