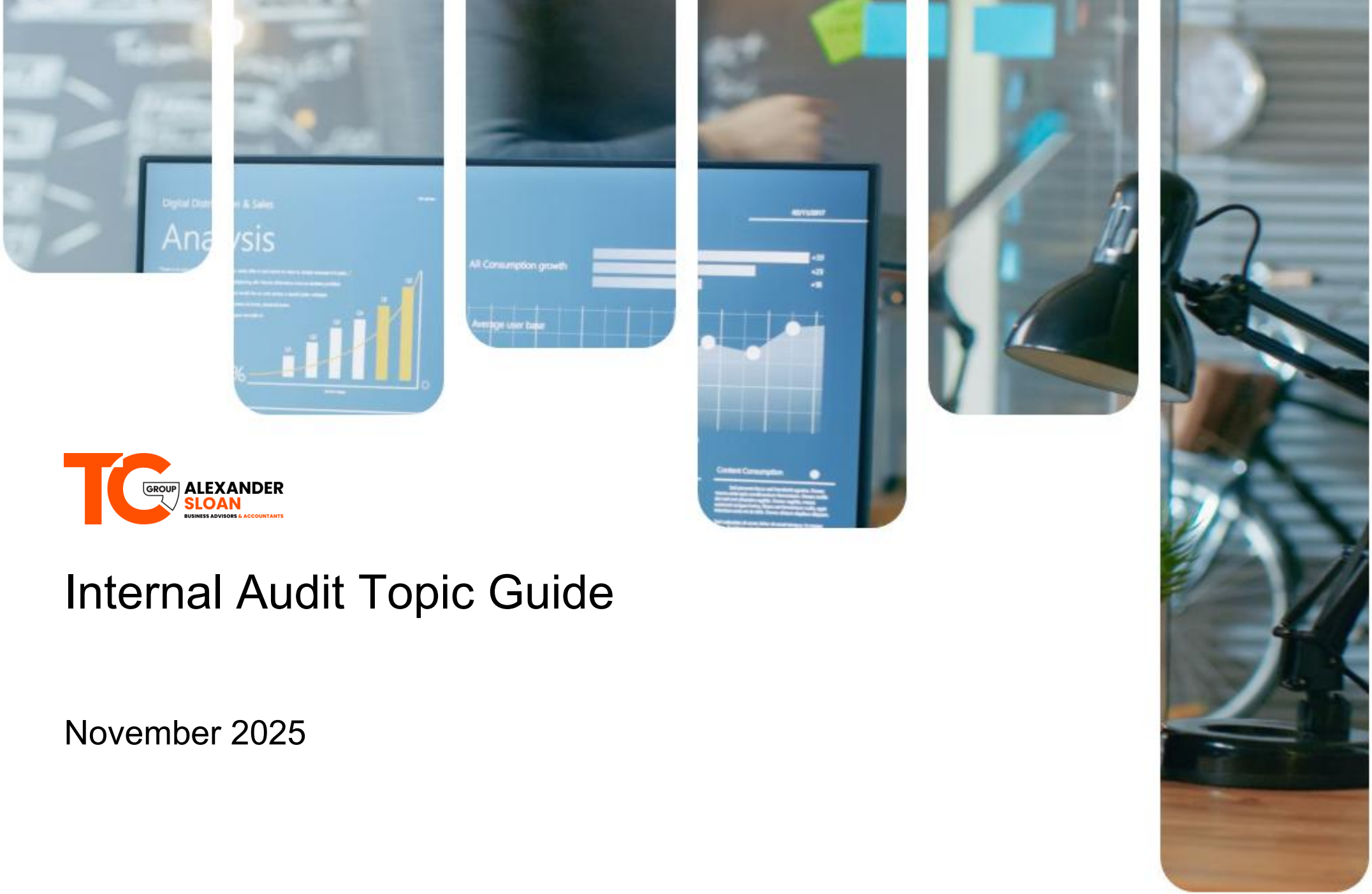


TC GROUP ALEXANDER SLOAN
BUSINESS ADVISORS & ACCOUNTANTS

Internal Audit Topic Guide

November 2025

Internal Audit Topic Areas

Standard Topics

The following is a list of standard internal audit topics. The following pages then give an indication of what is generally covered in each topic. The terms of reference will set out specifically the contents of each review in more detail. If there are specific aspects, you wish to be covered in the topic then please let us know so we can ensure this is incorporated in the review.

Other Topics

We can also carry out reviews on other topics if what you are looking for is not included in the list below. Our list of topics is also constantly being updated so there may be further standard topics since this document was developed.

Follow Ups

In addition, to the topics listed we would also periodically carry out a follow-up review. This review would check what actions the credit union has carried out in relation to previous recommendations and whether the issues have been dealt with.

