

Rosehill Housing Co-operative Limited

Internal Audit 2023/24
Follow Up Review

+ March 2024

Overall Conclusion

Strong





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The matters raised in this report came to our attention during the course of our audit and are not necessarily a comprehensive statement of all weaknesses that exist or all improvements that might be made.

This report has been prepared solely for Rosehill Housing Co-operative Limited's individual use and should not be quoted in whole or in part without prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any third party.

We emphasise that the responsibility for a sound system of internal control rests with management and work performed by internal audit should not be relied upon to identify all system weaknesses that may exist. Neither should internal audit be relied upon to identify all circumstances of fraud or irregularity should there be any although our audit procedures are designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas that are considered to be of greatest risk and significance.



Purpose of Review

The effectiveness of the internal control system may be compromised if management fails to implement agreed audit recommendations. Our follow up work provided the Audit & Risk Sub Committee with assurance that prior year recommendations are implemented within the expected timescales.

This assignment is part of the agreed 2023/24 Annual Internal Audit Plan for the Co-operative.

Scope of Review

Our objective for this review was to ensure:

- + The Co-operative has appropriately implemented any outstanding internal audit recommendations made in prior years.

Our approach to this assignment took the form of discussion with relevant staff, review of documentation and where appropriate sample testing.



Conclusion

Overall Conclusion: Strong

Following from our review, we can provide a strong level of assurance that the Co-operative has endeavoured to implement internal audit recommendations made in 2022/23 and earlier years. This is highlighted as 2 of the recommendations have been concluded as fully implemented, 1 recommendation concluded as partially implemented and 1 recommendation as not implemented.

Summary of Recommendations

Grading of Recommendations	High	Medium	Low	Total
Appendix A – Not Implemented Recommendations	-	-	1	1
Appendix B – Partially Implemented Recommendations	-	-	1	1
Fully Implemented Recommendations	-	-	2	2

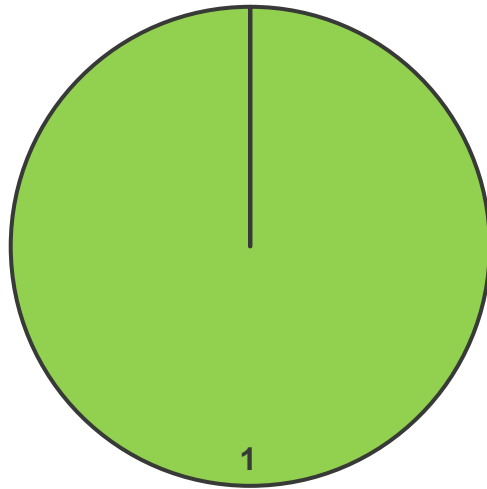
We have not included fully implemented recommendations as an appendix, however details of these recommendations are available upon request.

