

For Discussion

Agenda Item: 5
Date of Meeting: 13/08/25

To: The Audit & Risk Sub-Committee
From: The Director
Subject: Internal Audit 2023/24 and 2024/25: Recommendations – Progress Report

1. Introduction and Purpose

- 1.1 The purpose of this report is to provide a progress report on any outstanding recommendations from audits carried out in 2023/24 and any new recommendations from audits carried out in 2024/25.
- 1.2 The Sub-Committee is asked to note that no audits have taken place so far for 2025/26. The first audit which is about our annual assurance statement is scheduled for the end of September.

2. Progress Report

Outstanding Recommendations

- 2.1 There was one low recommendation not yet implemented from the Electrical Safety Audit, carried out in 2023. The current position is as follows:

Recommendation	Our Response	Planned Implementation Date/Timescale	Current Position
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	KPIs will be included in tender documentation	By 31/03/25	Completed Provision made for KPI to be included in the contract
	KPI's will be implemented when the tendering exercise takes place during 24/25	2025/26	Completed Contractor currently accepted. Final agreement of KPIs to happen prior to contract commencement. Pre Start meeting being scheduled for

<p>developing KPIs to ensure that EICRs are completed in line with the Co-operative expectations and legal requirements.</p>			<p>mid May following standstill period. KPI's now in place and contract live (July) monitoring the following:</p> <ul style="list-style-type: none"> • % completed within anniversary date • No accesses escalated on same date • Customer Satisfaction from those contacted
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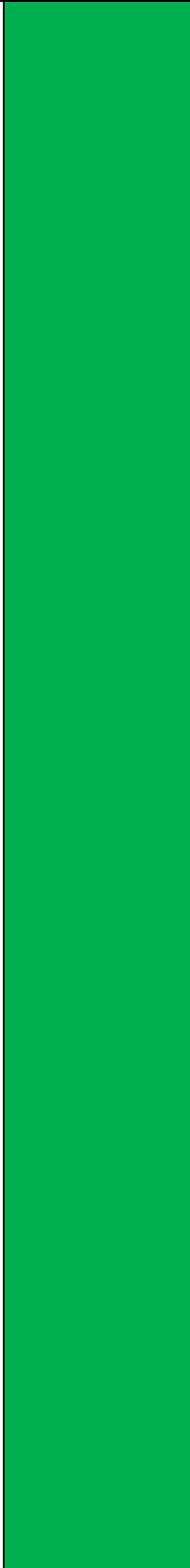
New Recommendations

2.2 The second audit for 2024/25 was carried out in February 2025 and related to Budgetary and Financial Reporting. The Audit Report was presented at the Sub-Committee's May meeting by the Internal Auditor. The outcome was a "substantial" assurance rating, which is the second highest rating that can be achieved, with 3 recommendations – 2 medium and 1 low. There was also one observation made by the Auditor relating to the information provided to Committee about the Cashflow report. The Sub-Committee is reminded that our new Finance Manager only joined us in early October and up to that point we were using an external service (accountancy side of Wylie+Bisset) to provide key financial services which included preparation of the annual budget, 30 Year Projections and the Quarterly Management Accounts up to the end of June 2024. Therefore, it was recognised that much of what the Internal Auditor looked at related to work produced by the accountancy arm of Wylie+Bisset.

2.3 The recommendations and action taken to date are as follows:

Recommendation	Our Response/Action	Planned Implementation Date/timescale	Progress
<p>Medium - We recommend that the Finance Manager begins reporting</p>	<p>This was already understood, and processes being undertaken prior to the</p>	<p>From 31/07/25</p>	<p>On track/In progress</p>

