

Clyde Valley Housing Association

Internal Audit Plan

2019 - 2020

March 2019

Table of Content

Section	Page No.
1. Introduction	3
2. Operational Plan	4 - 6
Appendices:	
A. Summary of Internal Audit Input	7 - 8
B. Grading Structure	9
C. Key Performance Indicators	10

1. Introduction

Background

Wylie & Bisset LLP were appointed as Internal Auditors by the Association with effect from 1 April 2018 for a period of three years to 31 March 2021.

Internal Audit

The prime responsibility of the Internal Audit Service (“IAS”) is to provide the Board, via the Audit 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 Association. Also, the operation and conduct of the IAS must comply with the standards and guidelines set down by the Chartered 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 December 2019.

Formal Approval

The Audit Needs Assessment (“ANA”) was presented to the Audit Committee for approval in May 2018. This document covers the plan for 2019/20.

2. Operational Plan

Operational Plan – 2019/20

Audit Area	High level indicative summary scope	Total Number Of Days
Arrears Management	This review will look at the arrears management arrangements in place and ensure that these have been embedded within the Association. The review will seek to provide assurance to the Audit Committee that the Association's arrears management arrangements are adequate.	3
ESSH Compliance	We will undertake a review to ensure that the Association is taking steps to ensure ESSH compliance by the deadline. We will assess the roles and responsibilities, the action plan is in place, timescales adopted and progress against these timescales.	4
Health & Safety and Gas Safety	The purpose of this review was to ensure that the risks surrounding the health and safety and gas safety arrangements in place at the Association are appropriately managed and controlled. This review will seek to provide assurance to the Audit Committee that the Association's health and safety and gas safety arrangements are operating effectively. We will also consider the remit of the Health and Safety Committee.	4
Factoring	We will assess the arrangements in place to ensure that the Association is complying with key legislative requirements relating to its factoring activities. We will also review the effectiveness of key operational controls, including arrears management in relation to factoring.	3

2. Operational Plan

Operational Plan – 2019/20

Audit Area	High level indicative summary scope	Total Number Of Days
Complaints Handling	This review will consider the complaints handling arrangements within the Association to ensure that these are sufficient, follow good practice and adhere to current legislation and guidance. We will also review the suitability of the new system in place for complaints handling.	3
Business Continuity and Disaster Recovery	We will review the business continuity and disaster recovery arrangements in place at the Association. Our review will consider whether there is sufficient contingency planning in place to address the possibility of an unforeseen event.	4
Follow Up review	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 Performance & Audit Committee with assurance that prior year recommendations are implemented within the expected timescales.	2

2. Operational Plan (cont'd)

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 Association.

Key Dates

Visit	Audit Areas	Key Association Personnel	Provisional Date for Visit	Date of Issue of Draft Report	Provisional Date for Reporting to the Audit Committee
Visit 1	Complaints Handling Health & Safety & Gas Safety	Sandra Haig Sandra Haig / Kevin McGhee	17 June 2019	5 July 2019	1 August 2019
Visit 2	EESSH Compliance Factoring	Linda Sneddon Alana Main	2 September 2019	20 September 2019	7 November 2019
Visit 3	Business Continuity and Disaster Recovery	Sandra Haig / Andy McVey	28 October 2019	15 November 2019	6 February 2020
Visit 4	Arrears Management	Linda Sneddon	6 January 2020	24 January 2020	6 February 2020
Visit 5	Follow Up review	Carron Garmory	3 February 2020	21 February 2020	May 2020

Appendix A – Summary of Internal Audit Input

1 April 2018 to 31 March 2021

System	Audit Area	Operating Plan (No. Of days)		
		2018/19	2019/20	2020/21
Financial Systems	Procurement and Contract Management	3		
	Budgetary & Financial Controls			3
	Arrears Management		3	
	Mid-Market Rent - Standard Lettings	2		
	Overall Financial Controls	4		
Non Financial Systems	Maintenance			3
	EESSH Compliance		4	
	Health & Safety and Gas Safety		4	
	Development			4
	Housing Allocations & Management			3
	Factoring		3	
	Welfare Reform	3		
	Carried Forward	12	14	13

Appendix A – Summary of Internal Audit Input

1 April 2018 to 31 March 2021

System	Audit Area	Operating Plan (No. Of days)		
		2018/19	2019/20	2020/21
	Brought forward	12	14	13
	Complaints Handling		3	
IT	IT Systems			4
	General Data Protection Regulation	4		
	Business Continuity and Disaster Recovery		4	
Governance	New Private Lettings Regulations	2		
	Corporate Governance – Self Assessment of Governance Standards	3		
	Risk Management			3
	To be arranged			1
Required	Follow Up review	2	2	2
	Audit Management	2	2	2
	Total Days	<u>25</u>	<u>25</u>	<u>25</u>

Appendix B – Grading Structure

For each area of review we provide a level of assurance 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 Committee and addressed by senior management of the Association as a matter of urgency
Medium	Medium Risk	Significant issue or weakness which should be addressed by the Association as soon as possible
Low	Low Risk	Minor issue or weakness reported where management may wish to consider our recommendation

Appendix C – Key Performance Indicators

Analysis of Performance Indicators

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	100%
Draft reports issued within 15 working days of exit meeting	100%
Management provide responses to draft reports within 15 days of receipt of draft reports	100%
Final reports issued within 10 days of receipt of management responses	100%
Recommendations accepted by management	100%
Draft annual internal audit report to be provided no later than 5 weeks of the year end each year	100%
Attendance at Audit Committee meetings by a senior member of staff	100%
Suitably experienced staff used on all assignments	100%