

Rosehill Housing Co-operative Limited

Internal Audit 2023-24

Governance
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. Every sound system 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.

Overview

Purpose of review

The purpose of the review was to ensure that the Co-operative has appropriate governance arrangements in place and that these have been embedded through the whole Co-operative. This review sought to ensure the Co-operative's Corporate Governance arrangements were appropriate and represent good practice and that there was compliance with the Scottish Housing Regulator's Framework.

This review formed part of our 2023/24 Internal Audit Annual Plan.

Scope of review

Our objectives for this review were to ensure:

- Management Committee and sub-committee terms of reference are clear and not overlapping.
- Management Committee and sub-committees have a programme of work in accordance with their terms of reference that allows them to make an effective and timely contribution.
- Members are provided with sufficient, high quality management information in their areas of responsibility.
- Management Committee and sub-committees are appropriately attended, and members are sufficiently engaged.
- The Management Committee and sub-committees have effectively assessed their performance and the balance of skills required within the Board and sub-committees.

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

Limitation of scope

There was no limitation of scope.

Background

Management Committee

The Co-operative's Management Committee is solely made up of tenants in line with their governance structure. The Management Committee must include a minimum of 7 members and must not exceed 12 members. Currently the Management Committee is made up of a total of 10 members. The Management Committee meetings take place monthly.

The Management Committee is Rosehill's governing body and is responsible for the leadership, strategic direction, and control of Rosehill with the aim of achieving good outcomes for its tenants and other service users in accordance with Regulatory Standards and Requirements.

The Management Committee's most important duties include:

- Setting Rosehill's overall strategy for the future;
- Approving the policy of Rosehill;
- Making major financial decisions about using resources;
- Overseeing the way Rosehill manages risk;
- Employing staff;
- Dealing with notifiable events; and
- Performance monitoring.

Members and Attendance

Members of the Management Committee must abide by the Rules, Standing Orders, and the relevant Code of Conduct.

Management Committee and Sub-Committee Members are expected to attend all meetings of the Committee. If a member is unable to attend, they should submit an apology prior to the scheduled meeting.

The attendance register is updated by the Customer Services Officer who notifies the Director if two meetings have been missed in a row. The Director reviews the register on a quarterly basis to assess absence levels ensuring the appropriate action is taken where poor absence is identified. The Co-operative have an internal target for Committee attendance (80%) which is reported as part of the quarterly performance management reports.

Committee Structure

The Management Committee is supported by 3 Sub-Committees. These are as follows:

- Audit & Risk Sub-Committee;
 - The Audit & Risk Sub-Committee is responsible for monitoring the implementation of approved recommendations contained in internal audit reports, external audit reports and management letters.
- Staff and Health & Safety Sub-Committee;
 - The Staff and Health & Safety Sub-Committees are responsible for the human resources arrangements and health & safety arrangements within the Co-operative. The Committee are also responsible for ensuring that the Co-operative are compliant with the relevant legislation and regulations within these areas.
- Membership Sub-Committee;
 - The Membership Committee is responsible for all matters relating to membership of the Co-operative.

Both the Audit & Risk Sub-Committee and the Staff and Health & Safety Sub-Committee will meet quarterly, and the quorum at these Sub-Committee's meetings has three members.

The Membership Sub-Committee will meet as required and in line with rehousing offers to potential tenants.. The quorum at the Sub-Committee's meetings shall be three members.

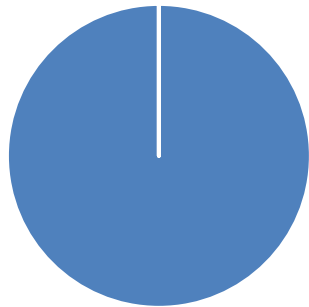
Questionnaire Issued to the Management Committee Members

During our review, we issued a survey to all 10 Management Committee Members to gather feedback on their opinion on the governance arrangements in place at the Co-operative. We received a total of 7 responses, this representing 70% of the Committee. The Survey was issued to Management Committee members through Microsoft Forms and manually where we received a mix between electronic and paper responses.

Please refer to the following page for a full summary of survey results:

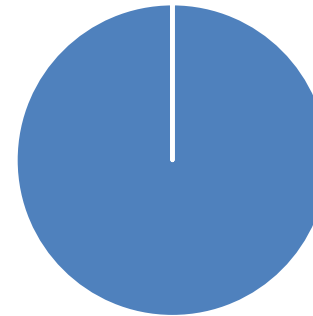
1 EXECUTIVE SUMMARY

Do you feel that roles and responsibilities for Board Members are clearly defined?



