



# Waverley Housing

Internal Audit 2025/26

Annual Report

March 2026

# Table of Contents

Section	Page number
1. Introduction	3
2. Executive Summary	4
3. Audit Findings	6
4. Benchmarking	9
5. Key Performance Indicators	13
Appendices:	
A. Grading Structure	15

# 1. Introduction

The prime responsibility of the Internal Audit Service (IAS) is to provide the Board, via the Audit and Internal Control Committee with an objective assessment of the adequacy and effectiveness of management's internal control systems.

We conduct our work in accordance with the standards and guidelines set down by the Institute of Internal Auditors, including the Global Internal Audit Standards (GIAS), and the Application Note regarding the adoption of GIAS in the UK Public Sector. The Application Note replaces the Public Sector Internal Audit Standards from 1 April 2025.

In line with these Standards, we have developed a robust quality assurance process to ensure that each of our activities and reports are of a high and consistent standard. Quality assurance activity includes interim reviews during the internal audit process and an extensive final review before reports are issued to clients and other stakeholders. We actively seek to improve the services we deliver through a programme of CPD, training, networking and engagement with internal peers, as well as by piloting new ways of working.

We had an extensive external assessment undertaken against the new Global Internal Audit Standards in November 2025. The assessment was undertaken by the Chartered Institute of Internal Auditors who concluded:

“Following an independent review by the Chartered Institute of Internal Auditors in November 2025, the Wbg Services LLP (Wbg) Internal Audit Department is able to report that the design of its internal audit approach and methodology is generally aligned to the Global Internal Audit Standards (GIAS) and, where appropriate, the Application Note that sits alongside the GIAS for public sector organisations.

Given Wbg Internal Audit Department’s high level of performance and achievement with the GIAS, we do not make any formal recommendations to enhance conformance in this report.”

This Annual Report should be considered by the Audit and Internal Control Committee prior to the Committee submitting their annual report to the Board.

## 2. Executive Summary

### Overall Opinion

We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a conclusion as to the adequacy and effectiveness of Waverley Housing's risk management, control and governance processes.

In our opinion, Waverley Housing did have adequate and effective risk management, control and governance processes to manage its achievement of the Company's objectives at the time of our audit work. In our opinion, the Company has proper arrangements to promote and secure value for money. It should be noted that a weak level of assurance was raised for the Tenant Safety review with material weaknesses highlighted surrounding the completion of Fire Risk Assessment actions.

Our fieldwork was carried out between September 2025 and November 2025, and we have not undertaken any further internal audit assignments at the time of this report.

The overall findings and conclusion of each report are highlighted in Section 3. As can be seen from the summary in Section 3 all areas included in the Operational Plan for 2025/26 have been completed.

In forming our opinion, we have carried out the following work:

- | A review and appraisal of financial and other controls operated by the Company;
- | A review of the established policies and procedures adopted by the Company;
- | An assessment of whether or not the internal controls are reliable as a basis for producing the financial accounts;
- | A review of accounting and other information provided to management for decision making;
- | Compliance and substantive audit testing where appropriate; and
- | A review of the Company's procedures in place to promote and secure value for money.

The analysis of performance indicators for the internal audit work carried out in the year is included at Section 5.

## 2. Executive Summary (continued)

### **Basis of Opinion**

As the Head of Internal Audit at Waverley Housing, we are required to provide the Audit and Internal Control Committee with an opinion on the adequacy and effectiveness of the Company's risk management, control and governance processes.

In giving our opinion, it should be noted that assurance can never be absolute. The most that we can provide to the Audit and Internal Control Committee is reasonable assurance that there are no major weaknesses in the Company's risk management, control and governance processes.

In assessing the level of assurance given, we have considered:

- | All audits undertaken during the year ended 31 March 2026;
- | Any follow-up action taken in respect of audits from previous periods;
- | Any significant recommendations not accepted by management and the consequent risks;
- | The effects of any significant changes in the Company's objectives or systems;
- | Matters arising from previous reports to the Audit and Internal Control Committee;
- | Any limitations which may have been placed on the scope of internal audit;
- | The extent to which resource constraints may impinge on the Head of Internal Audit's ability to meet the full audit needs of the Company;
- | What proportion of the Company's audit need has been covered to date; and
- | The outcomes of our quality assurance processes.

