



Waverley Housing

Internal Audit Plan
2024-2025

+ April 2024





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Background

Wylie & Bisset LLP were appointed as Internal Auditors by the Company with effect from 1 April 2020 for an initial period of one year to 31 March 2021. Wylie & Bisset LLP had their appointment extended to cover the period to 31 March 2024 and then further extended to cover the period to 31 March 2026.

Internal Audit

The prime responsibility of the Internal Audit Service (“IAS”) is to provide the Board of Management, via the Audit and Internal Control 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 Company. 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 7 March 2023.

Formal Approval

The original Audit Needs Assessment (“ANA”) was presented to the Audit and Internal Control Committee on 16 June 2020 for approval.

This document covers the plan for 2024/25 and will be presented to the Audit and Internal Control Committee on 12 March 2024 for approval.



Operational Plan

2024/25

+ April 2024



Audit area	High level indicative summary scope	Total number of days
Payroll	<p>The purpose of this review is to look at the payroll system to ensure this is operating as expected and that the appropriate controls exist. We will ensure that the payments being calculated by the system are accurate and are based on bona fide hours worked and will also consider all deductions and additions to salaries to ensure that these are correctly calculated and properly authorised</p> <p>Our objectives for this review will be as follows:</p> <ul style="list-style-type: none"> + Amendments to the payroll are appropriately reviewed and authorised prior to being processed through the payroll system. + Staff are only paid for the hours that they have worked. + Expense claims are appropriately authorised by the employees line manager and where necessary include the relevant supporting documentation. + Leavers are appropriately removed from the system and final payments are accurately pro-rated. + New starts are accurately entered onto the payroll system and are paid appropriately. + Access to the payroll system is restricted. There are appropriate access rights in place for payroll staff. + The payroll is subject to checking and approval by a senior member of staff prior to being finalised. + Wages and salaries are accurately stated in the accounting system. + Waverley Housing has robust processes in place for changes made to employees bank details. + Changes to employee bank details are reviewed and approved prior to being processed. 	5



Audit area	High level indicative summary scope	Total number of days
Cyber Security	<p>The purpose of this assignment is to undertake a review of the cyber security arrangements in place to ensure that there are appropriate controls in place to mitigate the loss of business-critical information due to a cyber-attack or failure of the key systems/suppliers.</p> <p>We will test these arrangements against the National Cyber Security Centre`s (NCSC) 10 steps to Cyber Security guidance.</p> <p>Our objectives for this review will be as follows:</p> <ul style="list-style-type: none"> + There is an appropriate risk-based approach to securing data and systems which has been adopted. + There is appropriate cyber-awareness training for Waverley Housing staff that has been mandated. + The architecture and configuration of key systems is easily maintained and updated to adapt effectively to emerging cyber threats. + There are appropriate solutions in place to control access Waverely Housing`s information systems. + There are appropriate solutions in place to protect Waverley Housing`s data from unauthorised access, modification, and deletion. + The systems are appropriately patched to minimise the risk of vulnerabilities being successfully exploited in an attack. + There are appropriate processes and procedures in place to respond to security incidents that will help prevent further damage. + There are appropriate processes in place for vetting suppliers and assessing the adequacy of their cyber security controls + These is an appropriate understanding of all assets that are part of the IT network and environment. + Waverley Housing`s systems are appropriately monitored with information logged and actively analysed. 	6



Audit area	High level indicative summary scope	Total number of days
Arrears Management	<p>The purpose of this assignment is to look at the arrears management arrangements in place and ensure that these have been embedded within the Company. The review will seek to provide assurance to the Audit and Internal Control Committee that Waverley Housing's arrears management arrangements are adequate.</p> <p>Our objectives for this review will be as follows:</p> <ul style="list-style-type: none"> + The Company has robust arrears management policies and procedures. + Waverley Housing's arrears management policies are communicated to tenants. + Waverley Housing actively monitors rental arrears. + Management receive detailed reports regarding rental income and arrears management. + Appropriate procedures are in place to ensure that all necessary steps are taken to recover income prior to any debts being written off. 	5



