

TRANSPORT FOR THE NORTH

Internal Audit Progress Report

12 June 2020

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1 Key messages

The internal audit plan for 2020/21 was approved by the Audit and Governance Committee at the February 2020 meeting. As the developments around Covid-19 will continue to impact on all areas of the organisations risk profile, we will work closely with management to deliver an internal audit programme which remains flexible and ‘agile’ to ensure it meets your needs in the current circumstances.

This report provides an update on progress against that plan and summarises the results of our work to date.



The one remaining audit from the 2019/20 internal audit plan has been completed since the last Audit and Governance Committee meeting. This relates to the Follow Up (7.19/20) review which resulted in a ‘good’ progress opinion. In addition, one audit assignment from the internal audit plan 2020/21 has been complete. This relates to the Risk Management – Risk Register Deep Dive (1.20/21) review which resulted in a ‘substantial’ audit opinion, with one ‘low’ priority management action being agreed. A summary of the key findings is provided in section 2. [\[To discuss and note\]](#)



Fieldwork dates have been agreed with management for the remaining assignment reviews included in the 2020/21 internal audit plan. [\[To note\]](#)



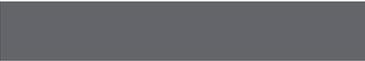
One change has been made to the internal audit plan for 2020/21 since the plan was approved by the Audit and Governance Committee. This relates to the Flexi-time review scheduled for May 2020 which has been deferred until September 2020 due to the review being considered unsuitable for completion remotely. Further details of changes made to the internal audit plan are provided in Appendix B. [\[To note\]](#)

2 Reports

2.1 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		
		L	M	H
<p>Follow Up (7.19/20)</p> <p>Taking account of the issues identified in the remainder of our report and in line with our definitions, in our opinion Transport for the North has demonstrated good progress in implementing agreed management actions.</p> <p>Through testing and discussions with key members of staff we confirmed that 73% of the actions had been implemented, with 9% implementation ongoing, 5% not yet due for implementation and 13% superseded.</p> <p>We have increased the original priority from low to medium in regard to the cyber training management action, taking into consideration the increased risk of phishing linked to the Covid-19 outbreak for example.</p>	Good Progress	1	1	0
<p>Risk Management - Risk Register Deep Dive (1.20/21)</p> <p>Through the work performed, we confirmed that TfN has an established framework in place in relation to risk management building upon our 2019/20 assessment of the process and framework in place. The framework is driven by the recently updated Risk Management Strategy with oversight provided through an established governance framework at programme, Directorate and Board level. The enhancements made to the risk management framework noted during this review compliment the improvements made to strengthen the content of the risk registers and risk management framework during 2018/19 and 2019/20.</p> <p>Through our sample testing we confirmed that the control framework is mainly operating as intended and the information recorded in TfN's Risk Registers is consistent with the activities operating in practice based on our sample testing. We noted a small number of exceptions with regards to the level</p>	Substantial Assurance 	1	0	0



Assignment	Opinion issued	Actions agreed		
		L	M	H

of commentary supporting the progress made against each risk in two Directorate Risk Registers: Governance and Strategy and Policy. We have agreed one 'low' management action with management and highlighted areas where action could be taken to further strengthen risk management processes.

We acknowledge that the current situation in respect of the COVID-19 may have an immediate impact on any amendments made to the risk management framework and timely completion of actions raised within this report. It is also noted that following the fieldwork stage of our review, we were advised by the Portfolio Risk Manager that TfN has undertaken a review to assess the effect that COVID-19 may have on programmes and highlight the associated risks and a copy of .the assessment was provided as draft report stage. This is expected to be reported to the next Board meeting and risk registers will be updated accordingly.

Appendix A – Progress against the internal audit plan 2020/21

Assignment and Executive Lead	Status / Opinion issued	Actions agreed			Target Audit and Governance Committee (as per IA plan 2019/20 / <i>change control</i>)	Actual Audit and Governance Committee
		L	M	H		
Risk Management - Risk Register Deep Dive (1.20/21) (Executive Director of Finance and Operations)		1	0	0	June 2020	June 2020
Contract Management (Executive Director of Finance and Operations)	Due to commence 6 July 2020	-	-	-	September 2020	-
New Payment Process (Executive Director of Finance and Operations)	Due to commence 6 July 2020	-	-	-	September 2020	-
IT Audit – Cyber Security (Executive Director of Finance and Operations)	Due to commence 1 September 2020	-	-	-	December 2020	-
Human Resources – Recruitment and Selection (Executive Director of Finance and Operations)	Due to commence 7 September 2020	-	-	-	December 2020	-
Flexi-time	Due to commence 21 September 2020 (<i>originally planned for May</i>)	-	-	-	September 2020 / <i>December 2020</i>	-



Assignment and Executive Lead	Status / Opinion issued	Actions agreed			Target Audit and Governance Committee (as per IA plan 2019/20 / change control)	Actual Audit and Governance Committee
		L	M	H		
(Executive Director of Finance and Operations)	2020). Please refer to Appendix B below.					
Risk and Governance - Assurance Framework (Executive Director of Finance and Operations)	Due to commence 11 January 2021		-		March 2021	-
Follow up (Executive Director of Finance and Operations)	Due to commence 11 January 2021		-		March 2021	-

Appendix B – Other matters

Changes to the audit plan

There has been one change to the audit plan:

Note	Auditable area	Reason for change
1	Flexi-time	This audit was moved from May 2020 to September 2020 at the request of the HR Manager due to the audit not being suitable for the remote working arrangement in place due to the Covid-19 pandemic.