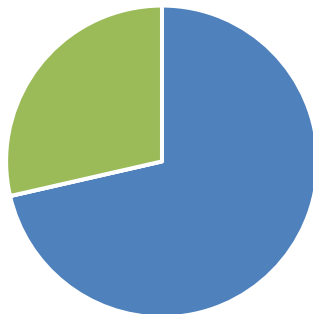
■ Yes ■ No ■ Maybe

Do you believe that sufficient training and induction is provided to Board members?



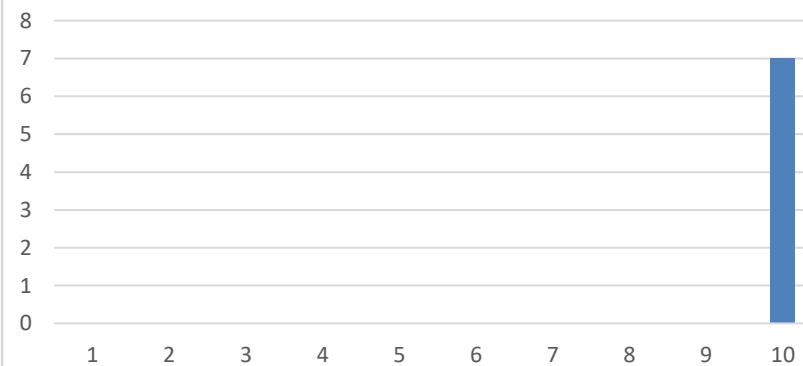
■ Yes ■ No ■ Maybe

Is there a programme of work/annual work plan in place for Board Members?



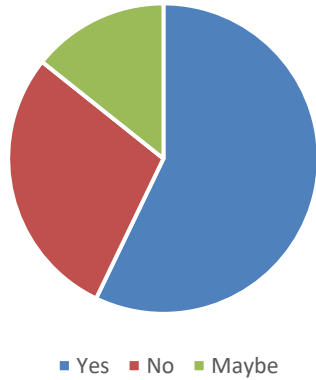
■ Yes ■ No ■ Maybe

How strongly would you rate the information received by Management during Board meetings for decision making.

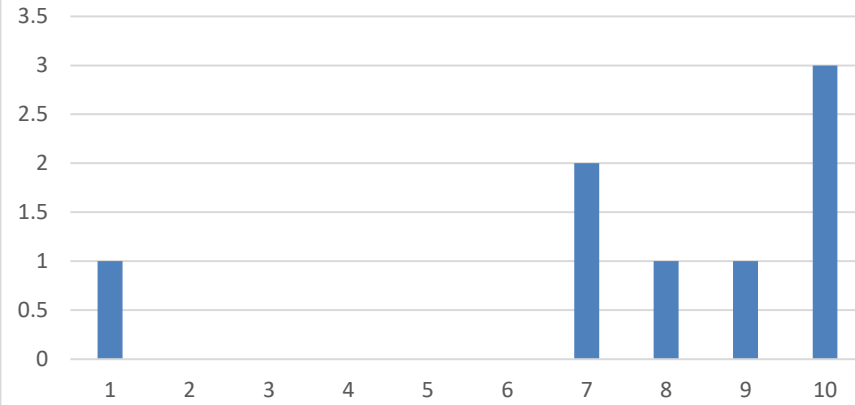


1 EXECUTIVE SUMMARY

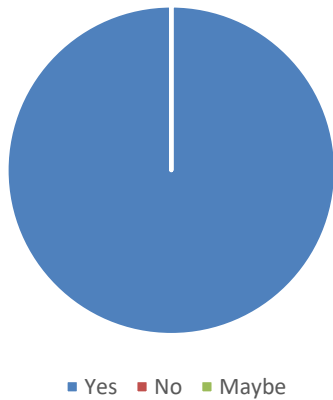
If you are a member of a Subcommittee. Is there an appropriate annual work plan in place?



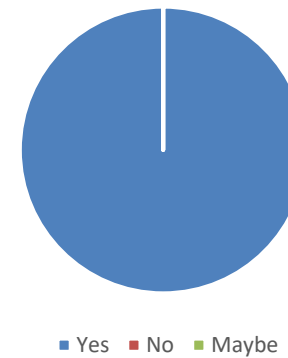
On a scale of 1 to 10, how would you rate the range of skills presented on the Board.



