

POLICY		Responsible Department	Governance
		Original Adoption Date	28.08.2024
		Current Adoption Date	29.10.2026
		Audit & Risk Committee Review Date	16.10.2026
		Date of Next Review	29.10.2028

INTERNAL AUDIT	
Latest Review Changes	New Policy
Previous Council Reviews	16.08.24
Previous Audit and Risk Committee Reviews	28.08.24

Applicable Legislation/Standards

Local Government Act 1999 (SA)

Related Policies

Financial Internal Controls
Fraud, Corruption and Maladministration
Risk Management Policy

Related Procedures

Internal Control Manual

Reference Documents

LGA LG Equip Information Sheet – Internal Audit Function – Section 125A
LGA Financial Sustainability Information Paper 3 – Audit and Risk Committees
Better Practice Model - Financial Internal Control for South Australian Councils (SALGFMG)

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1. INTRODUCTION

The internal audit function is an independent, objective assurance and consulting activity designed to add value and improve the operations of the Council. It assists the Council in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal controls, and governance processes.

2. POLICY OBJECTIVES

The purpose of this Internal Audit Policy is to establish the framework and guidelines for the performance of the internal audit function within the Council.

3. LEGISLATIVE REQUIREMENT AND POLICY CONTEXT

3.1. Local Government Act 1999

3.1.1. Section 99 Role of Chief Executive Officer

Requires the Chief Executive Officer to report annually on the council's internal audit processes.

3.1.2. Section 125a Internal Audit Functions

Requires the Chief Executive Officer to appoint a person to be primarily responsible for the internal audit after consulting with the Audit and Risk Committee prior to the appointment. That person must provide any internal reports directly to the Audit and Risk Committee and may report directly to the Audit and Risk Committee on any matter.

3.1.3. Section 126 Audit and Risk Committee

Requires the Audit and Risk Committee to provide oversight on the internal audit workplan and review and comment on reports of the function on at least a quarterly basis.

4. POLICY STATEMENTS

The Council is committed to operating an internal audit function on the basis that it:

- Provides assurance to the Council and management on the adequacy and effectiveness of the internal control system.
- Assists management in the effective discharge of their responsibilities.
- Promotes and facilitates continuous improvement in the operations of the Council.
- Identifies and evaluates significant exposures to risk and contributes to the improvement of risk management and control systems.
- Ensures compliance with applicable laws, regulations, and policies.

5. DEFINITION OF INTERNAL AUDIT

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. It helps the Council accomplish objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Internal audits are to be conducted by suitably qualified and experienced personnel and may be insourced, co-sourced or outsourced.

6. POLICY PRINCIPLES

6.1. Independence and Objectivity

- The internal audit function shall be independent of the activities it audits within the Council to ensure unbiased judgments and impartial advice.

- Members of the internal audit function shall maintain an objective approach and avoid conflicts of interest.
- The internal audit function shall report functionally to the Audit and Risk Committee and administratively to the Chief Executive.

6.2. Authority

The internal audit function is authorised to:

- Have unrestricted access to all functions, records, property, and personnel of the Council.
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives in consultation with the Audit and Risk Committee.
- Obtain the necessary assistance of personnel in areas of the Council where they perform audits, as well as other specialised services from within or outside the organisation.

6.3. Responsibilities

The person responsible for the internal audit function roles include:

- Developing an annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management.
- Reviewing the audit plan to ensure that it is flexible and responsive to changes in the Council's environment, risks, operations, programs, systems, and controls.
- Implementing the annual internal audit plan, including any special tasks or projects requested by the Chief Executive Officer or the Audit and Risk Committee.
- Maintaining a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this policy.
- Evaluating and assessing significant new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- Reporting at least quarterly on the status and results of the annual audit plan and the sufficiency of internal audit resources.

6.4. Reporting

- At the conclusion of each audit engagement, the internal audit function shall prepare a written report detailing the audit findings, conclusions, and recommendations for improvement.
- The report shall be distributed to Chief Executive Officer and the Audit and Risk Committee.
- The Chief Executive Officer is responsible for responding to the internal audit findings and implementing corrective actions in a timely manner.

6.5. Standards

Internal audit activities will be conducted in accordance with intent of relevant professional standards deemed appropriate and applicable including:

- International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors
- Standards relevant to internal audit issued by the Australian Society of Certified Practising Accountants and the Institute of Chartered Accountants in Australia
- The Statement on Information Systems Auditing Standards issued by the Information Systems and Control Association, and
- Standards issued by Standards Australia and the International Standards Organisation.

In the conduct of internal audit work, internal auditors will:

- comply with relevant professional standards of conduct
- possess the knowledge, skills and technical proficiency relevant to the performance of their duties
- be skilled in dealing with people and communicating audit, risk management and related issues effectively and
- exercise due professional care in performing their duties.

7. RESPONSIBILITIES

Council	Ultimate responsibility that appropriate policies, practices and procedures of internal control are implemented and maintained in accordance with s125 of the <i>Local Government Act 1999</i> .
Audit and Risk Committee	<ul style="list-style-type: none"> - Monitor and review the effectiveness of the internal audit function in the context of the Council's overall risk management system; - Consider and make recommendation on the program of the internal audit function and the adequacy of its resources and access to information to enable it to perform its function; - Review all reports on the Council's operations from the internal auditor function; - Review and monitor management's responsiveness to the findings and recommendations of the internal auditor.
Chief Executive Officer	<p>Ensure that an internal audit function is established, implemented and maintained in accordance with this Policy.</p> <p>Report annually to council regarding to the internal audit processes</p>
Employees	Assist internal auditors in the conduct of their work through the provision of accurate and timely information to audit requests, providing responses to audit reports and updates on the implementation status of actions arising from audits.
Person primarily responsible for the internal audit function	Development and continuous improvement of the Council's internal audit systems and processes; the development of internal audit plans, the engagement and management of internal audit providers; the monitoring of the implementation status of audit actions; and reporting to the Chief Executive Officer and Audit and Risk Committee regarding the Council's internal audit function.

8. REVIEW

This Policy will be reviewed and evaluated no less than once every 2 (two) years, unless otherwise required by changes in legislation.

9. AVAILABILITY

Sections 49(4) and 132(1)(a) of the *Local Government Act SA 1999* entitle a person to inspect (without charge) this Policy at the principal business office of the Council during ordinary business hours.

Under S 49(5) and S 32(1)(b), a person is entitled, on payment of a fee fixed by the Council, to a copy of this Policy.

Section 132(3)(d) requires that the Council should, so far as is reasonably practicable, make this Policy available for inspection on the Internet within a reasonable time after the Policy is available at the principal office of the Council.