



TRANSPORT FOR THE NORTH

Internal Audit Progress Report

Audit and Governance Committee meeting of:

19 December 2018

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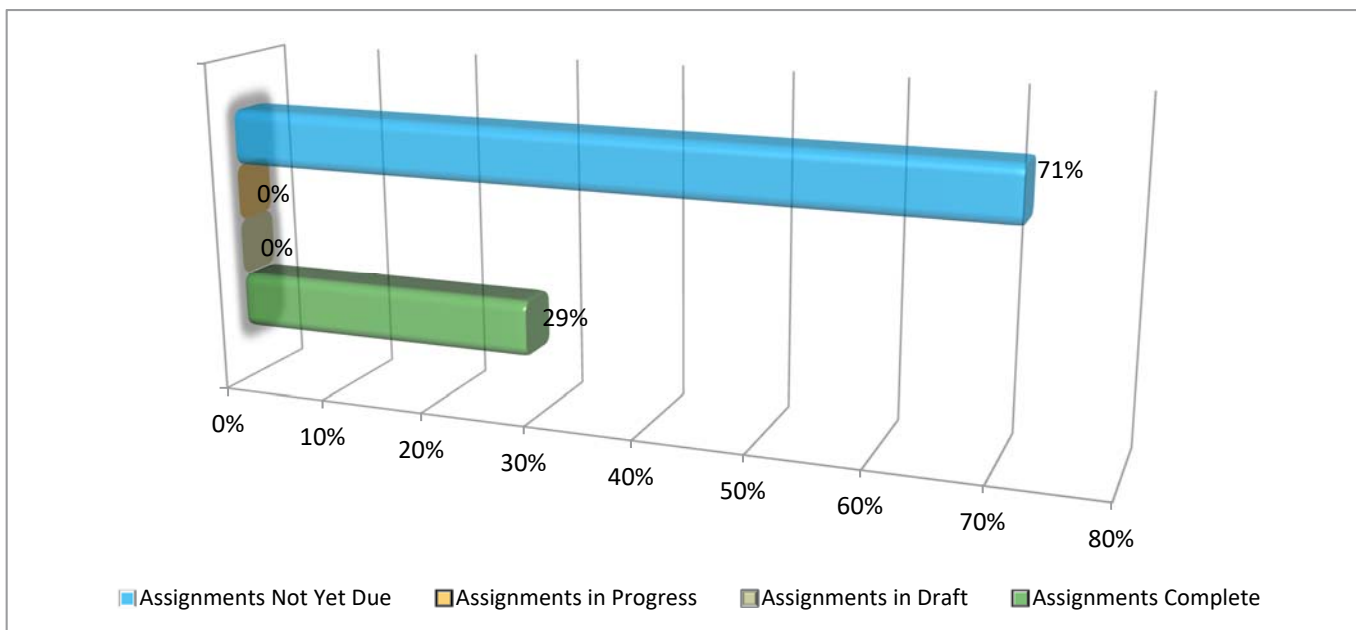


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1 INTRODUCTION

Following on from the Internal Audit Plan for 2018/19 being presented to the 19 September 2018 Audit and Governance Committee meeting, we have commenced the delivery of the plan. Below provides an update on progress against the plan and summarises the results of our work to date.



2 REPORTS CONSIDERED AT THIS AUDIT AND GOVERNANCE COMMITTEE

The table below provides a summary update on progress against the approved Internal Audit Plan and summarises the results of our work completed since the last Audit and Governance Committee, as well as details of work not yet due.

Assignments	Status	Opinion issued	Actions agreed		
			L	M	H
Risk management framework (1.18/19)	Final		4	1	0
Payment authorisation processes, expenses and use of procurement cards (2.18/19)	Final		2	0	0

2.1 Impact of findings to date



In total, one 'medium' and six 'low' priority management actions have been agreed as part of our first two internal audit reviews in 2018/19.

Risk Management

Through the work performed, we were able to confirm that TfN has an appropriately designed risk management control framework, which is operating adequately. To further enhance the control design and operating effectiveness, we have agreed one 'medium' management action and four 'low' management actions. The management actions are in relation to explicitly outlining the TfN strategic objective link to each risk within the Corporate Risk Register, including recent updates against risks in risk registers, and improving the applicability and accuracy of 'Mitigation Strategies' stated alongside risks. Furthermore, the remaining management actions are in relation to reviewing the assurance framework design included within the TfN risk registers, the inclusion of 'target risks' in the Corporate Risk Register and compliance with Qualitative Risk Reporting stipulated in the Risk Management Strategy.

Payment authorisation processes, expenses and use of procurement cards

Overall our review has identified that the systems and controls in place were adequate for TfN to place reliance on the processes for the authorisation of supplier payments, expenses and procurement card payments. The controls in place for setting up suppliers and issuing procurement cards was found to be adequate. We have noted two areas in relation to supplier set up and procurement cards which has led to two 'low' priority management actions being agreed.

3 LOOKING AHEAD

Assignment area	Fieldwork Start Date	Status
Procurement Framework	w/c 17 December 2018	Planning
Assurance		
IT Audit – Cyber Security Controls	w/c 21 January 2019	Planning
Assurance		
Payroll	w/c 11 March 2019	Planning
Assurance		
HR Policy Suite	This advisory review would be undertaken by the RSM HR Consulting Team. Human resource policy documentation needs to reflect the existing practices, preferences, and needs of the particular workplace. This review will focus on the extent of TfN’s human resources policy suite and whether there are any gaps in the type of policies currently in place.	TfN to confirm best timing
Advisory		
Business Planning	RSM specialists would provide advice and support by being a ‘critical friend’ to the organisation at selected points whilst going through the business planning review cycle.	TfN to confirm best timing
Advisory		

4 OTHER MATTERS

4.1 On-going liaison

There has been ongoing liaison with management during our last on-site visit and in the finalisation of our audit assignments, as well as planning of forthcoming audits.

In addition, Michael Harding and TfN's External Auditors (Mazars) had a liaison meeting on 5 November 2018.

4.2 Briefings

We have issued the following briefings since the last Audit and Governance Committee:

- Capital Allowances: Challenging common myths and unlocking opportunities – October 2018.
- Employment Update – October 2018 (appended).

Capital Allowances: Challenging common myths and unlocking opportunities

For many years the government has used capital allowances to encourage businesses to invest in plant and machinery, recognising the important role this plays in innovation and improving the UK's economic output. The availability of capital allowance tax relief can significantly reduce the cost of the investment by reducing the owner's tax liability. The scope of the relief covers a wide range of assets, including certain fixtures within commercial properties. These fixtures can represent anywhere between 5 per cent and 45 per cent of the cost of a property. There can be significant benefits and cash tax savings made from understanding what capital allowances are available to your business. Despite this, many commercial property owners and occupiers miss out on tax savings because of a combination of poor advice and a lack of understanding about what can be claimed for. Making a claim can be much easier than you think, and our team can help you overcome any obstacles that may stop you making a claim.

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.

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

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