

TRANSPORT FOR THE NORTH

Internal Audit Progress Report

8 March 2024

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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.

We have issued two internal audit assignment final reports since the last Audit and Governance Committee meeting. These relate to following:



- IT Access Management Security (3.23/24) review which resulted in a 'reasonable' assurance opinion. Four 'medium' and four 'low' management actions were agreed with management; and
- Staff Mental Health and Wellbeing (4.23/24) review which resulted in a 'substantial' assurance opinion. One 'low' management action was agreed with management.

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



We are also presenting our annual plan of proposed audit areas for 2024/25 as a separate item. [\[To discuss and note\]](#)



We have shared with management several briefings and invites. These are outlined in Appendix B 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
IT Access Management Security (3.23/24) <p>We identified that TfN has key controls in place to manage staff and third party access to TfN data and systems. However, some control weaknesses exist and require prompt management attention, particularly concerning the evaluation of third parties prior to granting them access to organisational data and the lack of ongoing verification to verify the suitability of staff and third party access. We also identified an issue with the management of privileged accounts, which was rectified during the audit. This was given immediate focus and attention by management to address this during our fieldwork, recognising this as a potential risk to the organisation and therefore this has been considered when determining our overall opinion. Action is also required to improve control over access provision and revocation, particularly with regard to contractors. Moreover, there is a lack of formalised and documented policies and procedures on access management for staff and third parties, despite a process existing in practice.</p>	Reasonable Assurance	4	4	0
Staff Mental Health and Wellbeing (4.23/24) <p>Our review has concluded that TfN has in place a comprehensive framework for the support of members of staff in respect of 'staff mental health and wellbeing'. Staff are effectively supported through the Human Resources and Skills team, qualified mental health first aiders, and referrals to outside agencies are made where required. TfN has recently launched a staff engagement survey, which includes references to mental health and wellbeing, with a view to further enhancing the processes, following on from the feedback from members of staff.</p> <p>We have however, identified by review of the line manager training spreadsheet, that several staff undertook training during the 2018-19 period. We have, therefore raised a 'low' priority management action in respect of this finding to ensure refresh training is undertaken and takes into account any changes including hybrid working, albeit, we do note that on-going support, guidance and coaching is provided to all line managers in terms of the management of staff wellbeing and absence management as a result of TfN's business partnering support service provided by TfN's Human Resources and Skills team.</p>	Substantial Assurance	1	0	0

Assignment

Opinion issued

Actions agreed

L M H

As part of our review, we have also undertaken a benchmarking exercise to identify any good practice displayed across similar organisations within our client base, which TfN management may wish to consider.

2.2 Themes arising from control observations in 2023/24 reports

	2022/23	Advisory	Low	Medium	High
Planning	0	0	0	0	0
Policies and / or procedures	3	0	1	0	0
Non-compliance with policies / procedures	1	0	1	1	0
Design of the control framework	10	0	0	0	0
Training / awareness for staff	0	0	1	0	0
Management or performance information	2	0	0	0	0
Lack of segregation of duties	0	0	0	0	0
Poor record keeping	1	0	0	0	0
Risk Management	0	0	0	0	0
Governance weaknesses	3	0	0	0	0
Information technology	0	0	4	4	0
Management actions from previous audit reports	2	0	1	0	0
Total	22	0	8	5	0

The highest number of actions is in the area of 'Information Technology' and these relate specifically to our IT Access Management Security (3.23/24) review. Themes will continue to be analysed throughout 2023/24 following the completion of each audit assignment.

Appendix A – 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
IT Access Management Security (3.23/24)	Reasonable Assurance	4	4	0	November 2023 (revised March 2024)	March 2024
Staff Mental Health and Wellbeing (4.23/24)	Substantial Assurance	1	0	0	November 2023 (revised March 2024)	March 2024
Performance Management and Appraisals	Fieldwork complete	-	-	-	March 2024 (revised July 2024)	-
Value for Money*	Fieldwork ongoing	-	-	-	July 2024	-

*Dates for our Value for Money review were amended as TfN has a new Head of Procurement in post.



Appendix B – Other matters

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

The internal audit plan 2023/24 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.

RSM's Alex Hire and Ciaran Barker also met with TfN's Finance Director and Risk Manager on 12 January 2024 to discussing the Internal Audit Plan for 2024/25. Our Internal Audit Plan for 2024/25 is included under a separate agenda item.

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:

- Finance Awards North West (January 2024);
- Emerging Risk Radar (January 2024);
- Global Internal Audit Standards (February 2024);
- Taking Action to Manage Risks and Drive Improvement (February 2024); and
- Invitation to Spring Budget 2024 Webinar (6 March 2024).



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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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