1. Executive Summary



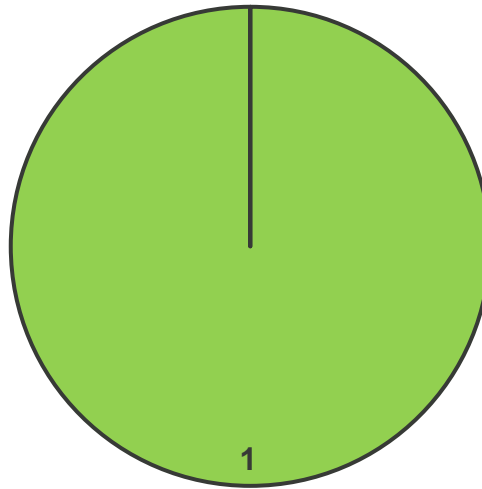
Summary of Recommendations by Grade

Not Implemented



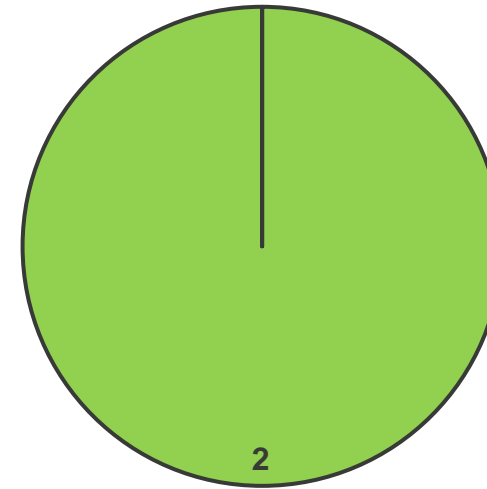
Low Medium High

Partially Implemented



Low Medium High

Fully Implemented



Low Medium High

1. Executive Summary



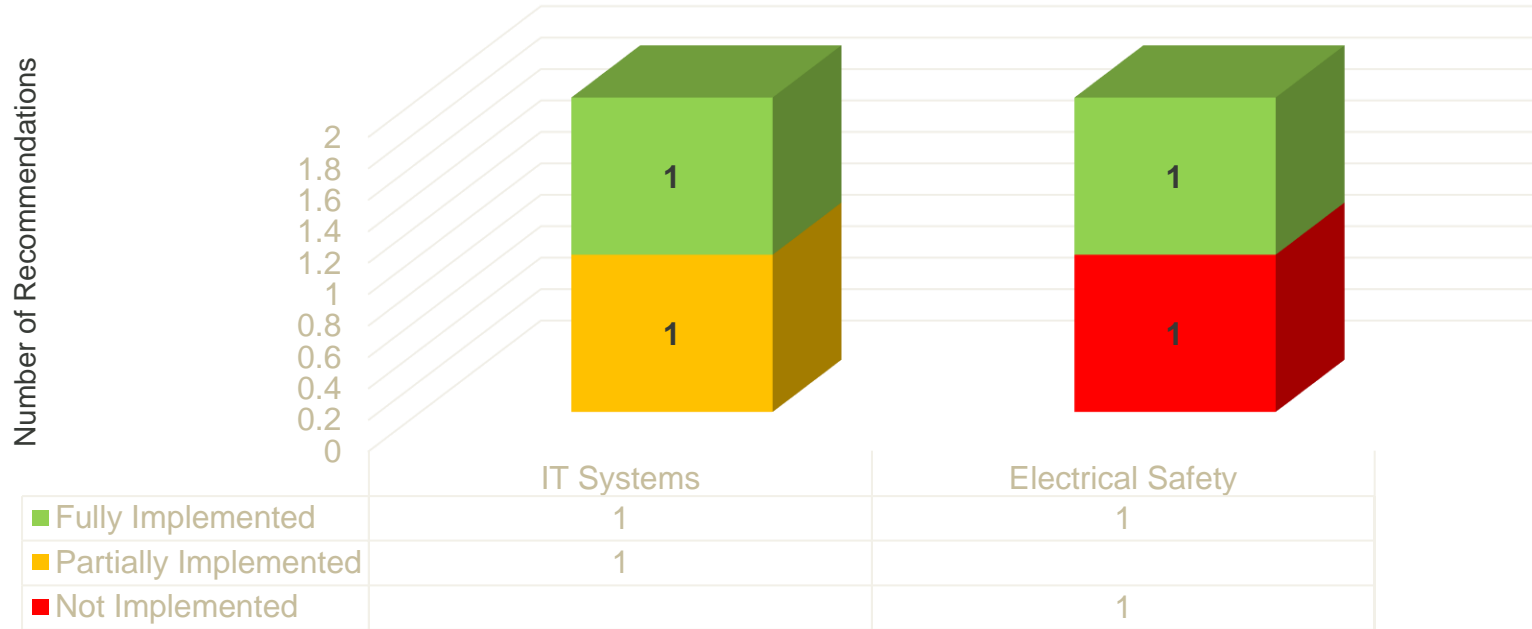
Implementation of Recommendations – Summary of Implementation

Audit Area	Total	Fully Implemented	Partially Implemented	Not Implemented
IT Systems (June 2023)	2	1	1	-
Electrical Safety (June 2023)	2	1	-	1
Total	4	2	1	1
Percentage of Total	100%	50	25%	25%

1. Executive Summary



Breakdown of Recommendations by status of implementation, from 2022/23 and earlier years



2. Audit Arrangements



The table below details the dates of our fieldwork and the reporting of the audit area under review.

Audit Stage	Date
Fieldwork start	11 March 2024
Closing meeting	18 March 2024
Draft report issued	28 March 2024
Receipt of management responses	11 April 2024
Final report issued	12 April 2024
Audit & Risk Sub Committee	24 April 2024
Number of audit days planned	1

2. Audit Arrangements



We detail below our staff who undertook the review together with the Co-operative staff we spoke to during our review.

Wylie & Bisset LLP			
Partner	Graham Gillespie	Partner	graham.gillespie@wyliebisset.com
Manager	Scott McCready	Internal Audit Manager	scott.mccready@wyliebisset.com
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Rosehill Housing Co-operative Limited Limited			
Key contact	Geri Mogan	Director	geri.mogan@rosehillhousing.co.uk

Wylie & Bisset appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and co-operation.

