

Internal Audit Policy

Policy Details

Policy Category	Council Policy
Date Adopted	15 March 2023
Resolution	0323/018
Endorsed by	Chief Executive Officer
Approval Authority	Council
Effective Date	18 February 2015
Policy Version Number	3
Policy Owner	Chief Executive Officer
Contact Officer	Director of Corporate Services

Supporting documentation

Legislation	<ul style="list-style-type: none"> • <i>Local Government Act 2009</i> • <i>Local Government Regulation 2012</i>
Policies	<ul style="list-style-type: none"> • Risk Management Policy
Delegations	<ul style="list-style-type: none"> • Nil
Forms	<ul style="list-style-type: none"> • Nil
Supporting Documents	<ul style="list-style-type: none"> • Internal Audit Charter • Internal Audit Plan

Version History:

Version	Adopted	Comment	eDRMS #
1	18/02/2015	Council Resolution 0215/023	
2	26/02/2020	Council Resolution 0220/019	
3	15/3/2023	Council Resolution 0323/018	

Contents

INTENT.....	3
SCOPE.....	3
POLICY STATEMENT	3
ORGANISATIONAL ARRANGEMENTS AND INDEPENDENCE.....	3
COMPETENCE, STANDARDS AND CONDUCT OF AUDIT WORK	4
AUDIT PLANNING AND CONTROL	4
INTERNAL AUDIT REPORTING PROCESS	4
ORGANISATIONAL REPORTING BY INTERNAL AUDITOR	5
DEFINITIONS	5

Intent

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

Scope

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

Policy Statement

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 regard 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.
- 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 Leadership Team 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

The Internal Auditor (as appointed by Council) is responsible to Council, through the Chief Executive Officer, 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.

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

Competence, Standards and Conduct of Audit Work

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 Australia.
- Appropriate quality assurance and performance standards shall be met with all activities undertaken by Internal Audit.

Audit Planning and Control

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 Internal Audit Annual Work Plan shall be approved by the Chief Executive Officer in consultation with the Executive Leadership Team, consisting of the Directors and/or various Managers.

Internal Audit Reporting Process

The Internal Audit Reporting Process will comply with the section 207 of the *Local Government*

Regulation 2012 and as promulgated from time-to-time.

Matters arising during audits, including matters for possible inclusion in reports will, on completion of the audit, be discussed with the Manager in charge of the work function and where appropriate with the responsible Director.

Matters that can be promptly resolved without the need for formal reporting will be done so and if necessary, followed up. Details of such matters will be retained in audit working papers.

Formal reports will be issued to Council's Chief Executive Officer as soon as possible after the completion of the review. These reports will include the Manager's response to audit recommendations, the responsible officer to undertake the corrective action and the expected date that the corrective action will be completed.

Managers are required to respond to all issues within 30 working days of the formal report being issued. This is an initial response only and further work associated with particular recommendations will be negotiated with the appropriate Manager/Director as required.

The Audit Report including Management responses and actions will be presented to Council via the Director of Corporate Services.

Organisational Reporting by Internal Auditor

The Internal Auditor is directly responsible to the Chief Executive Officer and will report the results of audit reviews to the Chief Executive Officer and Director of Corporate Services.

Definitions

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

Adopted by Council 15 March 2023 by Resolution 0323/018

Mark Crawley
Chief Executive Officer