Do you believe that attendance at meeting is properly monitored?



Is Board performance and individual member performance appropriately reviewed and appraised annually?



Work Undertaken

In line with our objectives, we undertook the following work:

Objective 1: Management Committee and Sub-Committee terms of reference are clear and not overlapping.

- We reviewed the Committee Members Handbook to ensure that responsibilities of the Management Committee were clearly defined.
- We reviewed the Co-operative Standing Orders in place, to ensure that Management Committee and Sub-Committee remits were clearly defined, and responsibilities did not overlap.
- We reviewed the Co-operative governance structure in place and ensured that this accommodated appropriate reporting and decision making.
- We reviewed the Co-operative Code of Conduct in place, to ensure that this effectively outlined the requirements and expectations of Committee members.

Objective 2: Management Committee and Sub-Committees have a programme of work in accordance with their terms of reference that allows them to make an effective and timely contribution.

- We reviewed the Co-operative's Timetable for Management Committee and Subcommittee meetings for the period October 2022-March 2024 to ensure that there is an appropriate plan in place that outlines what is to be discussed during meetings throughout the year.

Objective 3: Members are provided with sufficient, high quality management information in their areas of responsibility.

- We issued a questionnaire to Management Committee Members and questioned "How strongly would you rate the information received by Management during Board meetings for decision making" to gain Management Committee Members opinion on the quality of the management information.
- We reviewed a sample of meeting minutes across the Co-operative's Management Committee and Sub-Committees, to ensure that minutes were completed in a consistent manner and that there was effective evidence of discussion. This was completed for the following:
 - Management Committee Meeting Minutes from October 2022 – January 2024.

- Audit Sub-Committee Meeting Minutes from March 2023 - September 2023.
- Staff and Health & Safety Sub-Committee Meeting Minutes from December 2022 – October 2023.

Objective 4: Management Committee and Sub-Committees are appropriately attended, and members are sufficiently engaged.

- We reviewed the Co-operative's attendance records for the Management Committee and Sub-Committees and ensured that these matched with the meeting minutes and the appropriate actions were followed where poor attendance was identified.

Objective 5: The Management Committee and Sub-Committees have effectively assessed their performance and the balance of skills required within the Board and Sub-Committees.

- We reviewed the most recent Management Committee Appraisal Report from November 2022 to ensure that the Co-operative have robust mechanisms in place to assess the effectiveness of their Management Committee and identify skills gaps and training requirements.
- We reviewed the Co-operative's Annual Committee Training Programme to confirm that the training included was in line with the findings from the appraisal and effectively completed.

Conclusion

Overall conclusion

Overall Conclusion: Strong

Following our review, we can provide a strong level of assurance regarding the Co-operatives governance arrangements and its compliance with the Scottish Housing Regulator's Framework. We have raised several good practice points and no recommendations for improvement. Please refer to **Section 1: Good Practice Points** for further information.

Summary of recommendations

Grading of recommendations				
	High	Medium	Low	Total
Governance	0	0	0	0

As can be seen from the above table there were no recommendations made.

Areas of good practice

The following is a list of areas where the Co-operative is operating effectively and following good practice.

1.	The Co-operative's training provider SHARE completes an annual independent appraisal of the Management Committee. This was most recently completed in November 2022 where the financial year of the Co-operative has been extended to March 2024.
2.	The Co-operative has a training programme in place, that effectively outlines the training completed by Committee members in line with the findings from the appraisal.
3.	We were able to confirm that the Co-operative has strong arrangements in place for the recording and managing of attendance. This is captured on an attendance record as well as within the minutes of each meeting. During our review we sampled a total of 6 meetings across the Co-operative's Management Committee and Sub-committees to ensure that attendance records matched the attendance stated on the minutes and found no issues.
4.	Through responses of Management Committee members to our questionnaire, we can confirm that the Co-operative provides high quality information to their Management Committee that facilitates effective decision making.
5.	During our review, we found that the Co-operative has a robust and clear Programme of Work in place that details the Management Committee and Sub-Committees scheduled items that will be discussed at the Committee meetings throughout the financial year.

The following is a list of areas where the Co-operative is operating effectively and following good practice.