# 3. Audit Findings

## Summary of Work Undertaken

The following table summarises the audit work undertaken in 2025/26. The grading structure used in our reports can be found in Appendix A.

Area	Planned Days	Actual Days	Status	Overall Conclusion	High Priority Recommendations	Medium Priority Recommendations	Low Priority Recommendations
Responsive Repairs	5	5	Complete	Strong	-	-	2
Budget Management	5	5	Complete	Substantial	-	2	1
Tenant Safety	7	7	Complete	Weak	1	4	1
Allocations	5	5	Complete	Strong	-	-	1
Anti-social behaviour	4	4	Complete	Strong	-	-	3
Follow Up	2	2	Complete	Substantial	-	2*	3**
Audit Management	2	2	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>30</b>	<b>30</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>8</b>	<b>11</b>

\* One recommendation concluded as not implemented and the remaining recommendation concluded as partially implemented.

\*\*One recommendation was concluded as not implemented and the remaining recommendations concluded as partially implemented

# 3. Audit Findings

The following high priority recommendation was raised during the year:





Area 1	Finding	Recommendation
<p><b>Tenant Safety :</b> Fire Risk Assessments – Outstanding Fire Safety Actions</p>	<p>The Company should ensure that all fire safety-related actions that are identified from their fire risks assessments are implemented in a timely manner.</p> <p>During our review of the most recent fire risk assessment and associated actions, we identified a total of approximately 329 actions that were outstanding, this included 152 actions classified as high priority. It should be noted that all of the Company’s properties are identified as low risk as they are residential and below 11 meters where the Company are going beyond the legislative requirements in relation to the completion of fire risk assessments.</p> <p>Our root cause analysis indicates that the lack of completion and tracking arises from a combination of factors, including inadequate monitoring processes, unclear accountability for individual tasks, and insufficient verification procedures to confirm the effective implementation of fire risk assessment actions.</p> <p>There is a risk that incomplete or delayed implementation of critical fire risk actions could result in non-compliance with fire safety regulations, increased exposure to fire hazards, compromised evacuation routes, ineffective door and lighting systems, and potential safety or financial liabilities for the Company.</p>	<p>We recommend that the Company implement a robust system to track and monitor all fire risk assessment actions, assign clear accountability, conduct regular audits to ensure timely completion, and prioritise high-risk items to mitigate safety and regulatory risks.</p>

# 3. Audit Findings

Area 1	Management Response
<p><b>Tenant Safety :</b> Fire Risk Assessments – Outstanding Fire Safety Actions</p>	<p>We accept that at the time of the original assessments, and in the period since, our internal processes did not provide sufficient scrutiny of the recommendations made. This resulted in several actions being accepted and recorded without adequate challenge, and with insufficient follow-up thereafter.</p> <p>As a consequence, a number of the actions listed as necessary are overstated and not aligned with either the relevant risk level or the duties set out under the Fire (Scotland) Act 2005. Strengthening our internal challenge process will ensure that future assessments produce proportionate, risk-based, and legally grounded recommendations.</p> <p>One example relates to the recommendation for installing new emergency lighting in blocks under 11 metres with a single straightforward escape route. Scottish fire safety legislation requires that “reasonable measures” be taken to ensure the safety of relevant persons, based on the findings of the fire risk assessment. It does not require older buildings to be retrospectively upgraded to meet current standards such as BS 5266 unless the risk assessment clearly identifies a deficiency that would compromise safe evacuation.</p> <p>In many of our blocks, adequate “borrowed light” is present within stairwells, providing sufficient illumination to support evacuation in the event of a power failure. This meets the standard of reasonableness required by the Fire (Scotland) Act 2005, and therefore the installation of new emergency lighting would not be considered a mandatory or proportionate requirement.</p> <p>To tackle the issues noted, a working group has now been established to provide this robustness and monitor progress while working through the remaining FRA actions and regular updates will be provided to the Board on actions being taken to close off any outstanding actions. The working group will undertake meetings with minutes for review and time bound actions provided to the executive and leadership teams. A member of the finance team will be included in the working group to ensure appropriate budget is made available. Findings from the group will also be passed to teams working on implementation of the new system to ensure system use can better identify, report and manage gaps.</p> <p>The organisation has also engaged sector experts to assist in improvements identified and assist the team in reviewing policies and procedures. Additionally, the organisation is seeking to join a sector forum, such as the Scotland Safety Forum, to ensure staff have appropriate external access to information and advice on good working practices to help improve the culture of continuous improvement in the area on compliance</p> <p><i>Responsible Officer : Head of Property &amp; Assets.</i> <i>Implementation Date : March 26</i></p>

