

TRANSPORT FOR THE NORTH

Internal Audit Progress Report

18 November 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.

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 Risk Maturity (3.22/23) review. This was an advisory report and hence a formal assurance opinion was not given, but four management actions were agreed with management (consisting of three 'low' priority management actions and one 'medium' priority management action). More detail is provided in section two below. [\[To discuss and note\]](#)



One change has been made to the internal audit plan 2022/23 since the last Audit and Governance Committee meeting. This change relates to the postponement of the General Data Protection Regulation (GDPR) review from September 2022 to November 2022. Following the last meeting of the Audit and Governance Committee, consideration was given to replacing the Health and Safety Framework review with a review around Project Management Arrangements. Further discussions are taking place with management to scope this further. Further details are included within Appendix A 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 |
| Risk Maturity Review (3.22/23) | Advisory | 3 | 1 | 0 |
| <p>No formal assurance opinion has been provided in this report due to the advisory nature of the review. However, this review includes an assessment of where TfN sits on the spectrum of RSM's risk maturity matrix (see below). Through our work we were able to confirm that the TfN has established processes in place for the identification and assessment of both current and inherent risk, and for the reporting of this risk information to the Operating Board, Audit and Governance Committee and TfN Board members. This includes improvements to the way in which risk-related information is recorded and reported.</p> <p>However, whilst clearly established risk management processes are in place, we have included four management actions in this report which are designed to support the ongoing developments in this area. These actions include developing a Board Assurance Framework, utilising the Predict Risk Management System to its full potential and performing deep dives into risk areas that sit outside of the agreed risk appetite. These should further enhance and develop TfN's risk management framework, and work towards the 'enabling' risk maturity level (as outlined on the risk maturity matrix).</p> | | | | |

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 | 1 | 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 | 1 | 0 | 0 |
| Risk Management | 0 | 0 | 0 | 0 |
| Governance weaknesses | 0 | 2 | 0 | 0 |
| Information technology | 0 | 0 | 0 | 0 |
| Management actions from previous audit reports | 0 | 0 | 1 | 1 |
| Total | 0 | 3 | 2 | 1 |

No arising themes have been detected through our work conducted at this time. 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) | Resonable 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) * | Due to commence 28 November 2022 | n/a | | | February 2023 | n/a |
| 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. We have agreed with Management that this review will be conducted in November 2022.

** Following the last meeting of the Audit and Governance Committee, consideration was given to replacing the Health and Safety Framework review with a review around Project Management Arrangements. Further discussions are taking place with management in regards to the scope.



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.

In addition our Risk Advisory Team are liaising with the Risk Manager to provide support and advice in regards to developing an Assurance Framework.

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.



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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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