



Quinn Internal Audit & Business Support Services

Glen Housing Association

**Strategic Internal Audit Programme 2018 – 2021
&**

Internal Audit Plan 2018 – 19

INTRODUCTION

The main objective of the internal audit activity that will be completed by Quinn Internal Audit & Business Support Services (Quinn Services) is to provide an objective evaluation of, and opinion on, the overall adequacy and effectiveness of Glen Housing Association's framework of governance, risk management and control. A three-year Strategic Internal Audit Programme is attached at **Appendix A**. This gives an indicative internal audit programme, which is subject to annual review. The scope for individual internal audits for 2018/19 is set out in the Annual Internal Audit Plan at **Appendix B**.

Quinn Services is responsible for giving assurance to the Board on the adequacy and effectiveness of risk management, control and governance processes. This Internal Audit Plan has been drawn up in accordance with the requirements of the 'Institute of Internal Auditors (UK & Ireland) Internal Audit Standards'. The type of audits undertaken will be:

Assurance	Each assurance review will identify the objectives of the system/process, identify the risks to the system/process and establish whether or not controls are in place to minimise the potential risk. An appropriate level of testing is carried out to assess the actual effectiveness of the controls.
Appraisal	Each appraisal review will assess the control framework of a system/process. The emphasis is on whether the arrangements in place accord with good practice.
Follow Up	Each follow up review will assess the implementation of agreed recommendations.

INTERNAL AUDIT ASSESSMENT

Each internal audit will be given an overall assurance level – this is not a 'one-size fits all' grading. Assurance levels given depend upon:

- the number and priority rating of recommendations made;
- the risks associated with the area/function/service being audited – both internal and external;
- the impact/probability score of the identified risks;
- the overall strength of the control framework that is currently in place; and

- the speed with which a recommendation needs to be implemented.

Recommendations will be given one of three gradings:

- **Urgent** (priority 1): a *fundamental control issue on which action should be taken immediately*
- **Important** (priority 2): a *control issue on which action should be taken at the earliest opportunity*
- **Routine** (priority 3): a *control issue on which action should be taken in due course*

An overall assessment of the combined effectiveness of the controls being audited will be given. The assessments are:

Substantial Assurance	A robust series of internal controls are in place which are designed to achieve the system/process objectives and which are being consistently applied.
Reasonable Assurance	A series of internal controls in place, however there is a need for control improvements and/or enhancements that would assist in ensuring the continuous and effective achievement of the system/process objectives.
Limited Assurance	The controls in place and/or the level of compliance are not sufficient to ensure the continuous and effective achievement of the system/process objectives.
Nil Assurance	There is a fundamental breakdown - or absence - of core internal controls

INTERNAL AUDIT ASSIGNMENTS

The scopes for individual internal audits is set out in the Annual Internal Audit Plan at **Appendix B**. At the start of the financial year, audit fieldwork dates will be agreed and details of the key contacts for each audit obtained. The number of days stated includes on-site work (document review, testing) and off-site work (audit report writing).

Four weeks prior to the start of the audit fieldwork an Audit Notification will be issued, which will document the agree scope, documents required to commence the audit and the audit fieldwork dates.

INTERNAL AUDIT ASSESSMENT PROCESS

Audits will take a risk-based mitigation approach. During the course of the audit, consideration will be given to the appropriateness of the risk management and control framework being assessed, to ensure it is designed to assist in mitigating against the Association's strategic and operational risks.

For all audits, relevant policies will be reviewed to assess how they sit in relation to regulatory and best practice requirements and related processes and procedures reviewed to assess the degree to which they are fit for purpose and allow the aim of the related policy to be implemented.

For each audit, at the end of the audit fieldwork, all findings and recommendations will be discussed in detail with the key contact (for the particular audit) and other staff as directed by the Association.

INTERNAL AUDIT REPORTS

All audit reports will include balanced comments on the strengths and weaknesses identified. Recommendations will be pragmatic and proportionate that are tailored to meet the specific needs of the Association and that are 'forward looking' to prepare for any forthcoming changes. Identification of real efficiency and financial savings opportunities will be highlighted, as well as a comment on value for money where appropriate.

