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## INTERNAL AUDIT POLICY

### ***INTENT***

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To ensure Council complies with all legislative requirements through the maintenance of an effective and efficient internal audit function.

### ***SCOPE***

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This policy applies to the Council appointed Internal Auditor and all staff responsible for the internal audit function.

### ***DEFINITIONS***

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TERM	DEFINITION
<b>Internal Audit</b>	The assessment and evaluation of the control measures that the local government has adopted, or is to adopt, to manage the risks (operational risks) to which the local government's operations are exposed.

### ***POLICY STATEMENT***

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Section 105 of the *Local Government Act 2009* and Section 207 of the *Local Government Regulation 2012* details the responsibilities that each local government has in regards to an efficient and effective internal audit function. Internal Auditing is an independent and objective assurance and consulting function designed to assist Council in achieving their corporate objectives and goals. The objective of Internal Audit is to provide management and Council with independent advice on the following:

- To review and monitor legislative compliance generally and specifically the effectiveness of any legal compliance reporting process;

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Authorised By:	Director Organisational Business Services		
Original Issue Date:	NA		
Last Modified:	NA		
Review Date:	February 2025		
Current Version:	Adopted February 2020		

- To review and monitor compliance with the Council’s established policies and procedures, and recommend improvements;
- To appraise the adequacy, application and cost effectiveness of financial, administrative and operating controls;
- To examine the integrity of financial, administrative and operating systems and the accuracy of information reported;
- To examine Information Technology systems and their development to determine the efficacy of internal controls;
- To appraise and monitor the procedures and controls over external contractual relationships;
- To evaluate the effectiveness of Council’s risk management and to assist with the identification and assessment of risks to which Council’s operations are exposed;
- To investigate, to assist in, or be advised of any investigations where losses to Council assets have occurred or integrity issues arise;
- To examine and evaluate operational functions to maximise the economic, efficient and effective use of all Council resources;
- To consider requests for specific audit assignments from Councillors and Executive Management with due consideration to overall Council risk, availability of Internal Audit resources and impact to the approved Annual Operational Plan;
- Contribute to the overall audit requirements in regard to Council’s Financial Statements.

## ***ORGANISATIONAL ARRANGEMENTS AND INDEPENDENCE***

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The Internal Auditor (as appointed by Council) is responsible to Council, through the Director Organisational Business Services, for the effective management of an independent Internal Audit function. The independent status within Council is essential to effective internal auditing and shall be maintained at all times.

The Internal Auditor has no managerial powers, authorities, functions or duties except those relating to the Internal Audit function. Accordingly, internal audit activities do not in any way relieve other personnel from their responsibilities.

To enable the effective performance of their function, the Internal Auditor has the right of access to Council’s properties, works, records, accounts, correspondence, minutes and other documents that may be necessary in the conduct of a review. Council personnel may be requested to provide relevant information within a specified time frame to enable a review to be efficiently completed.

The Internal Audit responsibilities do not extend to the detailed development, implementation of, or variation to financial and administrative systems, but should be advised of any approved development or change to such systems.

Document Number:	D20/5533	<b>CONTROLLED DOCUMENT</b> This electronic document is guaranteed as the most current. <b>DO NOT COPY.</b> Unauthorised hard copies of this document are prohibited.	Page 2 of 6
Authorised By:	Director Organisational Business Services		
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Current Version:	Adopted February 2020		

Internal Audit will promote its image as a service function carrying out its responsibilities through constructive co-operation with Executive Management and personnel at all levels within Council.

## **COMPETENCE, STANDARDS AND CONDUCT OF AUDIT WORK**

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Internal Audit will maintain a high degree of professionalism through application of the following competency and standard requirements:

- Internal Audit personnel will be qualified to at least the minimum required for entry to the professional accounting bodies or other appropriate qualification that may be determined from time-to-time.
- Internal Audit personnel will be appropriately experienced and skilled to independently operate as effective Internal Auditors.
- An appropriate range of skills will be maintained within the function.
- Internal Audit personnel will maintain and develop competency and skills through involvement in accepted professional development programmes.
- Standards applicable to the Internal Audit function will be, as applicable, those promulgated by the Australian Professional Accounting Bodies and the Institute of Internal Auditors.
- Appropriate quality assurance and performance standards shall be met with all activities undertaken by Internal Audit.

## **AUDIT PLANNING AND CONTROL**

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Internal Audit planning shall be risk based and aligned to the Council’s Corporate Plan. The risk based methodology will indicate where longer term strategic or cyclic activities are involved. In addition, the Internal Audit plan will take cognizance of the results of the previous year, advice and requests from Council and Management.

The Annual Internal Audit Plan shall be developed through the Director Organisational Business Services and the Executive Leadership Team prior to presentation to the Audit and Risk Committee for adoption.

