

# Rosehill Housing Co-operative

Internal Audit Plan  
2024/25

+ April 2024





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## Background

Wylie & Bisset LLP were re-appointed as Internal Auditors by the Management Committee with effect from 1 October 2021 for a period of 3 years until 30 September 2024 where the contract was subsequently extended for a year to 31 March 2025.

## Internal Audit

The prime responsibility of the Internal Audit Service (“IAS”) is to provide the Board of Management, via the Finance, Audit & Risk Committee, with an objective assessment of the adequacy and effectiveness of management’s internal control systems.

The IAS objectively examines, evaluates and reports on the adequacy of internal control thus contributing to the economic, efficient and effective use of resources and to the reduction of the potential risks faced by the Co-operative. Also, the operation and conduct of the IAS must comply with the standards and guidelines set down by the Institute of Internal Auditors.

## Terms of Reference – Internal Audit

The provision of the IAS by Wylie & Bisset LLP is covered by the letter of engagement dated 23 September 2021.

## Preparation of Internal Audit Plan 2024/25

This Plan was developed following discussions with the Co-operative’s Director. Following discussions, we have identified the audit topics for 2024/25, outlined within the Operational Plan section of the Plan.

## Formal Approval

The original Audit Needs Assessment was presented to the Audit Sub Committee on 29 September 2021 for approval. This Plan will be presented to the Audit Sub Committee for approval on 24 April 2024.



# Operational Plan

2024/25

# Budgetary & Financial Reporting and Rent Setting & Affordability



Audit area	High level indicative summary scope	Total number of days
Budgetary & Financial Reporting	<p>The purpose of this assignment is to review the Co-operative's budgeting, monitoring and reporting. Our review will seek to provide assurance to the Audit Sub Committee that there is an effective budget setting process in place and that action is taken when adverse variances arise. Our review will also consider the financial reporting arrangements in place and whether the level of reporting is sufficient for decision making purposes.</p> <p>Our objectives for this review are to ensure:</p> <ul style="list-style-type: none"> <li>➤ The Committee/Senior Management receive sufficient reporting of performance against budget and against plans throughout the year to enable informed decision making.</li> <li>➤ The budget setting process is effectively linked to the operational planning process.</li> <li>➤ Budget holders are adequately trained and receive information regarding their budgets in a timely manner.</li> <li>➤ The Co-operative has a set of comprehensive Financial Regulations to ensure that financial matters are managed professionally.</li> <li>➤ Deviations from budget are identified and investigated at an early stage.</li> </ul>	3
Rent Setting & Affordability	<p>The purpose of this assignment is to assess the rent setting process at the Co-operative ensuring tenant affordability is considered. We will consider the rent review and authorisation process. We will also review the communication process with tenants ensuring they are provided with sufficient notice of any rent increase.</p> <p>Our objectives for this review are to ensure:</p> <ul style="list-style-type: none"> <li>➤ The Co-operative has a robust annual rent setting process in place.</li> <li>➤ The Co-operative consider tenant affordability during the annual rent review process.</li> <li>➤ The rent review process is subject to authorisation by the Management Committee prior to its implementation.</li> <li>➤ Tenants receive sufficient notice of any rent increase and are offered an opportunity to provide feedback.</li> </ul>	2



Audit area	High level indicative summary scope	Total number of days
Follow Up Review	<p>The effectiveness of the internal control system may be compromised if management fails to implement agreed audit recommendations. Our follow up work will provide the Audit Sub Committee with assurance that prior year recommendations are implemented within the expected timescales.</p> <p>Our objective for this review is to ensure:</p> <ul style="list-style-type: none"> <li>➤ The Co-operative has appropriately implemented any outstanding internal audit recommendations made in prior years.</li> </ul>	1

## Assignment Plans

A detailed assignment plan will be prepared for each audit undertaken, setting out the scope and objectives of the work, allocating resources and establishing target dates for the completion of the work. Each assignment plan will be agreed and signed off by an appropriate sponsor from the Co-operative.

## Key Dates

Visit	Name	No. of audit days	Key Co-operative personnel	Provisional start date for visit	Provisional date of issue of draft report	Provisional date for reporting to Performance, Assurance & Risk Sub- Committee
1	Rent Setting & Affordability	2	Director Housing Services Manager	23 September 2024	11 October 2024	tbc
	Follow Up Review	1	Director			
2	Budgetary & Financial Reporting	3	Director	17 February 2025	7 March 2025	tbc



# Appendices

- A – Summary of Internal Audit Input
- B – Grading Structure
- C – Key Performance Indicators
- D – Training Topics

# A – Summary of Internal Audit Input



1 October 2021 to 31 March 2025		Operating Plan (No. Of days)			
System	Audit Area	2021/22	2022/23	2023/24	2024/25
<b>Financial Systems</b>	Overall Financial Controls	3			
	Budgetary and Financial Reporting				3
<b>Non Financial Systems</b>	Development			3	
	Rent Setting & Affordability				2
<b>Compliance</b>	EESH 2				
	Electrical Safety		2		
<b>IT</b>	IT Systems		3		
<b>Governance</b>	Risk Management	2			
	Governance			2	
<b>Required</b>	Follow Up Review	1	1	1	1
	Audit Management	1	1	1	1
	<b>Total Days</b>	<b><u>7</u></b>	<b><u>7</u></b>	<b><u>7</u></b>	<b><u>7</u></b>



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

Assurance	Classification
Strong	Controls satisfactory, no major weaknesses found, some 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:

Grading	Risk	Classification
High	High Risk	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	Medium Risk	Significant issue or weakness which should be addressed by the Co-operative as soon as possible
Low	Low Risk	Minor issue or weakness reported where management may wish to consider our recommendation

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

Performance Indicator	Target
Internal audit days completed in line with agreed timetable and days allocation	100%
Draft scopes provided no later than 10 working days before the internal audit start date and final scopes no later than 5 working days before each start date	100%
Draft reports issued within 10 working days of exit meeting	100%
Management provide responses to draft reports within 15 working days of receipt of draft reports	100%
Final reports issued within 5 working days of receipt of management responses	100%
Recommendations accepted by management	100%
Draft annual internal audit report to be provided by 30 April each year	100%
Attendance at Audit Sub Committee meetings by a senior member of staff	100%
Suitably experienced staff used on all assignments	100%



As a firm we offer a wide range of training topics to our clients, and we have listed below some of the topics which we would be able to offer Rosehill Housing Co-operative.

Topic	Summary
Risk Management	This can cover risk awareness, assessment of risks, responsibilities for monitoring risks, risk appetite and the scoring of risks. This is usually done as a workshop to ensure buy-in from management and Committee members to the risk management process.
Role of the Committee	This would cover the roles and responsibilities of Committee members, including the Chair. This has been particularly useful when new members have been appointed and allows members to obtain some knowledge on what the expectation of a Committee member is and what they should be looking out for.
Finance for Non-Financials	This is useful for Committee members who do not have a finance background and covers areas such as the management accounts, budget reporting and the statutory accounts.
Fraud Awareness	We would cover the importance of a having a strong control environment and areas to be aware of in relation to fraud. We would discuss some real-life examples of where we have identified or been asked to investigate allegations of fraud and the results of these investigations.



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