# 4. Benchmarking (continued)

We include for your reference comparative benchmarking data of the number and ranking of recommendations made for audits of a similar nature in the previous financial year.

Area	High	Medium	Low	Total	
<b>Responsive Repairs</b>					
Average number of recommendations in similar audits	-	1	2	3	
Recommendations at Waverley Housing	-	-	2	2	
<b>Budget Management</b>					
Average number of recommendations in similar audits	-	1	1	2	
Recommendations at Waverley Housing	-	2	1	3	
<b>Tenant Safety</b>					
Average number of recommendations in similar audits	1	2	2	5	
Recommendations at Waverley Housing	1	4	1	6	
<b>Allocations</b>					
Average number of recommendations in similar audits	-	-	1	1	
Recommendations at Waverley Housing	-	-	1	1	
<b>Summary</b>					
<b>Average number of recommendations in similar audits c/f</b>	<b>1</b>	<b>4</b>	<b>6</b>	<b>11</b>	
<b>Recommendations at Waverley Housing c/f</b>	<b>1</b>	<b>6</b>	<b>5</b>	<b>12</b>	

# 4. Benchmarking (continued)

We include for your reference comparative benchmarking data of the number and ranking of recommendations made for audits of a similar nature in the previous financial year.




Area	High	Medium	Low	Total	
<b>Summary</b>					
<b>Average number of recommendations in similar audits b/f</b>	<b>1</b>	<b>4</b>	<b>6</b>	<b>11</b>	
<b>Recommendations at Waverley Housing b/f</b>	<b>1</b>	<b>6</b>	<b>5</b>	<b>12</b>	
<b>Anti-social behaviour</b>					
Average number of recommendations in similar audits	-	-	3	3	↔
Recommendations at Waverley Housing	-	-	3	3	
<b>Summary</b>					
<b>Average number of recommendations in similar audits</b>	<b>1</b>	<b>4</b>	<b>9</b>	<b>14</b>	↻
<b>Recommendations at Waverley Housing</b>	<b>1</b>	<b>6</b>	<b>8</b>	<b>15</b>	

As noted above, Waverley Housing has a higher number of recommendations in comparison with the associations it has been benchmarked against.