<p>quarterly to the Budget Holders and holds timely meetings with them to ensure effective scrutiny of departmental budgets and budget variances.</p>	<p>review were/are in motion to drive departmental budgets, budget holder responsibility and oversight, and more timeous reporting. As noted in Recommendation three, there was a budget produced for 2024/25 of 87 tabs which has varying levels of ownership on each tab and current practice did not allow for this to be easily split and reported down efficiently. Time and resource constraints have meant continuing what was in place historically, and ensuring contentious areas were addressed, investigated, and mitigated, while planning around strategic long term, lasting improvement and efficiency.</p>		<p>Reports are currently being compiled for the first quarterly management accounts. Year end audit finished too close to the target date to enable preparation by the target date. These are anticipated to be completed by 15/08/25 with budget holder meetings beginning after w/b 18.08.25</p>
<p>Medium - We recommend that the Association provides sufficient training to the Budget Holders to enable them to manage their budgets and carry out their roles and responsibilities. This should include clearly communicating the role and responsibilities of budget holders.</p>	<p>Recommendation is accepted and budget holders will receive training internally, before their new budget period, annual refresher, and provided ongoing support to manage their budgets.</p>	<p>30/04/25</p>	<p>Completed Training event held on 29/04/25 with Director and Managers</p>
<p>Low - We recommend for the Association to</p>	<p>The recommendation is accepted, although should be noted that</p>	<p>30/09/25 for decision only. Procurement and</p>	<p>On track</p>

<p>input the budget into the Finance System once procured, and to continue with distributing departmental budgets to Budget Holders in the interim.</p>	<p>this was identified prior to the audit review and the Association's Management Team have already discussed at Management Team Meetings the strategic direction of the digital tools and leveraging those within the Association. Further, the Management Team have begun to review the digital offering of the systems and have taken part in demonstrations with comparisons to follow. This will also be a supporting point in providing near live budget reporting to budget holders as noted in recommendation one. Additionally, as noted, inputting a budget figure on the system we currently have would not bring any benefit as the data model underpinning the system is geared towards extraction and offline manipulation. There would be no added value or efficiency in inputting the current budget into the current system other than providing a further task and administration process with no gain.</p>	<p>Implementation Times currently unknown</p>	
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2.4 The one observation made by the Internal Auditor is as follows:

Observation	Our Response/Action	Planned Implementation Date/timescale	Progress
We found that currently there is no narrative provided alongside financial data outlining the cash movements for the period. Rather, the Management Committee is provided with a verbal update surrounding the cash movement for the period. It is the Association's aim to include narrative going forward to support the Cashflow analysis.	We will introduce a cover report providing the necessary narrative for the cashflow.	End of Q2	<p>On Track</p> <p>This will be introduced in the year 2025/26. As an observation this is not required, although acknowledged to be useful.</p>

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 which annual programme is approved by A&R Sub-Committee; • 2 audits plus follow up audit carried out each year;

	<ul style="list-style-type: none"> • Audit Reports presented by Internal Auditor at next available meeting; • Progress reports with implementation of audit recommendations presented at sub-committee meetings.
Legislative and Regulatory: As above and, Failing to meet Regulatory Requirements (Standard 4)	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
The Standards of Governance and Financial Management for RSLs	<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</p>

	<p>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>
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6.2 Evidence Bank

Evidence	Assurance Exercise Location
<ul style="list-style-type: none"> Progress Report for 13/08/25 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 is being asked to consider the progress report on any outstanding recommendations from audits carried out in 2023/24 and any new recommendations from the audits carried in 2024/25, as set out in Section 2. In addition, there was an observation made in the February

2025 Audit that will be actioned by the Finance Manager relating to providing narrative to accompany the monthly cashflow reports.

- 7.2 Risk is considered at Section 3.
- 7.3 Section 4 shows how having an internal audit function links to the delivery of our strategic objectives.
- 7.4 Section 5 shows how having an internal audit function links to the application of our core values.
- 7.5 Section 6 shows how we are complying with Regulatory requirements.
- 7.6 Committee is asked to consider this report and the progress with the implementation of the outstanding recommendations from previous audits and the new recommendations from the audit carried out in February 2025 (2024/25). Committee is invited to discuss anything arising from this report.