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Policy:	Audit
Legal Requirements:	<p>This policy is in line with the legal requirements of:</p> <p>Co-operative and Community Benefits Societies Act 2014, Housing (Scotland) Act 2010 & the Rules of Yoker Housing Association Ltd based upon SFHA Charitable Model Rules (Scotland) 2013 (as amended 2015).</p>
Regulatory Standards:	<p>The Scottish Housing Regulator has set out Regulatory Standards for all Registered Social Landlords (RSLs) to ensure that RSLs deliver good outcomes and services for its tenants and service users through good governance and financial management.</p> <p>This policy evidences that the following Regulatory Standards are being met:</p> <p>Standard 1: The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.</p> <p>Standard 3. The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay.</p> <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>
Equality and Diversity:	<p>The Association is committed to Equal Opportunities and will endeavour to ensure that all services are carried out in an undiscriminating manner in line with the Association's Equality and Diversity Policy.</p> <p>In particular, the Association will not discriminate on the grounds of age, disability, marriage and civil partnership, pregnancy and maternity, race, religion or belief, gender, gender reassignment or sexual orientation.</p>
Complaints:	<p>Although the Association is committed to providing high levels of service, we accept that there may be occasions where customers may not be satisfied with the service they have received. The Association values all complaints and uses this information to improve the services that it provides. The Association's Complaints Policy describes our complaints handling procedure and how to make a complaint.</p>
General Data Protection Regulation (GDPR):	<p>The Association will treat all customers' personal data in line with its obligations under the current data protection regulations and our Privacy Policy. Information regarding how data will be used and the basis for processing data is provided in the Association's Fair Processing Notice.</p>
Policy Author:	Kirsty McKay
Policy Review:	<p>In order to ensure that any change in circumstances is accommodated this policy will be subject to review every five years in the month of June.</p>
Policy Approval:	<p>This policy was last reviewed / approved by the Management Committee of Yoker Housing Association Limited at its meeting held on Thursday the 25th of June 2020.</p>



Statement of Policy Aims/Principles

This policy has been produced in order to provide an overview of the audit services procurement and appointment process within the Association.

This policy takes into account the Scottish Housing Regulator's Regulation of Social Housing in Scotland Framework (*February 2019*) and the Scottish Federation of Housing Associations (SFHA) Internal Audit Guidance For Scottish Housing Associations and Co-Operatives (*March 2018*).

Policy Details

External Audit

Appointment

In line with the Rules of the Association the Membership must appoint at an Annual General Meeting, a qualified auditor to audit the Association's accounts and balance sheet. In this instance "qualified auditor" is someone who is a qualified auditor under Section 91 of the Co-operative and Community Benefits Societies Act 2014.

Rule 72.2 states that none of the following can act as an auditor to the Association:

- a committee member or employee of the Association;
- a person who is a partner of, or an employee or employer of a Committee Member or employee of the Association;
- an organisation which is a Member of the Association.

The Association must appoint an auditor within three months of being registered by the Financial Conduct Authority. The Management Committee will appoint the auditor unless there is a meeting of the Association within that time. The Committee may appoint an auditor to fill in a casual vacancy occurring between general meetings of the Association. The Committee shall take such steps as it considers necessary to ensure the continuing independence of the Association's auditor including the periodic review of the need for audit rotation. The Association must send a copy of its accounts and the auditor's report to The Scottish Housing Regulator within six months of the end of the period to which they relate.

An auditor appointed to act for the Association one year will be re-appointed for the following year unless:-

- a decision has been made at a general meeting to appoint someone else or specifically not to appoint them again; or
- they have given the Association notice in writing that they do not want to be re-appointed; or
- they are not a qualified Auditor or are excluded under Rule 72.2; or
- they are no longer capable of acting as Auditor to the Association; or
- notice to appoint another Auditor has been given.

To prevent an auditor being re-appointed or to appoint another person as auditor, not less than 28 days' notice must be given to the Association that the matter requires to be discussed at the next meeting of the Association.

The Association shall give notice to the auditor who is to be asked to step down that the matter will be discussed at the next meeting of the Association. If possible the Association will also give proper notice of this matter to the Members but if this is not possible, the Association can give notice by advertising in the local newspaper at least 14 days before the meeting.

The retiring Auditor may make representations to the Association or give notice that he/she intends to make representations at the meeting and the Association must tell the Members of any representations made by the Auditor under Section 95 of the Cooperative and Community Benefit Societies Act 2014.