Audit area	High level indicative summary scope	Total number of days
Risk Management	<p>The purpose of this assignment is to review the risk management arrangements in place at Waverley Housing. Our review will focus on the format of the risk register and management reporting arrangements in place.</p> <p>Our objectives for this review will be as follows:</p> <ul style="list-style-type: none"> + Waverley Housing has set out clearly its strategic direction in relation to risk management (including policy, roles and responsibilities, objectives and communications). + Waverley Housing has adopted a systematic process in identifying, evaluating and measuring its strategic and operational risks. + Waverley Housing has adequate reporting in relation to risk management activities. + Adequate risk management training is being provided. + The risk register is clear, concise and up to date. + The risk register is regularly reported to and scrutinised by the AICC and the Board. 	5

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 and Internal Control Committee with assurance that prior year recommendations are implemented within the expected timescales.</p> <p>Our objective for this review will be as follows:</p> <ul style="list-style-type: none"> + The Company has appropriately implemented any outstanding internal audit recommendations made in prior years. 	2

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 Company.

Key Dates

Visit	Name	No. of audit days	Key Organisation personnel	Provisional start date for visit	Provisional date of issue of draft report	Provisional date for reporting to Audit and Internal Control Committee
1	Payroll	5	Linda Borthwick, Finance Officer	12 August 2024	30 August 2024	15 October 2024
2	Cyber Security	6	Steven Pearce, IT Officer	18 November 2024	5 December 2024	11 March 2025
	Arrears Management	5	Lenore Suddon, Housing Services Manager			

Key Dates

Visit	Name	No. of audit days	Key Organisation personnel	Provisional start date for visit	Provisional date of issue of draft report	Provisional date for reporting to Audit and Internal Control Committee
3	Risk Management	5	June Wilson, Executive Support Officer	2 December 2024	18 December 2024	11 March 2025
	Follow Up	2	June Wilson, Executive Support Officer			



Appendices

A – Summary of Internal Audit Input



1 April 2020 to 31 March 2026		Operating Plan (No. Of days)					
System	Audit Area	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Financial Systems	Payroll					5	
	Overall Financial Controls		6				
	Budget Management						5
	Procurement	5					
	Financial Planning	5					
Non Financial Systems	Cyber Security					6	
	Arrears Management					5	
	Covid-19 Working Practices and Staff Wellbeing		5				
	Tenant Support			6			
	Review of Upper Langlee Refurbishment Programme (Project 1)		5				
	Complaints Handling			5			
	Board Appraisal Process			5			
	GDPR				5		
	Void Management				5		
	Absence Management				6		
		Days Carried Forward	10	16	16	16	16

A – Summary of Internal Audit Input



1 April 2020 to 31 March 2026		Operating Plan (No. Of days)					
System	Audit Area	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	Days Brought Forward	10	16	16	16	16	5
	Allocations						5
	Responsive Repairs						5
	Tenant and Safety Residence	6					5
	Strategic Planning/Governance						5
	Culture and Staff Wellbeing						5
	Risk Management					5	
	Competitive Tender Exercise				5		
Required	Follow up	2	2	2	2	2	2
	Audit Management	2	2	2	2	2	2
	Total Days	20	20	20	25	25	34



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 and Internal Control Committee and addressed by senior management of the Company as a matter of urgency
Medium	Medium Risk	Significant issue or weakness which should be addressed by the Company as soon as possible
Low	Low Risk	Minor issue or weakness reported where management may wish to consider our recommendation

C – Key Performance Indicators



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 and Internal Control 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 Waverley Housing.

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 Board	This would cover the roles and responsibilities of Board members, including the Chair. This has been particularly useful when new Board members have been appointed and allows members to obtain some knowledge on what the expectation of a Board member is and what they should be looking out for.
Role of Internal Audit	We would provide a short session on what the internal audit function should be delivering to the Company and the added value which we would bring.
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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