Appendix A

Not Implemented Recommendations

Not Implemented Recommendations

Developing a Formal KPI Target for the Completion of Electrical Safety Inspections and Reporting Performance, Electrical Safety, June 2023

Original Finding

The Co-operative should utilise a detailed KPI document that identifies the key data for all aspects of asset management. This includes having a section for electrical testing that outlines the raw data for the number of properties with fixed electrical testing completed during the quarter, the expenditure on fixed electrical testing in the quarter, and the status of the inspections completed.

During our review, we found that the Co-operative did not have a formal target in place to measure their performance against for Electrical Inspection Testing. We note that they have a Tenant Safety Assurance table which is reported bi-monthly to the Management Team and quarterly to the Audit Sub-Committee however, this does not contain any information on KPIs.

There is the risk that the Co-operative are unable to effectively measure their performance without a formal target in place.

Original Recommendation

We recommend that a target is developed for Electrical Safety Inspections and added to the Tenant Safety Assurance table to allow for effective performance measurement. We also recommend that the Co-operative annually report their performance against KPIs to the Management Committee.

Ref	Finding from our 2023/24 Follow Up	Grade	Recommendation
1	The Co-operative has yet to develop formal KPIs for the 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.	Low	We reiterate our original recommendation.
Management Response			Responsibility and Implementation Date
KPI's will be implemented when the tendering exercise takes place during 24/25			<i>Responsible Officer:</i> Technical Services Manager <i>Implementation Date:</i> April 2024

Appendix B

Partially Implemented Recommendations

Partially Implemented Recommendations

Data Leakage Prevention, IT Systems, July 2022			
<p>Original Finding</p> <p>DLP (Data Leakage Prevention) is a strategy for making sure that end users do not send sensitive or critical information outside the corporate network. The term is also used to describe software products that help a network administrator control what data end users can transfer.</p> <p>Following our review, we believe improvements could be made to prevent data leakage. It is acknowledged that the use of unmanaged USB storage devices is discouraged within the Co-operative's ICT Acceptable Use Policy documentation. However, we recommend that this advice is bolstered by anti-leaking measures that includes controls around unmanaged USB storage device use, and filtering rules that prohibit access to unmanaged file sharing websites such as Dropbox.</p> <p>Data could be removed from the network by members of staff via unmanaged file sharing websites which poses a risk to the Co-operative. This could result in a General Data Protection Regulation breach, with the risk of associated fines and/or damage to the Co-operative's reputation.</p> <p>Original Recommendation</p> <p>We recommend that a risk assessment which considers DLP is conducted to ensure that any areas of risk, such as the use of unmanaged USB storage devices and access to unmanaged file-sharing websites, are assessed and that subsequent solutions are considered. The IT Support Partner may then be tasked with providing additional security controls to mitigate these risks, helping the Co-operative to reduce the likelihood of deliberate or accidental data leakage.</p>			
Ref	Finding from our 2023/24 Follow Up	Grade	Recommendation
1	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 .	Low	<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.</p> <p>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>

Partially Implemented Recommendations

Data Leakage Prevention, IT Systems, July 2022	
Management Response	Responsibility and Implementation Date
<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><i>Responsible Officer:</i> Director <i>Implementation Date:</i> end of May '24 and end of June '24</p>



Appendix C

Grading Structure



For each area of review, we assign a level of assurance in accordance with the following classification:

Assurance	Classification
Strong	Controls satisfactory, no major weaknesses found, no or only minor recommendations identified
Substantial	Controls largely satisfactory although some weaknesses identified, recommendations for improvement made
Weak	Controls unsatisfactory and major systems weaknesses identified that require to be addressed immediately
No	No or very limited controls in place leaving the system open to significant error or abuse, recommendations made require to be implemented immediately

For each recommendation, we make we assign a grading either as High, Medium or Low priority depending upon the degree of risk assessed as outlined below:

Assurance	Classification
High	Major weakness that we consider needs to be brought to the attention of the Audit & Risk Sub Committee and addressed by Senior Management of the Co-operative as a matter of urgency
Medium	Significant issue or weakness which should be addressed by the Co-operative as soon as possible
Low	Minor issue or weakness reported where management may wish to consider our recommendation



Appendix D

Assignment Plan



Audit Approach

Our approach to the review will be:

- + Review outstanding recommendations and gain audit evidence to ensure that these have been addressed by the Co-operative.

Potential Key Risks

The potential key risk associated with the area under review is:

- + The Co-operative does not address the areas of concern which may significantly affect its ability to continue to operate.



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