POLICY STATEMENT

SUBJECT: AUDIT

External Audit (Continued)

Tendering

In accordance with the Association's Procurement Policy, when procuring services with a value of between £7,000 and £50,000 (exclusive of VAT), at least three competitive tenders must be sought from service providers who have the experience and expertise to meet our requirements.

The appointment of an External Audit Service Provider will be carried out by a competitive tendering process no more than every five years. A recommendation of the successful Tenderer will be presented to the Associations' Members at the Annual General Meeting.

Service

The External Audit Service Provider will be required to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK & Ireland) issued by the Auditing Practices Board (APB) and will have particular regard to the APB's practice note 14 The Audit of Registered Social Landlords in the United Kingdom. Those standards require compliance with the Auditing Practices Board's Ethical Standards for Auditors.

The External Audit Service is to be carried out in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), and in accordance with applicable accounting standards in the United Kingdom and Statement of Recommended Practice for Accounting by Registered Social Landlords.

The external auditor will be required to:

- Liaise with the Internal Auditor as required.
- Ensure that the Association has made financial submissions as required by regulators.
- Ensure the Association's registers are maintained in accordance with policy requirements.
- Prepare a report including a management letter after each year's audit to comment on the effectiveness of the Association's financial controls and systems.
- Present audit findings to the Management Committee and discuss key aspects of the annual financial statements prior to these being approved by the Management Committee.
- Present the audit report and management letter to the Association's Management Committee and to our Members at the Annual General Meeting.

Ideally, the audit should commence within four to six weeks of the financial year end. However the audit may take the form of an interim and a final audit in which case the final audit may commence later. The scope of the external audit work extends to all operations and records, financial, governance and operational, of the Association. In addition to the usual auditing requirements the successful provider will be required to provide best practice updates to the Associations' Management Committee and stakeholders.

The Association may also require the External Auditor to undertake other consultancy and advice to support our work to improve the efficiency and effectiveness of the Association or to undertake any ad hoc investigations.

Internal Audit

Appointment

The Association has an internal audit function in accordance with Standard 4 of the Scottish Housing Regulator's Standards of Governance and Financial Management For RSLs.

The appointment of Internal Audit Service Provider is determined by the Management Committee.

The Association will engage the services of an internal auditor who has an in-depth knowledge of the social housing sector. The internal auditor must be independent of all functions of the Association.

In line with good practice, the internal audit service and appointment will be reviewed no more than every five years.



Internal Audit (Continued)

Tendering

5 In accordance with the Association's Procurement Policy when procuring services with a value of between £7,000 and £50,000 (exclusive of VAT) at least three competitive tenders must be sought from service providers who have the experience and expertise to meet our requirements.

10 The tender evaluation process will be carried out by at least three members of the Management Committee alongside the Senior Finance Officer and a recommendation will be presented to the full Management Committee at the next available meeting.

Service

15 The internal audit function is driven by the Management Committee in order to ensure that it is provided with the independent assurance it needs. The internal audit process forms part of the Association's governance framework and the outcomes of internal audits feed into assessment for the Annual Assurance Statement.

20 The Internal Audit Service Provider will report to the Management Committee and will be required to produce an audit risk assessment for approval by the Committee which will form the basis of a Strategic Audit Plan covering the period of the contract. The Internal Audit Service Provider will be required to provide a programme which tests all of the Association's operational areas over the contract period.

25 An Annual Audit Programme, which should reflect the audit coverage identified in the Strategic Audit Plan with full details of any proposed amendments, will be reviewed and authorised by the Management Committee each year of the contract. As part of the programme of work the Internal Auditors will be expected to review, appraise and report upon:

- The adequacy and application of controls to ensure the achievement of the Association's objectives.
- The adequacy and application of financial and other related management controls.
- The relevance and effect of established policies, plans and procedures as well as the extent of compliance with these.
- The extent to which the Association's assets and interests are properly accounted for and safeguarded from losses of all kinds.
- The efficient use of resource and achievement of value for money.
- The suitability, reliability and integrity of management information systems.
- The adequacy of follow-up action to Audit reports.
- The management of risk within the Association.

35 The Internal Audit Service Provider will be responsible for producing an Annual Audit Report to the Management Committee for each audit year.

In addition to the Annual Audit Report, other reports may be required to be made to the Management Committee as requested.