On-going liaison and other matters

RSM's Andrew Mawdsley held a call with Iain Craven on 12 May to discuss the schedule for the internal audit plan 2020/21.

Updates, briefings and invites

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

- Employment Matters (March 2020 and May 2020) – this is summarised below and we have incorporated a link to the full newsletter for further reading;
- IR35 / Off Payroll new updated – March 2020 (issued separately);
- Coronavirus – practical steps guidance – March 2020 (issued separately);
- Covid-19 Fraud alert leaflet – April 2020 (issued separately);
- Zero rate of VAT for charity sector digital publications – May 2020 (issued separately); and
- We invited management at TfN to our 'Coronavirus: Government financial support for employers' webinar held on 1 April 2020;
- We invited management at TfN to our 'Understanding your funding and restructuring options during Coronavirus' webinar held on 8 April 2020;
- We invited management at TfN to our 'Using tax reliefs to support your cashflow during COVID-19' webinar held on 22 April 2020;
- We invited management at TfN to our 'Planning workforce options following the Coronavirus Job Retention Scheme' webinar held on 6 May 2020; and
- We invited management at TfN to our 'Key considerations for reactivating and reimagining your business' webinar held on 20 May 2020.



Employment Matters – March 2020 <https://www.rsmuk.com/ideas-and-insights/employment-matters>

P11D and benefit in kind reporting

P11Ds are forms which employers must submit to HMRC each tax year to report the value of reportable benefits they have provided to employees and directors, where the benefits are not covered by a formal payroll arrangement with HMRC, or are not dealt with under a PAYE Settlement Agreement ('PSA'). The deadline for submitting P11Ds is 6 July following the tax year and a copy of each employee's form P11D, or the information it contains, must be given to the employee by the same date.

Comparing maternity pay rights to shared parental pay

Over the past few years, tribunals at different levels have given a variety of answers to this, causing businesses concern that they may be accruing ongoing liabilities. We now have clarity on this from the Supreme Court which has recently blocked an appeal from a decision of the Court of Appeal.

One of the cases concerned a male employee and a female employee working for the same employer. The man was entitled first to two weeks' paternity leave at full pay and then to up to 26 weeks additional paternity leave for which he would receive the shared parental pay flat rate. However, his female colleague, who had retained her entitlement to maternity pay (rather than moving to shared parental leave at the shared parental pay statutory rate), enjoyed 14 weeks full maternity pay followed by 25 weeks statutory maternity pay. The man brought a sex discrimination claim in relation to this differential of pay.

Time to talk – how can we manage employee wellbeing?

There is an active interest in employee wellbeing and a growing understanding that looking after your mental health is just as important as your physical health. Without the ability to see it, talking about it can be essential. In the wake of the Time to Talk Day, which took place to raise awareness and encourage people to talk about mental health, and the tragedy of Caroline Flack, the movement to be kind and more mindful continues to grow.

Tips and tricks for tackling payroll year end

As the daffodils, blossom and lighter mornings indicate that spring is on its way, those in the payroll world are also reminded that the end of the financial year looms. Follow RSM's payroll year-end (PYE) guide, provided by our payroll experts to ensure that you'll breeze through to summer.

Listen to our webinars

<https://www.rsmuk.com/ideas-and-insights/employment-matters-webinars>



Employment Matters – May 2020 - <https://www.rsmuk.com/ideas-and-insights/employment-matters>

Job retention scheme supports business and employees

Our guide provides an update for employers, as HMRC continue to revise the Coronavirus Job Retention Scheme (CJRS) by regularly reissuing the guidance with added content. Employers who have furloughed staff or who intend to do so should review scheme updates and adjust their arrangements to ensure they meet current claim criteria.

Expenses and benefits when employees are working from home

When an employee works from home, their employer might choose to pay their homeworking expenses, or provide them with benefits which will enable them to work from home more effectively. As such, the tax and National Insurance Contributions ('NIC') treatment needs to be carefully considered.

New working world post-coronavirus: Coming through the crisis

In volatile and uncertain times, it's not only important to have a well designed organisation in order to respond flexibly and quickly but it's also crucial to consider business continuity moving forward into and out of the pandemic. With theories on what the 'new normal' will be, it's an opportunity for companies to reflect and prepare on areas such as (but not limited to) remote working, wellbeing and workforce planning.

Webinar: How to make a claim under the coronavirus job retention scheme

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. Currently, following the completion of each product we deliver we attached a brief survey for the client lead to complete.

We would like to give you the opportunity to consider how frequently you receive these feedback requests; and whether the current format works. Options available are:

- After each review (current option).
- Monthly / quarterly / annual feedback request.
- Executive lead only, or executive lead and key team members.



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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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