

For Discussion

Agenda Item: 4
Date of Meeting: 29/08/24

To: The Audit & Risk Sub-Committee
From: The Director
Subject: Internal Audits: Recommendations – Progress Report

1. Introduction and Purpose

- 1.1 The sub-committee received a progress report at its January 2024 meeting on any recommendations that remained outstanding or were partially implemented from the audits carried out in 2023, with a verbal update provided at the April 2024 meeting.
- 1.2 At the April 2024 meeting, the Auditor provided a Follow-Up Audit Report which showed one low recommendation as not implemented from the Electrical Safety Audit and one low recommendation as partially implemented from the IT Systems Audit.
- 1.3 Also at the April 2024 meeting, the Auditor presented the reports from the audits carried out in March 2024 – Governance and Tenant Safety.
- 1.4 The purpose of this report is to provide a progress report with the remaining recommendations from last year's audits and the recommendations from the audits conducted in March 2024.

2. Progress Report

Audits 2023

- 2.1 Electrical Safety
 - 2.1.1 This audit was given a “strong” assurance rating which is the highest rating that can be achieved.
 - 2.1.2 There is one low recommendation which remains outstanding. This is a timing issue and will be addressed when we next go out to tender for the electrical safety contract.

Findings from Follow-Up Audit and Updated Recommendation	Our Response/Action	Progress Status
The Co-operative has yet to develop formal KPIs for the	KPIs will be included in tender documentation	Will be completed

<p>completion of electrical safety inspections where they are planning on completing a formal tendering exercise for the completion of EICRs. Once a contractor has been selected, the Co-operative are planning on developing KPIs to ensure that EICRs are completed in line with the Co-operative expectations and legal requirements.</p>	<p>KPI's will be implemented when the tendering exercise takes place during 24/25</p>	<p>before end of financial year.</p> <p>Implementation will begin in next financial year.</p>
---	---	---

2.2 IT Systems

2.2.1 This audit was given a “strong” assurance rating which is the highest rating that can be achieved.

2.2.2 There was one low recommendation that had only been partially implemented.

Findings from Follow-Up Audit and Updated Recommendation	Our Response/Action	Progress Status
<p>The Co-operative plan to use their SharePoint for sharing and receiving data with/from external organisations. The Technical Services Manager is currently testing the use of this with some of the Co-operative's contractors. Once the Co-operative is ready to go live with this, the ICT-Acceptable Use Policy will be updated and the IT Provider will proceed with disabling USB ports and prevent use of sites such as dropbox. This should be implemented by May 2024 .</p> <p>Updated Recommendation:</p> <p>We recommend that once the Co-operative goes live with SharePoint for sharing and receiving data with/from external organisations the Acceptable Use Policy should be updated in line with the implementation of SharePoint. Further, we recommend that the IT Provider to proceeds with disabling all the USB ports the Co-operative use and prevent use of sites such as dropbox.</p>	<p>Aiming to have arrangements for sharing/receiving data finalised by end of May which will see the use of Sharepoint go live and the use of usb ports being disabled and prevention of unmanaged data sharing websites such as drop box. The updated ICT: Acceptable Use Policy will be finalised and presented for Committee approval at its June meeting.</p>	<p>Completed</p> <p>Security measures implemented in May 2024 - went live with SharePoint in May. All staff laptops had usb ports disabled and use of unmanaged data sharing websites such as dropbox, blocked.</p> <p>The review of the ICT Acceptable Use Policy was completed in June, which was updated to reflect the enhanced security measures taken for sharing and receiving data. June Mgt Committee</p>

		meeting postponed to 03/07/24 when revised Policy was presented and approved by Committee.
--	--	--

Audits 2024

2.3 Governance

2.3.1 This audit was given a “strong” assurance rating which is the highest rating that can be achieved.

2.3.2 There were no recommendations from this audit.

2.4 Tenant Safety

2.4.1 This audit was given a “substantial” assurance rating which is the second highest rating that can be achieved.

2.4.2 There were 3 recommendations – 2 rated medium and 1 rated low.

Recommendation	Our Response/Action	Progress
<p>Medium - We recommend that the Co-operative create a formalised Damp and Mould Policy alongside any required related procedures. We have listed below areas of good practice to include within a Damp and Mould Policy:</p> <ul style="list-style-type: none"> Causes of damp, mould, and condensation; Roles and responsibilities; How to report damp and Mould; Prioritisation of damp, mould, and condensation; Addressing damp and mould reports within Co-operative properties; Post inspection and follow up process; Training; Condensation; Complaints; 	<p>Policy currently being developed for Committee approval in April 24 with a likely tenant consultation period before formal Committee approval and implementation by July/ August 24.</p> <p>Implementation Date: July/August 2024</p>	<p>On track</p> <p>Draft Policy presented at April 2024 Committee meeting for provisional approval.</p> <p>Tenant consultation completed in August.</p> <p>Report and Policy will be presented at September Committee meeting for final approval. This is the next scheduled Policy Agenda meeting.</p>