Area	Review
Lending	Lending
	Mortgages
	New Lending Products (released soon)
	Credit Control and Arrears
Shares	Member Deposits
Account Maintenance	Account Opening, Closing and Changes
Finance	Financial controls and expenditure
	Treasury Management
	Budgets and MI
Governance	Risk Management
	Strategic Planning
	Governance
Compliance	Compliance and SCV
	HR
	Training
	Consumer Duty and Complaints
	Anti-Money Laundering
Data Security	IT Security
	Data Protection
	Operational Resilience
Others	Website
	Outsourcing

Lending

Review	Typical Content
Lending	Our review will consider whether the Credit Union's lending arrangements. We will examine the lending process from start to finish and test controls throughout the process.
Mortgages	The review will consider whether the secured lending arrangements which the Credit Union are robustly designed and operating as expected in practice. We will: • Test a sample of loans and consider if they have been issued in line with the Credit Union's policies and procedures and whether controls are operating. • Consider compliance with a number of the key rules within the MCOB rulebook
Credit Control and Arrears	This review will consider the Credit Union's processes for pursuing arrears from start to finish. We will check aspects of compliance and the controls that the credit union has in place to ensure the credit control process runs smoothly. The review would look at compliance with minimum PRA provisions but other provisioning requirements are outside the scope as these would typically be covered by external audit.
New Credit Union Lending Products	We can carry out a review focused on the new products available to Credit Unions following changes to credit union regulation and legislation in 2023: • Conditional. Sale Agreements • Hire Purchase • Conditional Sale • Insurance Distribution

Shares and Account Maintenance

Review	Details
Member Deposits	The review will consider whether the Credit Union policy and procedures and controls, commenting on the design and operational effectiveness of the controls in place. We will document our findings on each area providing recommendations where we consider there is a need for improvement. Areas of review will include: • Testing a sample of share issued to check whether controls are operating. • Testing a sample of share withdrawals to check whether controls are operating. • Writing to sample of members to confirm balances recorded in the Credit Union's system are correct. • Considering calculation of dividend.
Account Opening, Closing and Changes	The scope of the review is to: • Review the controls in place regarding account opening • Review the controls in place regarding account closure • Review the controls in place regarding a selection of account changes Please note that the ability to test each area will depend on what information is available from the computer platform.

Finance

Review	Typical Content
Financial controls and expenditure	The review will consider whether the Credit Union's financial controls have been designed to provide safeguards against fraud and to help ensure the accuracy of the records. We will document whether any weaknesses have been identified in the Credit Union's controls and whether they are well designed and are operating effectively. The review will include: • Testing sample of expenditure and expense claims to ensure controls are operating • Testing sample of payroll payments • Reviewing bank, share and loan reconciliations • Reviewing suspense and control accounts. The report does not cover financial ratios, budgeting, management accounts or regulatory returns which are dealt with in other internal audit reviews.
Treasury Management Budgets and MI	The report will look over the Credit Union's arrangements for treasury and liquidity and take into account the new rules introduced in July/August 2023. Other aspects of financial such as financial controls are dealt with in separate internal audit reviews. Likewise other aspects of financial management of capital and liquidity are dealt with in risk management. Review of the Credit Unions: • MI and whether it ties back to underlying records • Budgets and projections

Governance

Review	Typical Content
Risk Management	The review will consider the Credit Union's risk management procedures against sector best practice and regulatory requirements. In particular the review will consider: • The risk framework in place • Risk appetite statements • The risk register and the process for ensuring it is updated and maintained.
Strategic Planning	The review will consider the Credit Union's strategic planning in particular: • The strategic planning process • Whether SMART targets have been set • The setting of targets, monitoring and reporting to the Board • Alignment of strategic planning with risk appetite and business plans
Governance	The governance review will consider: • Systems in place for compliance with senior managers and certification regimes align with the FCA requirements. • Policies and procedures for governance • Terms of reference and Board responsibilities • Boards procedures for evaluation As part of this review we will ask Board members to complete an online survey the results of which will be incorporated into the report. We can also attend the Credit Union's Board meeting to observe and make comments of the functioning of meetings. If you wish this carried out, please contact us with dates and details of the meeting. This will increase the time on the internal audit by the length of the meeting.

Compliance

Review	Typical Content
Compliance and SCV	This review covers two topics, compliance systems and SCV. The review would consider: • Procedures and controls for producing SCV files • Compliance aspects of SCV • Reviewing compliance framework and procedures in the Credit Union Please note that this review does not cover all compliance rather the procedures the Credit Union has in place to ensure compliance.
HR/Training	We have a range of reviews in this area that can consider your HR arrangement and/or staff training and development.
Consumer Duty and Complaints	We look at the arrangements that the credit union has in place with regard to consumer duty and complaints. This will include: • Consider the reviews of products and materials carried out by the credit union • Considering training that has taken place • Reviewing terms and conditions of products • Considering member surveys and other arrangements carried out by the Credit Union. • Reviewing complaints handling procedures
Anti-Money Laundering	Our review will consider the Credit Union policy and procedures and controls, commenting on the design and operational effectiveness of the controls in place. We will document our findings on each providing recommendations where we consider there is a need for improvement.

Data Security

Review	Typical Content
IT Security	This review will consider: • The penetration testing that the Credit Union has undertaken and whether this has been followed up • Policies and procedures for IT security • Control arrangements for IT security such as process for patches, firewalls, anti-virus, user management.
Data Protection	This is a compliance based review consider the Credit Union's compliance with Data Protection legislation. As part of the review we will look at: • Privacy notices • Data Inventory • Policies and procedures
Operational Resilience	This review is focused on the new PRA/FCA guidance on Operational Resilience and will consider the Credit Union's compliance with the new approach including: • Whether service-based approach has been used • Mapping levels • Tolerance levels been set and tested • Review of testing

Other

Review	Typical Content
Website	A review of the website to consider: • Accessibility • Product details agree to the actual terms and conditions. • Regulatory / other disclosures
Outsourcing	Review to consider compliance with: • Outsourcing requirements within PRA rulebook • Compliance with SS2/21



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