A draft audit report will be issued (electronically) within 10 working days of the end of the fieldwork. Once the management comments have been received, a final audit report will be issued within 5 working days (electronically). All reports will be presented to the Board by the auditor who has undertaken the work.

ANNUAL FOLLOW UP

Annually, a follow up review will be conducted to confirm the implementation of agreed recommendations. If recommendations have not been implemented, an explanation will be sought and a revised review date agreed. A 'Follow Up' report will be produced and presented to the Board for their information and consideration.

RESPONSIBILITY AND LIMITATIONS

The responsibility for a sound system of internal controls rests with the management and governing bodies of Glen Housing Association. Work performed by Quinn Services should not be relied upon to identify all the control strengths and the weaknesses that may exist. Neither should internal audit work be relied upon to identify all circumstances of fraud or irregularity, should there be any, although the audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud.

Responsibility will be placed on management to provide Quinn Services with full access to staff and all relevant documentation - as required for each individual audit. The matters documented in the internal audit reports will be only those that come to the attention of Quinn Services during the course of the internal audit's fieldwork. The internal audit reports will be prepared solely for Glen Housing Association's use and are not prepared for any other purpose.

Caron Quinn
Quinn Internal Audit & Business Support Services
March 2018

APPENDIX A

STRATEGIC INTERNAL AUDIT PROGRAMME

Glen Housing Association

Audit Topic		Days Required		
		2018/19	2019/20	2021/22
<u>Governance & Financial Management</u>				
Data Protection – compliance with legislation	Assurance	2		
Strategic Planning	Appraisal		1.5	
Payments & Payroll	Assurance		1.5	
Equality & Diversity – compliance with legislation	Assurance		1	
Complaints Handling & Anti-Social Behaviour Management	Appraisal			2.5
<u>Risk Management, IT & Finance</u>				
Risk Management Framework	Appraisal	1		
Payments & Payroll	Assurance			2
<u>Housing & Estates Management</u>				
Void Management	Assurance	1		
Tenant Participation and Engagement	Appraisal		1	
<u>Other</u>				
Follow Up	Assurance	0.5	0.5	0.5
Annual Internal Audit Plan, Audit Contract Management & attendance at Board meetings (if required)		No charge	No charge	No charge
<u>Total Days</u>		4.5	5.5	5.0

Please note - the 'days' per audit topic include:

- Assessment of relevant documentation such as strategies, policies, procedures, performance reports etc;
- On site work – reviewing evidence, testing controls, interviewing relevant staff;
- Close out meeting – discussing findings with relevant staff and finalising recommendations; and
- Report writing (off site) – draft report for management comment and then a final report.

APPENDIX B

INTERNAL AUDIT PLAN – 2018/19

Qtr	Audit	Fieldwork Dates	Indicative Scope
2	GDPR	4 September 2018	This audit will consider the approach taken by the Association to ensure GDPR compliance, including: <ul style="list-style-type: none"> • GDPR mapping exercise; • Privacy Policy; • Fair Processing notices; • Retention framework and • Sharing Agreements.
2	Void Management	5 September 2018	This audit will consider: <ul style="list-style-type: none"> • The appropriateness of the Void policy and procedures in relation to sector best practice; • Degree of compliance with the Void policy and procedures; • Effectiveness of the Void Management process followed, including compliance with the Relet Standard; and • Reporting to the governing body on Void Management performance.

Qtr	Audit	Fieldwork Dates	Indicative Scope
4	Risk Management	21 January 2019	This audit will consider: <ul style="list-style-type: none"> • the arrangements for identifying and monitoring the mitigating controls with regards to the Association's business significant risks; • the timely update of the Risk Register; • related risk management policies; and • the integration of risk management into business planning.
4	Follow up	22 January 2019	The audit ascertains the progress made with the implementation of the recommendations arising from the 2017/18 internal audit reviews.

Quarter	Period
1	April to June 2018
2	July to September 2018
3	October to December 2018
4	January to March 2019
