

# Transport for the North Audit and Governance Committee – Item 8

**Subject:** Internal Audit

**Author:** Iain Craven

**Sponsor:** Iain Craven, Finance Director

**Meeting Date:** Wednesday 19 September 2018

## **1. Executive Summary:**

- 1.1 The report advises members of the progress in establishing Internal Audit arrangements within Transport for the North (Transport for the North), including the appointment of RSM Risk Assurance Services UK LLP (RSM) to deliver the Internal Audit function and presenting a Draft Internal Audit Work Programme for members' consideration.
- 1.2 The Committee is invited to consider the internal audit workplan (Appendix 1) and subject to any points raised being addressed, recommend that it is adopted by Transport for the North.
- 1.3 That the Committee recommends the approval, subject to any points raised being addressed, of the Internal Audit Charter set out in Appendix C of the Draft Internal Audit Work Programme.

## **2. Recommendation:**

- 2.1 That members note the appointment of RSM to deliver the Transport for the North Internal Audit function.
- 2.2 That the Committee confirms that, subject to any points raised being addressed, the submitted draft Internal Audit Work Programme be adopted by Transport for the North.
- 2.3 That the Committee recommends the approval, subject to any points raised being addressed, of the Internal Audit Charter set out in Appendix C of the Draft Internal Audit Work Programme.

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**3. Issues:**

- 3.1 Transport for the North is statutorily and constitutionally required to have an internal audit function. The roles and responsibilities of the Audit and Governance Committee in relation to internal audit are set out in the Constitution. These are set out in detail in the appendix to the report accompanying the agenda item regarding the Committee's Terms of Reference.
- 3.2 Transport for the North has undertaken a competitive tendering process to procure a provider of internal audit services. Four credible organisations bid for the work and two were invited to interview. At the end of the process Transport for the North has appointed RSM Risk Assurance Services UK as its chosen provider.
- 3.3 RSM has subsequently undertaken a number of interviews with Transport for the North Senior Managers and has been provided with a suite of documents by Transport for the North. RSM used these to propose to and agree with Transport for the North, a draft audit workplan to be undertaken over the short to medium term. It has also set out the areas that it would seek to cover over the longer term.
- 3.4 Appendix C of the Draft Work Programme includes a draft Internal Audit Charter.
- 3.5 The Committee is invited to consider the proposed Draft Internal Audit Strategy and subject to any points raised being addressed, that it is adopted by Transport for the North.
- 3.6 Once adopted the work programme will form the basis of a reporting cycle to the Committee where findings will be shared and discussed.

**4. Appendices:**

- 4.1 Appendix 1 – Draft Internal Audit Strategy.

## List of Background Documents

None

## Required Considerations

Please confirm using the yes/no options whether or not the following considerations are of relevance to this report.

### Equalities:

Age		No
Disability		No
Gender Reassignment		No
Pregnancy and Maternity		No
Race		No
Religion or Belief		No
Sex		No
Sexual Orientation		No

Consideration	Comment	Responsible Officer	Director
Equalities	A full Impact assessment has not been carried out because this report considers procedural issues only.	Iain Craven	Iain Craven

### Environment and Sustainability

	No
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Consideration	Comment	Responsible Officer	Director
Sustainability / Environment	A full impact assessment has not been carried out because this report considers procedural issues only.	Iain Craven	Iain Craven

### Legal

Yes	
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<b>Consideration</b>	<b>Comment</b>	<b>Responsible Officer</b>	<b>Director</b>
Legal	Legal implications have been considered and are included in the report.	Sasha Wayne	Dawn Madin

### Finance

	No
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<b>Consideration</b>	<b>Comment</b>	<b>Responsible Officer</b>	<b>Director</b>
Finance	Transport for the North Finance Team has confirmed there are no financial implications.	Iain Craven	Iain Craven

### Resource

	No
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<b>Consideration</b>	<b>Comment</b>	<b>Responsible Officer</b>	<b>Director</b>
Resource	Transport for the North HR Team has confirmed there are no resource implications.	Iain Craven	Iain Craven

### Risk

Yes	
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<b>Consideration</b>	<b>Comment</b>	<b>Responsible Officer</b>	<b>Director</b>
Risk	A risk assessment has been carried out and the key risks are included in the report.	Iain Craven	Iain Craven

### Consultation

	No
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<b>Consideration</b>	<b>Comment</b>	<b>Responsible Officer</b>	<b>Director</b>
Consultation	A consultation has not been carried out because this report considers procedural issues only.	Iain Craven	Iain Craven