Performance monitoring and responsibilities; and Legislation, regulation, and guidance.		
Medium - We recommend that the Co-operative monitors all properties on the Damp and Mould Register where damp and mould repairs have been completed and completes a follow-up 3-6 months after the original issues were repaired.	As part of the policy follow up visits will be included where a need has been identified. Some visits potentially result in no need to follow up and will be identified as such. Implementation Date: July/August 2024	Completed Following up visits being scheduled as part of the working procedures relating to damp and mould
Low - We recommend that all repairs work regarding damp and mould are completed within the target 7 days. Where this is not achieved, the reasoning as to why should be understood and lessons learned should feed into continuous improvement.	We currently manage damp and mould cases as reactive repairs with a 7 day target. These are monitored by our normal response times processes but in some cases due to weather and the complex nature of the works (sometimes requiring visits by specialist consultants) these will complete outside these times. In the case of complex repairs these will be recategorised as per our repairs procedures. Implementation Date: Immediate	Completed Repairs are now being correctly categorised

3. Risk

- 3.1 We have considered risk in relation to Internal Audit and have identified the main risks under the following risk categories and the measures we have taken to mitigate such risks.

Risk Category	Mitigating Measure
<p>Governance:</p> <ul style="list-style-type: none"> • Failure to carry out Internal Audit; • Failure to implement recommendations from Internal Auditor 	<ul style="list-style-type: none"> • Internal Audit Services are tendered every 3-4 years; • 3 year Programme approved by A&R Sub-Committee, from

	<p>which annual programme is approved by A&R Sub-Committee;</p> <ul style="list-style-type: none"> • 2 audits plus follow up audit carried out each year; • Audit Reports presented by Internal Auditor at next available meeting; • Progress reports with implementation of audit recommendations presented at quarterly sub-committee meetings.
<p>Legislative and Regulatory:</p> <p>As above and, Failing to meet Regulatory Requirements (Standard 4)</p>	As above

4. Delivery of our Strategic Objectives

Area	Related Strategic Objective(s)
Carrying out Internal Audits and ensuring recommendations are implemented	7) Achieve the highest standards in all that we do

5. Application of our Core Values

Area	Related Core Value(s)
Carrying out Internal Audits and ensuring recommendations are implemented	Accountable and Compliant; Efficient and Responsible; Excellent and Committed

6. Compliance and Assurance

- 6.1 Having a system for internal audit which acts as a health check as to the effectiveness of our systems, policies and procedures contributes to good governance within Rosehill. Having Internal Audit means we are compliant with Regulatory Requirements as follows:

Compliance Source	Details
<p>The Standards of Governance and Financial Management for RSLs</p>	<p>Standard 4 – The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation’s purpose.</p> <p>Guidance 4.4 – The governing body identifies risks that might prevent it from achieving the RSL’s purpose and has effective strategies and systems for risk management and mitigation, internal control and audit.</p> <p>Guidance 4.6 – The RSL has an internal audit function. The governing body ensures the effective oversight of the internal audit programme by an audit committee or otherwise. It has arrangements in place to monitor and review the quality and effectiveness of internal audit activity, to ensure that it meets its assurance needs in relation to regulatory requirements and the Standards of Governance and Financial Management. Where the RSL does not have an audit committee, it has alternative arrangements in place to ensure that the functions normally provided by a Committee are discharged.</p> <p>Guidance 4.7 – The governing body has formal and transparent arrangements for maintaining an appropriate relationship with the RSL’s external auditor and its internal auditor.</p>

6.2 Evidence Bank

Evidence	Assurance Exercise Location
<ul style="list-style-type: none">Progress Report for 29/08/24 meeting	<ul style="list-style-type: none">Regulatory Standard 4 – Guidance 4.4, 4.6 and 4.7

7. Summary

- 7.1 The Sub-Committee received a progress report on the Audits carried out in 2023 at its January 2024 meeting. A further update was verbally presented at the April 2024 meeting, along with a follow-up audit report from the Internal Auditor. In addition, the Internal Auditor presented the findings of the Audits carried out in March 2024.
- 7.2 Section 2 of this report provides the current position with any outstanding recommendations from the 2023 Audit Reports and progress with the recommendations from this year's audits.
- 7.3 Risk is considered at Section 3.
- 7.4 Section 4 shows how having an internal audit function links to the delivery of our strategic objectives.
- 7.5 Section 5 shows how having an internal audit function links to the application of our core values.
- 7.6 Committee is asked to consider this report and the progress with the implementation of any remaining recommendations from the 2023 audits and the more recent recommendations from this year's audits.