Audit and Controls Policy

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Type:	Council Policy
Category:	Corporate Governance
Relevant Community Vision Outcome:	Responsible Governance • We will manage our city in a sustainable and affordable way with responsible governance.
Responsible Officer(s):	Manager Governance and Risk
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Applicable Legislation:	Local Government Act 1999 Local Government (Financial Management) Regulations 2026
Related Policies:	Risk Management Policy
Related Procedures/Documents:	Better Practice Model – Financial Internal Control for South Australian Councils Financial Sustainability Information Paper (FSIP) No. 03 Council and Its Committees – Membership and Terms of Reference Risk Management Procedure Audit and Controls Monitoring Procedure ISO 31000:2018 - Risk management — Guidelines

1. Purpose

This purpose of this Policy is to define the process for 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 applies to Council's external and internal audit functions, and internal control framework within the City of Charles Sturt.

3. Policy Statement

External Audit

Section 128 of the *Local Government Act* requires Council to appoint an Auditor the purpose of auditing the statutory financial statements and the financial controls exercised by Council within a relevant financial year in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities. Audits must carried out in accordance with legislative requirements (refer Section 129 of the *Local Government Act 1999* and Regulation 22 of the *Local Government (Financial Management) Regulations 2026*.

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 will be in accordance with Section 128(6) of the *Local Government Act 1999*. The Manager Financial Services is responsible for engaging with the Council's Auditor in line with the requirements of the Act.

In order to comply with Regulation 25 of the Local Government (Financial Management) Regulations 2026, 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 confidence in internal control practices and procedures throughout Council operations.

The Manager Governance and Risk is responsible for the management and 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 five 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 policies, practices and procedures in accordance with Section 125 of the *Local Government Act 1999*. In order to meet these legislative requirements, Council will align its internal controls framework with the 'Better Practice Model –

Internal Financial Controls (BPM), in line with Regulation 11 of the *Local Government (Financial Management) Regulations 2026*. This framework identifies core and additional controls for each financial risk identified. Council 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 Risk 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 functions of an Audit and Risk Committee are set out in Section 126 of the *Local Government Act 1999* and Council's Committees Membership and Terms of Reference. Council subsidiaries (refer Schedule 2 of the *Local Government Act 1999*) 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, supported by Council's Auditor and Internal Audit provider who provide 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	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. • Effectiveness and efficiency of operations; • Reliability of financial reporting; and • Compliance with applicable laws and regulations.