

For Discussion

Agenda Item: 5
Date of Meeting: 19/02/25

To: The Audit & Risk Sub-Committee
From: The Director
Subject: Internal Audit 2024/25: Recommendations – Progress Report

1. Introduction and Purpose

- 1.1 The Sub-Committee is reminded that at the November 2024 meeting, the Auditor provided a Follow-Up Audit Report which showed one low recommendation as not implemented from the Electrical Safety Audit (carried out in 2023) and one medium recommendation as partially implemented from the Tenant Safety Audit (carried out in March 2024) which related specifically to damp and mould.
- 1.2 Also as reported at the November meeting the outstanding recommendation in relation to Electrical Safety will be addressed over the last quarter of 2024/25 and into early 2025. The recommendation related to the development of KPIs to be included in tender documentation for electrical safety contract at the end of 2024/25. Thereafter a system will be in put place for implementation and monitoring KPIs in 2025. The medium recommendation from the Tenant Safety Audit which related to damp and mould had now been fully implemented
- 1.3 The purpose of this report is to provide a progress report on any new recommendations from the audits carried out in the current financial year.

2. Progress Report

- 2.1 Rent Setting and Affordability (September 2024)
- 2.1.1 The Audit Report on Rent Setting and Affordability was presented to the Sub-Committee by the Internal Auditor at is meeting in November. This audit was given a “strong” assurance rating which is the highest rating that can be achieved.
- 2.1.2 There were two low recommendations made.

Recommendation	Our Response/Action	Progress
Low - We recommend that the Co-operative strengthen the consultation	An initial discussion will be held with the Management Team in early November re:	Completed – discussions took place both at Management

<p>process by considering whether the provision of options is viable. This assessment should be completed at the beginning of the process. Thereafter, the Co-operative should ensure that decisions are appropriately documented and justifiable. Additionally, we recommend that the Co-operative distribute a survey to all tenants during the annual rent increase review.</p>	<p>potential to build-in increase options for 2025/26 for tenant consultation. This will further be discussed by Committee at its annual business planning event later in November, with a final decision reached at its November meeting. Then for future annual rent reviews, we will build-in the potential for rent increases options to put out for tenant consultation in the annual rent review processes. If the outcome is that meaningful rent increase options can be put out for consultation, a survey will be issued to all tenants</p>	<p>Team level and at Management Committee. Concluded we were not in a position to offer rent increase options as no additional or new services or increase in planned maintenance works could be offered.</p> <p>A survey was issued to tenants as part of the consultation pack.</p>
<p>Low - We recommend that the Co-operative endeavour to collect current rental increase data from their local area and use this information as a benchmark during the annual review of rent.</p>	<p>Will contact Barrhead and Glen Oaks for their current average weekly rents and if possible potential rent increases for 2025/26. Will also attempt to get current average weekly rents from Wheatley Homes Glasgow and Sanctuary.</p>	<p>Completed – current average weekly rent levels were obtained from the 2 community based Housing Associations – Barrhead and Glen Oaks. Didn't have time to obtain average rents from Sanctuary or Wheatley Homes Glasgow as don't hold contact details for anyone in these organisations.</p>

2.1.3 As can be seen from the above, both recommendations have been completed.

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
Governance:	

<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 which annual programme is approved by A&R Sub-Committee; • 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>	<p>As above</p>

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</p>

	RSL's external auditor and its internal auditor.
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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 At its November meeting, the Sub-Committee received a report (a follow up audit) from the Internal Auditor which covered any partially or not implemented recommendations from previous audits. There were two such recommendations – a low recommendation remained outstanding from the Electrical Safety audit carried out in 2023 and a partially implemented recommendation from the Tenant Safety Audit (related to damp and mould) in March 2024. It was reported that the partial recommendation relating to damp and mould had now been fully implemented. The remaining recommendation relating to electrical safety will be completed over the last quarter of 2024/25 and the beginning of the new financial year.
- 7.2 The Internal Auditor also presented the findings from the Audit carried out in September 2024 relating to Rent Setting and Affordability which identified two low recommendations.
- 7.3 Section 2 of this report provides a progress report with the recommendations from this year's audit, which shows that both recommendations are complete.
- 7.4 Risk is considered at Section 3.
- 7.5 Section 4 shows how having an internal audit function links to the delivery of our strategic objectives.
- 7.6 Section 5 shows how having an internal audit function links to the application of our core values.
- 7.7 Section 6 shows how we are complying with Regulatory requirements.
- 7.7 Committee is asked to consider this report and the progress with the implementation of the recommendations from the latest audit, and to note that both are now complete.