# 4. Benchmarking (continued)

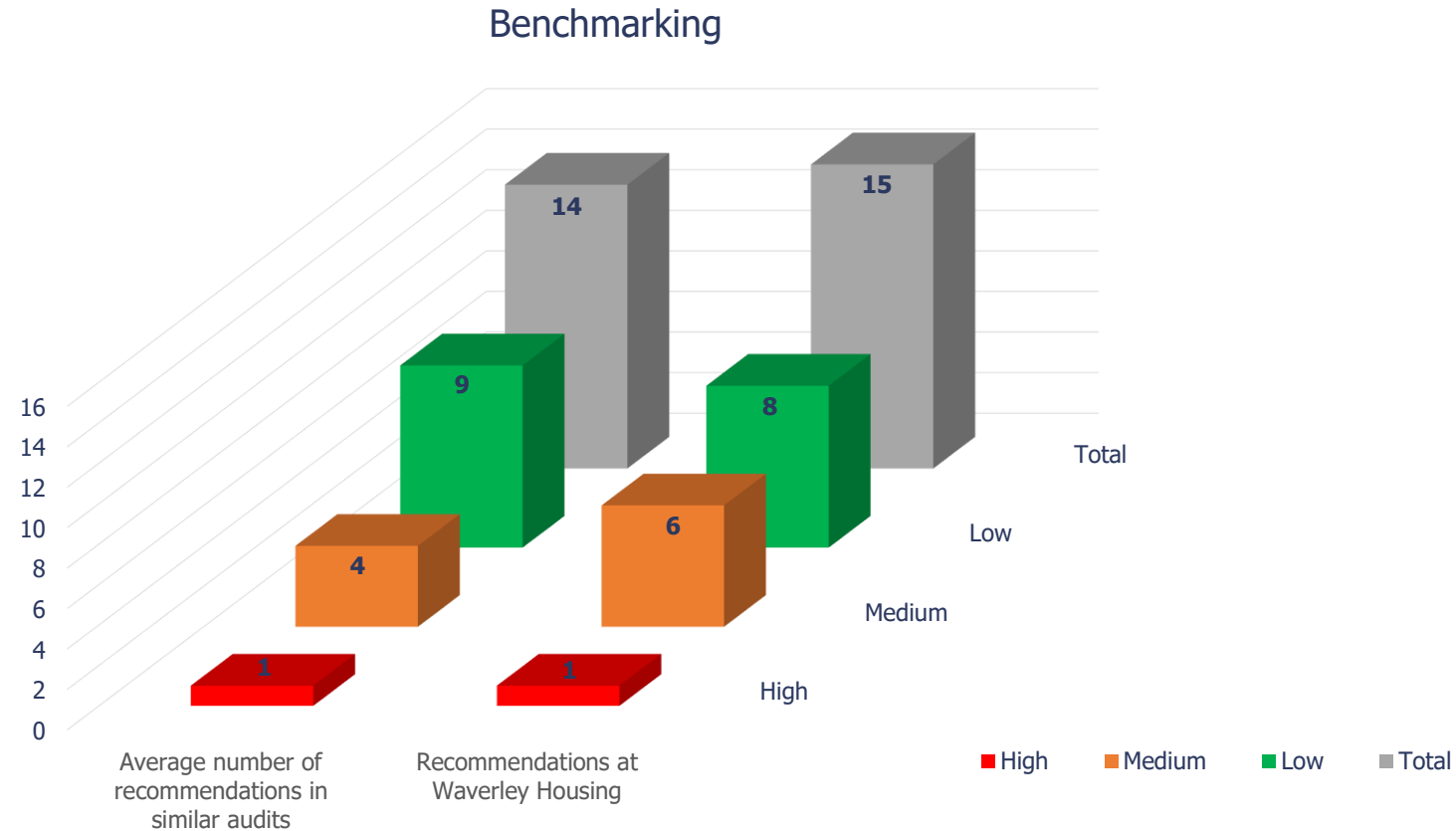


For each review, we benchmark the number and ranking of recommendations made for audits of a similar nature in the previous financial year. Please refer to the key below for an explanation of the benchmarking symbols used:

Key	
	Indicates a lower number of recommendations in comparison with the associations it has been benchmarked against.
	Indicates a similar number of recommendations in comparison with the associations it has been benchmarked against.
	Indicates a higher number of recommendations in comparison with the associations it has been benchmarked against.

# 4. Benchmarking (continued)

We have set out below in graphical format an analysis of the Benchmarking totals by grade of recommendation made.



As highlighted above, Waverley Housing has a higher number of recommendations in comparison with the associations it has been benchmarked against.

# 5. Key Performance Indicators

Performance Indicator	Target	Actual
Internal audit days completed in line with agreed timetable and days allocation	100%	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%	100%
Draft reports issued within 10 working days of exit meeting	100%	100%
Management provide responses to draft reports within 15 working days of receipt of draft reports	100%	100%
Final reports issued within 5 working days of receipt of management responses	100%	100%
Recommendations accepted by management	100%	100%
Draft annual internal audit report to be provided by 30 April each year	100%	100%
Attendance at Audit and Internal Control Committee meetings by a senior member of staff	100%	100%
Suitably experienced staff used on all assignments	100%	100%

# Appendix A

## Grading Structure

# A – Grading Structure

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 Company's 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