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| Policy Name | External Audit Policy |
| Policy Author | Finance Officer |
| Approved by Management Committee | February 2025 |
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West Whitlawburn Housing Co-operative will provide this policy on request at no cost, in larger print, in Braille, in audio or other non-written format, and in a variety of languages. Please contact the office.

1. Role of the External Auditor

- 1.1 The primary role of the external auditor is to report an opinion upon the Co-operative's financial statements (i.e. the annual accounts and other reports as required to be published with them). To reach an opinion, the auditor must examine the statements and their underlying records and control systems in so far as is necessary.
- 1.2 The external auditor has a responsibility to audit and express an opinion on the financial statements in accordance with applicable law and United Kingdom Accounting Standards including FRS 102 – The Financial Accounting Standard applicable in the UK and Ireland. Those standards require the auditors to comply with the Auditing Practices Board's Ethical Standards for Auditors.
- 1.3 In addition to the audit of the financial statements, the auditors will review the Committee of Management's statements concerning the Co-operative's compliance with the information required in the section on Internal Financial Control.
- 1.4 The external auditors have a statutory requirement to give an opinion on whether the financial statements:
- Give a true and fair view of the state of the Co-operative's affairs at 31st March each year and of its profit for the year then ended; and
 - Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - Have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Schedule 7 of The Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2014.
- 1.5 The responsibilities of the external auditor include:
- Defining the extent of their responsibilities in detail and confirming this in the letter of engagement;
 - Ensuring that the audit is carried out by staff with relevant skills and knowledge;
 - Carrying out the audit in accordance with auditing standards;
 - Liaison with any internal auditor;
 - Reviewing and reporting on the Co-operative's statement on internal financial controls;
 - Issuing an audit opinion on the financial statements;

- Reporting significant weaknesses in accounting and internal control systems in a management letter;
- Commenting upon returns as may be required by The Scottish Government and/or Housing Regulator.

2. Appointment of External Auditor

- 2.1 Auditors will be procured and appointed in line with the Co-operative's Procurement Policy. The Co-operative shall review its external auditors every 5 years unless the service level dictates otherwise. Tenders should be sought from at least three external audit firms.
- 2.2 When required to interview for external auditors, the Co-operative will agree the selection criteria for suitable candidates. The selection criteria should be fair, reasonable and well documented. They should include items such as the firm's size, track record, previous experience etc.
- 2.3 The Co-operative must also take into account the skills and experience needed to carry out the audit effectively.
- 2.4 The appointment of the external auditor will be on a Quality\Price ratio basis with the ratio being Quality 60/Price 40.
- 2.5 The external auditor will be appointed at each Annual General Meeting, following a recommendation by the Management Committee and in line with the Co-operative's Rules and current statutory requirements.

3. Agreeing the Content of the Engagement Letter

- 3.1 The Co-operative should request that the external auditor confirm in a letter of engagement its acceptance of the appointment and defining the duties and responsibilities the firm is taking on. This letter should also set out the scope of the audit. The letter of engagement remains effective from one audit to the next unless it is replaced by common agreement between The Co-operative and the external auditor. It should, however, be reviewed at least every three years to ensure that it is still appropriate.
- 3.2 Preparation of the financial statements shall be undertaken by the Finance Officer in conjunction with the external auditor. A year end timetable will be agreed with the external auditor prior to commencement of the year end statutory audit.

4. Provision of Other Services

- 4.1 The Co-operative may employ the external auditor for other services as long as it can be demonstrated that there would be no conflict of interest and the external auditor's independence is not compromised.
- 4.2 A copy of the auditor's Management Letter and the Management Committees' response to the Management Letter will also be submitted to the Scottish Housing Regulator within required timescales.
- 4.3 The external audit function shall be overseen by the Management Committee and in line with good practice the Management Committee shall, on request, have a closed door session, with no staff present, with the external auditor.

5. Agreeing the Audit Fee

- 5.1 The Audit Fee will be agreed annually in advance and agreed prior to any audit work for that financial year commencing.
- 5.2 Fees for other work carried out by the external auditor should be agreed separately and should be clearly distinguished from those charged for the external audit.

6. External Auditor's Report and Management Letter

- 6.1 The senior member of the external audit team should present their findings to the Management Committee as soon as practicable after the audit has been completed.

Final audited accounts and the auditor's report will be presented at the Annual General Meeting to be held no later than 6 months after the end of the financial year.
- 6.2 The external auditor should have previously discussed significant audit findings with The Director/Deputy Director and Finance officer and have given them an opportunity to comment and discuss.
- 6.3 It is a statutory requirement for the external auditor's report to include an expression of opinion as to
 - i) Whether the financial statements give a true and fair view,
 - ii) Whether the financial statements have been properly prepared in accordance with the relevant statutory requirements.

6.4 The external auditor will prepare a draft management report and discuss it with those concerned. The management report will be presented at the same time as the financial statements, together with a response for Management Committee approval and sign off.

7. Submission of Audited Accounts

7.1 The Co-operative will ensure that the audited accounts are submitted to:

- The Scottish Housing Regulator - within 6 months of the financial year end (to include the management report and response),
- The Financial Conduct Authority - within 7 months of the financial year end,
- Office of the Scottish Charity Regulator - within 9 months of the financial year end,
- The Co-operative Bank - within 9 months of the financial year end,
- CAF Bank - within 9 months of the financial year end and any other party where receipt of audited accounts is a contractual or legal requirement.

8. Reviewing the External Auditor's Performance on a Regular Basis

8.1 The Co-operative should review the external auditor's performance each year, taking output, quality and cost effectiveness into account.

8.2 If performance is found to be satisfactory, the external auditor should be reappointed in accordance with the Rules.

8.3 If The Co-operative is not satisfied with the performance and is unable to resolve satisfactory the issues identified as affecting performance, it will be necessary to take appropriate steps to resolve the issue.

8.4 To ensure continuing value for money, The Co-operative will conduct a formal tendering process for external auditors as least every five years

8.5 If for any appropriate reason it is recommended that we tender earlier or later than the recommended five-year period, this should be approved by Management Committee.

9. Equality and Diversity

We are committed to ensuring equal opportunities and fair treatment for all people in our work. In implementing this Policy, we will provide a fair and equal service to all people, irrespective of factors such as gender, race, disability, age, sexual orientation, language or social origin, or other personal attributes.

10. Policy Review

- 10.1 This policy shall be reviewed every 5 years unless there is a requirement to review out with this cycle.