



Audit and Controls Policy

Reference Number:	2.15
Type:	Council Policy
Category:	Corporate Governance
Relevant Community Plan Outcome:	<ul style="list-style-type: none">• Our values, leadership and collaborative approach are bold and courageous and enables us to deliver value for our Community and create a leading liveable City• We provide excellence in customer experience by ensuring our customers are at the heart of everything we do• We care about our people ensuring we support, develop and motivate our workforce to meet Community needs with capability and confidence• The management of our city is progressive, responsive and sustainable to ensure a united and unique place for future generations• Open and accountable governance
Responsible Officer(s):	Manager Governance & Operational Support
First Issued/Approved:	September 2008
Minutes Reference:	AUD 20/02/2024, Item 4.08
Last Reviewed:	February 2024
Next Review Due:	November 2026
Applicable Legislation:	Local Government Act 1999 Local Government (Financial Management) Regulations 2011
Related Policies:	Risk Management Policy
Related Procedures/Documents:	Better Practice Model – Financial Internal Control for South Australian Councils Council and Its Committees – Membership and Terms of Reference Risk Management Procedure

1. Purpose

This purpose of this policy is to clarify the appointment of auditors for the City of Charles Sturt, the role of the Audit and Risk Committee 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 must appoint an Auditor in accordance with Section 128 of the Local Government Act 1999 for the purpose of auditing the statutory financial statements and the financial controls exercised by Council within a relevant financial year. Audits will be carried out in accordance with legislative requirements (refer Section 129 'Conduct of audit' of the Local Government Act 1999 and Regulation 19 'Audit Standards' of the Local Government (Financial Management) Regulations 2011).

The term of the auditor 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. The Manager Financial Services is responsible for overseeing the Council's Auditor in line with the requirements of the Act.

In order to comply with Regulation 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 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 Manager Governance and Operational Support is responsible for the management and daily operation of the internal audit function and facilitating the development of an Internal Audit Plan via the Executive Management Team, in partnership with Council's Internal Audit Provider. Individual Internal Audit programs will be directed to the relevant member of the Leadership Team.

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.

Internal Controls

Council is 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' (BPM), in line with Regulation 10A of the Local Government (Financial Management) Regulations 2011. This framework identifies core and additional controls for each financial risk identified. Councils is required to assess the risks and in first instance demonstrate that as a minimum the core controls are in place.

The Manager Governance and Operational Support is responsible for the ongoing maintenance and monitoring of Council's internal control environment and will set a program for review by applying a risk based approach in line with the BPM.

Role of Audit and Risk Committee

The role of an Audit and Risk Committee is set out in Section 126 of the Local Government Act 1999 and Council and its Committees Membership and Terms of Reference. Council subsidiaries (refer Schedule 2 of the Local Government Act) must establish their own Audit Committees to fulfil similar purposes.

In accordance with Section 126(1a) of the Local Government Act 1999 the purpose of an Audit and Risk Committee is to 'provide independent assurance and advice to the council on accounting, financial management, internal controls, risk management and governance matters'. For the purposes of this Policy, it is recognised that the Audit and Risk Committee play an important role in framing the Council's governance and internal control environment as a 3rd line of defence, and as such, work in partnership with Council's Auditor and Internal Audit provider to gain an independent opinion.

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"> • Effectiveness and efficiency of operations; • Reliability of financial reporting; and • Compliance with applicable laws and regulations.