6.	The Co-operative's minutes for the Management Committee provides a detailed account of what matters have been raised, and the actions required. They provide a clear discussion on the matters reported and any decisions made. We were able to confirm that minutes for all Management Committee meetings were completed in a consistent manner.
7.	The Co-operative's Management Committee and Sub-Committees have documented remits in place which clearly outlines the membership, responsibilities, and meeting arrangements. The Standing Orders provide further details on the Management Committee and Sub-Committees and outline the governance arrangements across the Co-operative.
8.	The Co-operative has a robust and detailed Code of Conduct that applies to the Committee Members. Every member must sign the Code of Conduct when elected and on an annual basis thereafter.
9.	The Co-operative provided detailed documentation of the meeting minutes for the Audit & Risk Sub-Committee, Staff and Health & Safety Sub-Committee. We reviewed a sample of 4 of the meeting minutes for each sub-committee and found no issues. We found a clear, detailed, and concise meeting minutes format that covered the relevant areas in the meetings.

2 BENCHMARKING

We include for your reference comparative benchmarking data of the number and ranking of recommendations made for audits of a similar nature in the most recently finished internal audit year.

Governance

Benchmarking				
	High	Medium	Low	Total
Average number of recommendations in similar audits	0	1	2	3
Number of recommendations at Rosehill Housing Co-operative Limited	0	0	0	0

From the table above it can be seen that the Co-operative has a lower number of recommendations compared to those associations it has been benchmarked against.

3 AUDIT ARRANGEMENTS

The table below details the actual dates for our fieldwork and the reporting on the audit area under review. The timescales set out below will enable us to present our final report at the next Audit & Risk Sub Committee meeting.

Audit stage	Date
Fieldwork start	11 March 2024
Closing meeting	18 March 2024
Draft report issued	28 March 2024
Receipt of management responses	9 April 2024
Final report issued	12 April 2024
Audit & Risk Sub Committee	24 April 2024
Number of audit days	2

4 KEY PERSONNEL

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
Assistant Manager	Siobhan Archibald	Internal Audit Assistant Manager	siobhan.archibald@wyliebisset.com
Auditor	Megan Clarke	Internal Auditor	megan.clarke@wyliebisset.com

Rosehill Housing Co-operative 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.			

APPENDICES

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.

A GRADING STRUCTURE

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

Grading	Classification
High	Major weakness that we consider needs to be brought to the attention of the Audit 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.

Purpose of review

The purpose of the review is to ensure that the Co-operative has appropriate governance arrangements in place and that these have been embedded through the whole Co-operative. This will be a detailed review to ensure the Co-operative's Corporate Governance arrangements are appropriate and represent good practice and that there is compliance with the Scottish Housing Regulator's Framework.

This review forms part of our 2023/24 Internal Audit Annual Plan.

Scope of review

Our objectives for this review are to ensure:

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- Management Committee and sub-committees are appropriately attended, and members are sufficiently engaged.
- The Management Committee and sub-committees have effectively assessed their performance and the balance of skills required within the Board and sub-committees.

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

Limitation of scope

There is no limitation of scope.

Audit approach

Our approach to the review will be:

- Discussions with the Director of the Co-operative, and any other relevant individuals, to establish the current governance arrangements in place at the Co-operative.
- Evaluation of these arrangements to assess their adequacy and whether they comply with current guidance and good practice.
- Review of Governance documentation to assess whether it is fit for purpose and in line with current guidance and good practice.
- Review the terms of reference to ensure these are appropriate, reflect the work of the various Management Committee and Sub-Committees, and have no overlap of duties.
- Consider and evaluate the self-assessment process undertaken by the Management Committee and Sub-Committees. We shall also consider the skills mix of the Boards and Committees to ensure that this is appropriate. We shall consider succession process in respect of this.
- Review sample of Management Committee and Sub-Committees minutes, along with management information presented to each meeting.

Potential key risks

The potential key risks associated with the area under review are:

- Management Committee and sub-committee terms of reference may be unclear or overlapping.
- Management Committee and sub-committees may not have a programme of work in accordance with their terms of reference that allows them to make an effective and timely contribution.
- Members may not be provided with sufficient, high quality management information in their areas of responsibility.
- Management Committee and sub-committees may be poorly attended, or members not sufficiently engaged.
- The Management Committee and sub-committees may not have effectively assessed their performance and the balance of skills required within the Board and sub-committees.