



# Audit and Controls Policy

<b>Reference Number:</b>	2.15
<b>Type:</b>	Council Policy
<b>Category:</b>	Corporate Governance
<b>Relevant Community Plan Outcome:</b>	<ul style="list-style-type: none"> <li>• Be bold and innovative in our practices, leadership and decision making.</li> <li>• Adaptive and sustainable management of the City’s finances.</li> <li>• A collaborative, agile and high performing work place.</li> <li>• Practise transparent and accountable governance.</li> </ul>
<b>Responsible Officer(s):</b>	Manager Governance & Operational Support
<b>First Issued/Approved:</b>	September 2008
<b>Minutes Reference:</b>	CoS 5/8/2019, Item 3.36
<b>Last Reviewed:</b>	August 2019
<b>Next Review Due:</b>	August 2021
<b>Applicable Legislation:</b>	Local Government Act 1999 Local Government (Financial Management) Regulations 2011
<b>Related Policies:</b>	Risk Management Policy
<b>Related Procedures/Documents:</b>	Better Practice Model – Financial Internal Control for South Australian Councils Council and Its Committees – Membership and Terms of Reference

## 1. Purpose

This purpose of this policy is to clarify the appointment of auditors for the City of Charles Sturt, and to ensure compliance with auditing and internal control requirements in the Local Government Act 1999 and associated regulations.

## 2. Scope

This policy covers the external and internal audit functions, and internal control framework within the City of Charles Sturt.

### 3. **Policy Statement**

#### **External Audit**

Council shall appoint an Auditor in accordance with Section 128 of the Local Government Act 1999 for the purpose of auditing the statutory financial statements and any other required financial/accounting reviews. Audits will be carried out in accordance with legislative requirements (refer Section 129 'Conduct of audit' of the Local Government Act 1999 and Section 19 'Audit Standards' of the Local Government (Financial Management) Regulations 2011).

The term of the Audit shall not exceed the time specified in Section 128(4a) of the Local Government Act 1999. Reappointment of an auditor after this term must be in accordance with Section 128(6) of the Local Government Act 1999.

In order to comply with Section 22 of the Local Government (Financial Management) Regulations 2011, Council will not engage the external auditor to provide services to Council outside the scope of their functions within the Local Government Act 1999.

#### **Internal Controls**

Council are committed to ensuring an efficient and effective internal control environment in accordance with Section 125 of the Local Government Act. In order to meet these legislative requirements, Council will implement an internal controls framework using the 'Better Practice Model – Financial Internal Control for South Australian Councils'. This framework identifies core and additional controls for each financial risk identified. Councils are required to assess the risks and in first instance demonstrate that as a minimum the core controls are in place.

The Audit Committee is responsible for monitoring and reviewing the adequacy of internal controls (in accordance with section 126 of the Local Government Act 1999). Council subsidiaries (refer Schedule 2 of the Local Government Act 1999) must establish their own Audit Committees to fulfil similar purposes.

#### **Internal Audit**

A program of Internal Audit has been established to provide Council with a greater level of confidence in internal control practices and procedures throughout Council operations. The Internal Audit program will be presented to the Audit Committee for endorsement following a review and identification of key areas of risk for Council.

All internal audit reports will be directed to relevant members of the Leadership Team and reported to Council through the Audit Committee for consideration and action where appropriate.

An Internal Auditor may be appointed for a period of up to 5 years, in one instance, after which internal audit services will be put to tender.

#### 4. Definitions

Key Term – Acronym	Definition
External Audit	Audit of accounts and financial reports for each financial year
Internal Audit	Audit of adequacy and effectiveness of internal control structure (which may include financial controls)
Internal Control	<p>A process, affected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories.</p> <ul style="list-style-type: none"> <li>• Effectiveness and efficiency of operations;</li> <li>• Reliability of financial reporting; and</li> <li>• Compliance with applicable laws and regulations.</li> </ul>