In developing the Annual Internal Audit Plan the focus will be on the following key objectives/outcomes:

- Assess and evaluate Council’s processes, procedures and internal control environment to assist with the management of operational risks;
- Appraise the relevance, reliability and integrity of management, business systems, financial and operating records and reports;

Document Number:	D20/5533	<b>CONTROLLED DOCUMENT</b> This electronic document is guaranteed as the most current. <b>DO NOT COPY.</b> Unauthorised hard copies of this document are prohibited.	Page 3 of 6
Authorised By:	Director Organisational Business Services		
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Review Date:	February 2025		
Current Version:	Adopted February 2020		

- Assist Council (Councillors, Chief Executive Officer and staff) in the effective discharge of their responsibilities by providing them with analyses, appraisals, recommendations and information concerning the activities/functions reviewed;
- Review compliance with Council policies and procedures, legislative requirements and regulations; and
- Provide outcomes that will align to industry best practice with consideration given to the resources available within Council.

## **INTERNAL AUDIT REPORTING PROCESS**

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The Internal Audit reporting process will comply with the section 207 of the *Local Government Regulation 2012* and as promulgated from time-to-time.

Upon completion of each audit undertaken by the Internal Auditors, a draft report will be provided to the Director Organisational Business Services. This will enable relevant staff to review the recommendations to:

- provide a Management Response to each recommendation;
- allocate the responsible officer; and
- provide a projected completion date for the implementation of the recommendation.

It is at this juncture that discussions should be held with the Internal Auditors, should senior management form the view that the Internal Audit recommendations would be onerous when considering the resources available (financial and/or staff).

A formal report will then be issued to the Chief Executive Officer to have included in the next available Audit & Risk Committee Meeting agenda.

The Audit and Risk Committee is to be provided with regular updates on the status and progress with the implementation of each Internal Audit recommendation until such time that the Committee is satisfied that the implementation of the recommendation is finalised.

## **KEY RESPONSIBILITIES**

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<b>RESPONSIBLE OFFICER</b>	<b>RESPONSIBILITY</b>
<b>Director Organisational Business Services</b>	To coordinate and oversee the work undertaken by Council's Internal Auditors.
<b>Manager Governance and Risk</b>	To coordinate regular reporting to the Audit and Risk Committee and Council on Internal Audit activities and the progress of implementing Internal Audit recommendations.
<b>All staff</b>	To positively participate in any Internal Audits as required.

Document Number:	D20/5533	<b>CONTROLLED DOCUMENT</b> This electronic document is guaranteed as the most current. <b>DO NOT COPY.</b> Unauthorised hard copies of this document are prohibited.	Page 4 of 6
Authorised By:	Director Organisational Business Services		
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Review Date:	February 2025		
Current Version:	Adopted February 2020		

## **REFERENCES, LEGISLATION AND GUIDELINES**

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*Local Government Act 2009*

*Local Government Regulation 2012*

*Public Sector Ethics Act 1994*

## **RELATED DOCUMENTS**

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Audit and Risk Committee Charter

Fraud and Corruption Prevention Policy

Risk Management Policy

Risk Management Framework

## **IMPLEMENTATION/COMMUNICATION**

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Upon adoption, this policy will be posted on Council's website.

Directors and Managers are to ensure that the contents of this policy are communicated to all relevant staff, who are involved with Internal Audit activities.

## **APPROVED BY**

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Council Resolution

Document Number:	D20/5533	<b>CONTROLLED DOCUMENT</b> This electronic document is guaranteed as the most current. <b>DO NOT COPY.</b> Unauthorised hard copies of this document are prohibited.	Page 5 of 6
Authorised By:	Director Organisational Business Services		
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## **REVIEW**

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<b>SPONSOR:</b>	Director of Organisational Business Services
<b>OFFICER RESPONSIBLE FOR REVIEW:</b>	Manager Governance and Risk
<b>ADOPTION DATE:</b>	20 February 2020
<b>REVIEW DATE:</b>	February 2025

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***THIS POLICY IS TO REMAIN IN FORCE UNTIL OTHERWISE DETERMINED BY COUNCIL***

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## **AMENDMENT HISTORY**

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<b>VERSION</b>	<b>AMENDMENT DETAILS</b>	<b>AMENDMENT DATE</b>	<b>APPROVAL</b>
V1	New revision	March 2018	Council

<b>Document Number:</b>	D20/5533	<b>CONTROLLED DOCUMENT</b> This electronic document is guaranteed as the most current. <b>DO NOT COPY.</b> Unauthorised hard copies of this document are prohibited.	Page 6 of 6
<b>Authorised By:</b>	Director Organisational Business Services		
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