

# Internal Audit - Statutory Policy

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<b>Policy Owner</b>	Chief Executive Officer
<b>Link to Corporate Plan</b>	Strategic Priority: Sustainable Organisation
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<b>Related Legislation</b>	Local Government Act 2009 Local Government Regulation 2012
<b>Related Documents</b>	Audit Committee Terms of Reference International Professional Practices Framework (IPPF) published by the Institute of Internal Auditors (IIA)

Policy Version	Approval Date	Adopted/Approved
1	15/04/2008	Adopted Ordinary Meeting of Council
2	16/09/2015	Approved Ordinary Meeting of Council
3	23/01/2019	Approved Ordinary Meeting of Council
4	22/06/2022	Approved Ordinary Meeting of Council
5	20/06/2024	Approved Ordinary Meeting of Council

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## 1 PURPOSE

This Policy establishes the Internal Audit function and the strategic framework for the effective and efficient provision of independent and objective assurance and scrutiny, designed to continuously improve Council's operations.

## 2 SCOPE

This Policy applies to all activities of the internal audit function, Audit Committee, and all functions and activities referred to in this document.

## 3 POLICY

### 3.1 Policy Statement

The internal audit function will seek to achieve the following outcomes:

- (1) evaluate the adequacy and effectiveness of Council's processes, procedures, and internal control environment(s) to assist with management of corporate risks;
- (2) appraise the relevance, reliability, and integrity of management practices, business systems, financial and operating records, and reports;
- (3) assist the Chief Executive Officer in managing the effective discharge of their legislative responsibilities by providing them with impartial analysis, appraisals, recommendations, and information concerning activities reviewed;
- (4) review compliance with Council policies, procedures, and legislative requirements;
- (5) embed a culture of continuous improvement practices across Council; and
- (6) provide outcomes that will generally improve operational effectiveness, efficiency, and economy.

### 3.2 Authority and Confidentiality

Subject to compliance with Council's information security policies and relevant legislative requirements, the internal audit function is authorised to have full, free, and unrestricted access to all operations, data, records, assets, and personnel.

Internal audit is responsible and accountable for maintaining the confidentiality of the information it receives during its work.

### 3.3 Roles and Responsibilities

Internal audit activities will encompass the following:

#### 3.3.1 Governance and Compliance

- (1) developing and promoting a culture of accountability and integrity;
- (2) reviewing compliance with legislative requirements, policies and procedures; and
- (3) monitoring the adequacy and effectiveness of internal financial and operational controls, including information technology system controls.

#### 3.3.2 Performance improvement

- (1) promoting a culture of cost-consciousness, continuous improvement, self-assessment, and adherence to high ethical standards;
- (2) monitoring the efficiency and effectiveness of business systems and processes; and
- (3) working closely with other sections of the Council to facilitate continuous improvement of business processes and systems.

#### 3.3.3 Risk management

- (1) assisting management to identify risks and develop risk mitigation and monitoring strategies as part of the risk management framework; and
- (2) assessing and reporting on the implementation of risk management strategies.



# Internal Audit - Statutory Policy

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## **3.3.4 Fraud and corruption control**

- (1) assisting management to identify the risks of fraud and corruption; and
- (2) assist the development of fraud and corruption prevention and monitoring strategies.

## **3.3.5 Advisory services**

- (1) providing advisory and consultancy services to management.

## **3.3.6 Audit support activities**

- (1) assisting the Audit Committee to discharge its responsibilities;
- (2) monitoring the implementation of agreed recommendations; and
- (3) disseminating across the Council better practice and lessons learnt arising from its audit activities.

## **3.4 Independence and Objectivity**

The internal audit function must be independent, unbiased, and impartial. Objectivity must be exercised in the conduct of internal audit work.

## **3.5 Management**

The internal audit function will be managed by the Customer Support and Governance Manager.

## **3.6 Standards**

Internal audit activities will be conducted in accordance with the adopted *Strategic Internal Audit Plan* and relevant professional standards issued by industry professional bodies (for example, Institute of Internal Auditors, Australian Society of Certified Practising Accountants, and the Institute of Public Accountants in Australia).

## **3.7 Planning**

Internal audit will adopt an integrated risk-based approach to audit in consultation with management and guided by Council's risk management framework so that audit attention is directed to areas of higher risk. The audit programme will be documented in a *Strategic Internal Audit Plan* approved by the Chief Executive Officer and presented to the Audit Committee for its consideration and input.

Flexibility shall exist for the Chief Executive Officer to approve changes to the audit plan, which will be reported to the next audit committee meeting. The Chief Executive Officer may request internal audit to perform unscheduled engagements where required.

## **3.8 Reporting**

Internal audit will report to each meeting of the Audit Committee on:

- (1) reports on internal and external audits completed, including observations and recommendations from the audit and management's response to the audit recommendations;
- (2) progress in implementing the audit plan; and
- (3) the status of the implementation of agreed internal and external audit recommendations.

