

# Extract of Southway Housing Trust Internal Audit Annual Report 2017/18

## INTRODUCTION

This is the 2017/18 Annual Report by [The Audit Firm] on the internal control environment at Southway Housing Trust. The annual internal audit report summaries the outcomes of the reviews we have carried out on the organisation's framework of governance, risk management and control. This report is designed to assist the Board in making its annual governance statement.

### HEAD OF INTERNAL AUDIT'S ANNUAL OPINION

**[The Audit Firm] is of the opinion that, for the areas reviewed during the year at Southway Housing Trust, there is reasonable assurance that effective risk management, control and governance processes are in place to manage the achievement of its objectives.**

## INTERNAL AUDIT PLANNED COVERAGE AND OUTPUT

The 2017/18 Annual Audit Plan approved by the Audit and Risk Committee was for 41 days of internal audit coverage in the year. During the year the review of Development – HCA Compliance was cancelled.

All the planned work has been carried out and the reports have been issued (Annex A).

The following work was carried out in addition to the work set out in the Annual Audit Plan.

- GDPR
- Tenancy Agreements
- Procurement
- Key File Review

An additional review was also undertaken on HR processes, commissioned by the Chief Executive, which was outside of the Internal Audit Plan.

## ASSURANCE

[The Audit Firm] carried out 12 reviews, which were designed to ascertain the extent to which the internal controls in the system are adequate to ensure that activities and procedures are operating to achieve Southway Housing Trust's objectives. For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key control risks was provided. Details of these are provided in Annex A and a summary is set out below.

Assurance Assessments	Number of Reviews	Previous Year
Substantial Assurance	7	2
Reasonable Assurance	4	6
Limited Assurance	1	-
No Assurance	-	-

The areas on which the assurance assessments have been provided can only provide reasonable and not absolute assurance against misstatement or loss and their effectiveness is reduced if the internal audit recommendations made during the year have not been fully implemented.

We made the following total number of recommendations on our audit work carried out in 2017/18.

Urgent	Important	Routine
0	24	18

## AUDIT SUMMARY

**Control weaknesses:** There was one area reviewed by internal audit where it was assessed that the effectiveness of some of the internal control arrangements provided 'limited' assurance. Recommendations were made to further strengthen the control environment in this area and the management responses indicated that the recommendations had been accepted.

**Recommendations Made:** We have analysed our findings/recommendations by risk area and these are summarised below.

Risk Area	Urgent	Important	Routine
Directed	-	4	9
Compliance	-	4	5
Operational	-	16	4
Reputational	-	-	-

**Operational Effectiveness Opportunities:** One of the roles of internal audit is to add value and during the financial year we provided advice on opportunities to enhance the operational effectiveness of the areas reviewed and the number of these opportunities is summarised below.

Operational
2

## INDEPENDENCE AND OBJECTIVITY OF INTERNAL AUDIT

There were no limitations or restrictions placed on the internal audit service which impaired either the independence or objectivity of the service provided.