



GROUP INTERNAL AUDIT POLICY

Rural Stirling Housing Association, Stirling Road, Doune, FK16 6AA Registered as a Scottish Charity No. SC037849 Venachar Limited, Incorporated under the Companies Act (Company Number SC447415), Registered Office: Stirling Road, Doune, FK16 6AA	
Policy Name	Group Internal Audit Policy
Policy Category	Governance
Data Policy Reviewed	9 October 2025
Review Period	3 years
Next Review Due	October 2028
Equality Impact Assessment	N/A

1.0 Purpose

- 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 the Rural Stirling Group (RSG) and Rural Stirling Housing Association's (RSHA) Board and staff team. Internal Audit covers processes and systems of internal control and risk management operating within the Association.

2.0 Scope

- 2.1 RSG has an internal audit function to assist us in meeting the SHR required standards of Governance and Financial Management. One of the key aims of the internal audit policy and the internal audit function will be to provide assurance to the Governing Body that the organisation is making good decisions, that are in our tenants' best interests and that it is effectively managing and mitigating identified risk.
- 2.2 The Association has a clear commitment to continuous improvement and to the exploration of new ideas in all areas of our work. An objective of this policy is to ensure an effective internal audit framework is in place that assists us in achieving our strategic and operational objectives.

3.0 Equality & Diversity Statement

- 3.1 We will ensure that this policy is applied fairly and consistently. In implementing this policy, we will not directly or indirectly discriminate. Our commitment to equality and fairness will apply irrespective of factors such as age, disability, gender reassignment, marital or civil partnership status, pregnancy or maternity, race, religion or belief, sex, sexual orientation.
- 3.2 This policy and any other Rural Stirling Group (RSG) publication is available in other formats e.g., other languages, Braille, large print, audio.

4.0 General Data Protection Regulations

- 4.1 We will treat your personal data in line with our obligations under the current data protection regulations and our own Data Protection Policy and Information Security Policy. Information regarding how we use personal data and the basis for processing your data is provided in RSG's privacy notices.

5.0 SHR Regulatory Standards

- 5.1 The SHR's regulatory framework sets out Regulatory Standards of Governance and Financial Management to be achieved by all Registered Social Landlords (RSLs). The

Board accepts that it is responsible for ensuring that the Association complies with these standards. The standards of direct relevance to this policy are noted below:

4.1 The Scottish Housing Regulator (SHR) 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 4.6 states:

“The RSL has an internal audit function. The governing body ensures the effective oversight of the internal audit programme by an audit committee or otherwise. It has arrangements in place to monitor and review the quality and effectiveness of internal audit activity, to ensure that it meets the assurance needs in relation to regulatory requirements and the Standards of Governance and Financial Management. Where the RSL does not have an audit committee, it has alternative arrangements in place to ensure that the functions normally provided by a committee are discharged.”

4.2 The Internal Audit function forms part of our risk management framework.

6.0 Relevant legislation

- SHR Regulatory Framework 2024

7.0 Policy Details

7.1 Internal audit remit

7.1.1 The management, planning and detailed scrutiny of the Internal Audit function has been delegated from the Board to the Audit & Risk Committee in line with our Standing Orders.

7.1.2 Each year there will be an agreed Internal Audit Plan approved by the Audit & Risk Committee. The internal audit remit covers all aspects of our 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 and Management;
- Management of Information;
- Resources: Human Resources and ICT etc
- Other activities as identified by the Board and senior staff

8. Benefits of Internal Audit

- 8.1 Internal Audits can deliver substantial benefits through its primary focus on the systems of internal control, resulting in better performance and enhanced risk management.
- 8.2 A properly planned internal audit will not only provide benefits to the Board and staff, but to tenants and all customer service users. Internal Audit provides assurance to the Board that it needs and can provide evidence to support the Annual Assurance Statement.
- 8.3 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.
- 8.4 The internal audit process will also provide the Board with a level of assurance that we are complying with regulatory and legislative requirements.
- 8.5 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.
- 8.6 As a consequence of internal audit our tenants and service users will benefit.

9. Independence & Objectivity

- 9.1 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 any one year, in line with best practice.
- 9.2 The appointment of Internal Auditors will be for a maximum term of 3 years and the service will be tendered in line with the RSG Sustainable Procurement Policy.
- 9.3 We 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.
- 9.4 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, we will reserve the right to appoint a new Internal Audit provider in these circumstances. This approach is in line with best practice.
- 9.5 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').

9.6 This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of Internal Auditing.

10. Planning

10.1 Internal Audits will be carried out on an annual basis to cover selected functions within the association and ensure compliance with guidance provided by the SHR, current legislation and any good practice documents prepared by SFHA, Chartered Institute of Housing etc.

10.2 In line with good practice, the Internal Audit Plan will be reviewed and approved by the Audit & Risk Committee, 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.

11. Reporting

11.1 The outcome of the audit process and any recommendations will, in the first instance, be reported to the CEO and the Senior Managers with responsibility for the functional area that is the subject of the audit.

11.2 Thereafter, the Internal Auditor will report their findings/recommendations to the Audit & risk Committee together with a programme detailing timescales to address the recommendations.

11.3 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 RSG specific policies and procedures and staff conditions of service.

11.4 After reviewing the Internal Audit report, we 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.

12.0 Related Documents.

12.1 This policy relates to the following documents:

- Group Standing Orders
- Audit & Risk Committee Remit
- Group Anti-Fraud and Bribery Policy
- Group Whistleblowing Policy
- Group Sustainable Procurement Policy

13.0 Review

13.1 We will review and update this policy every 3 years. More regular reviews will be considered where, for example, there is a need to respond to new legislation/policy or regulatory guidance.