



Craigdale
HOUSING ASSOCIATION

INTERNAL AUDIT POLICY

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1.0 INTRODUCTION

- 1.1 The purpose of this Internal Audit Policy is to set out the framework within which Internal Audit provides objective and independent assurance and advice to Craigdale's Board and staff team, over the processes and systems of internal control and risk management operating within the Association.

2.0 REGULATION

- 2.1 Scottish Housing Regulatory Standards of Governance & Financial Management Standard 4 states:

"The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose."

Guidance Note 4.4 states:

"The governing body identifies risks that might prevent it from achieving the RSL's purpose and has effective strategies and systems for risk management and mitigation, internal control and audit."

The Internal Audit function forms part of Craigdale's risk management framework.

- 2.2 Scottish Social Housing Charter

Outcome 13 - Value for Money, states that:

"Social landlords manage all aspects of their businesses so that tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay."

This standard covers the efficient and effective management of services. It includes minimising the time houses are empty; managing arrears and all resources effectively; controlling costs; getting value out of contracts; and giving better value for money by increasing the quality of services with minimum extra cost to tenants, owners and other customers.

The Internal Audit function assists in identifying areas of improvement for all the areas listed in Outcome 13.

3.0 PRINCIPALS, AIMS AND OBJECTIVES OF THIS POLICY

- 3.1 The Association has a clear commitment to continuous improvement and to the exploration of new ideas in all areas of its work. The objectives of this policy are to ensure that an effective internal audit framework is in place to assist Craigdale in achieving its strategic and operational objectives.

4.0 INTERNAL AUDIT REMIT

- 4.1 The internal audit remit covers all aspects of Craigdale's activities. This includes, but is not limited to, the assessment of systems, processes, controls, information and operations relating to the following:
- Corporate Governance
 - Strategic Planning & Control
 - Risk Management
 - Finance Systems
 - Management Information
 - Housing Management Services
 - Maintenance Services
 - Human Resources
 - ICT
 - Other activities as identified by the Board and senior staff

5.0 BENEFITS OF INTERNAL AUDIT

- 5.1 Internal Audits can deliver substantial benefits to Craigdale through its primary focus on the systems of internal control, resulting in better performance and enhanced risk management. A properly planned internal audit will not only provide benefits to the Board and staff, but to tenants and all customer service users.
- 5.2 The Board will benefit from the assurance that adequate and effective levels of internal control are in place to mitigate against identified risks and warn of potential problem areas. The internal audit process will also provide the Board with a level of assurance that Craigdale are complying with regulatory and legislative requirements.
- 5.3 Staff will benefit from assessment that operational practices are appropriate, effective, following sector best practice and offering the best value for money. The internal audit process may also highlight areas where training is required.
- 5.4 Consequently, tenants and service users will benefit from the high quality of service provided by Craigdale.

6.0 INDEPENDENCE & OBJECTIVITY

- 6.1 Internal Audit is independent of the activities that it audits, in order to ensure unbiased judgements and impartial advice. We will not appoint the same firm of Internal Audit and External Audit providers, in line with best practice.
- 6.2 Craigdale will appoint independent Internal Auditors who will carry out their work freely and objectively allowing them to offer the impartial and unbiased judgements. Staff will ensure that the Internal Auditors have access to records and explanations relevant to the performance of all audit work. There will be no restricted areas, and there will be freedom to make enquiries and to expect complete answers to all relevant questions.
- 6.3 Our Internal Auditors are required to advise us immediately if a conflict of interest (real or perceived) arises. To mitigate against the risk of the conflict continuing, Craigdale reserves the right to appoint a new Internal Audit provider in these circumstances. This approach is in line with best practice.
- 6.4 To avoid further conflict of interest (real or perceived) Craigdale will not appoint the same company of auditors to carry out Internal and External Audit in any one year. This approach is in line with best practice.
- 6.5 The work of the Internal Auditors will adhere to the mandatory Chartered Institute of Internal Auditors' guidance including the:
- Definition of Internal Auditing
 - Code of Ethics; and
 - International Standards for the Professional Practice of Internal Auditing ('the Standards')
- 6.6 This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of Internal Auditing.

7.0 PLANNING

- 7.1 Internal Audits will be carried out on an annual basis to cover selected functions within Craigdale and ensure compliance with guidance provided by the Scottish Housing Regulator, current legislation and any good practice documents prepared by SFHA, Chartered Institute of Housing etc.
- 7.2 In line with good practice, the Internal Audit Plan will be reviewed and approved by the Board, with input from senior staff, on an annual basis. In developing the Internal Audit Plan, a risk-based approach will be taken to ensure the Plan includes areas of high risk.

8.0 REPORTING

- 8.1 The outcome of the audit process and any recommendations will, in the first instance, be reported to the Chief Executive Officer. Thereafter, the Internal Auditor will report their findings to the Audit & Assurance Committee. Unless any serious issues of mismanagement or adverse reports regarding Senior Management are identified, the Board will be provided with the report/recommendations and a programme detailing timescales to address the recommendations.
- 8.2 Should any reports of fraud, mismanagement or other serious comments be made by the Internal Auditor, then the Board will be notified immediately and appropriate steps taken in line with the Association's specific policies and procedures and staff conditions of service.
- 8.3 After reviewing the Internal Audit report, the Association will respond in writing to the Auditor advising if they accept the recommendations and enclose a programme detailing the timescales for implementation/review and identify who will be responsible for specific items. If they do not agree with any of the recommendations, then an explanation for this will be detailed.

9.0 WHAT TO DO IF YOU WISH TO COMPLAIN ABOUT OUR APPROACH TO INTERNAL AUDIT

- 9.1 We have a separate complaints policy and procedure. Leaflets and copies of the complaint's procedure are available from the Association's office and on our website. We also provide information on how our customers can make a complaint to the SPSO, Bridgeside House, 99 McDonald Road, Edinburgh, EH7 4NS, telephone 0800 377 7300 or 0131 225 5300.

10.0 EQUALITIES AND HUMAN RIGHTS

- 10.1 We aim to ensure that all services, including the delivery of this policy, provide equality of opportunity.
- 10.2 We will respond to the different needs and service requirements of individuals. We will not discriminate against any individual for any reason, including age, disability, gender re-assignment, marriage, civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation, or other status.

11.0 REVIEW CYCLE

- 11.1 This policy will be reviewed on a three-yearly cycle or sooner for changes to legislation or statutory guidance.