

1. Introduction

The *Local Government Act 2009* and *Local Government Regulation 2012* require each local government to establish an efficient and effective internal audit function. This Charter sets out the objectives, authority, responsibilities, composition, tenure, reporting and administrative arrangements associated with Council's Internal Audit.

Council's internal audit activity will be conducted by an external business, totally independent to Council, which reports to the Audit Committee. Audit Committee will liaise with the internal auditor to develop, manage and review annual internal audit programs. Internal auditors will be appointed following a competitive process for a fixed term, with a one year option to extend as deemed appropriate.

2. Authority and Independence

Internal Audit are authorised to have full, free and unrestricted access to all functions, premises, assets, personnel, records and other documentation and information that the CEO or CFO consider necessary to enable Internal Audit to meet its responsibilities.

Internal Audit has no executive power – it is an advisory function.

All records, documentation and information accessed in the course of undertaking internal audit activities are to be used solely for the conduct of these activities. The CEO or CFO and individual internal audit personnel are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.

Maintaining appropriate independence is essential to the effectiveness of the internal audit function.

3. Objectives, Roles and Key Responsibilities

Internal Audit:

- has a primary responsibility to provide independent and objective advice, assessment and recommendations to management and the Audit Committee in relation to governance, risk management, financial reporting and internal control matters; and
- is an independent, advisory, assurance and consulting function that seeks to add value and improve Council's operations

Internal audit achieves this by:

- providing a systematic and disciplined approach to the evaluation and improvement of the effectiveness of risk management, internal control, financial reporting and governance processes;
- providing assurance to Council, executive management and the Audit Committee that key organisational risks are understood and managed appropriately; and
- providing management with guidance, advice and support in relation to governance, risk and control matters.

Internal audit and Audit Committee identify a one year and a three year Internal Audit Plan each year that is subject to ongoing review as circumstances dictate. This Internal Audit Plan is determined after consideration of Council's budget and its various risk 'areas' including, but not limited to:

- Strategic risk;
- Emerging risk;
- Financial risk;
- Operational risk;
- Compliance risk;
- ICT risk;
- Fraud and corruption risk;
- Project risk;
- Financial reporting risk; and
- Reputational risk.

Internal audit may also be asked to provide specialist advice and guidance to Management on a range of matters including:

- Data analysis;
- Risk and control insights and better practices;
- Participating in Program / Project Steering Committees as specialist advisor;
- Participating in organisational Working Groups and Governance forums;
- Policy establishment and/or review advice;
- Internal control design and cost-effectiveness; and
- Efficiency and performance.

4. Relationships

External Audit

- Internal audit will establish and maintain an open relationship with the external auditors and any other assurance providers; and
- Consistent with the internal audit strategy, internal audit will plan its activity to help ensure the adequacy of overall audit coverage and to minimise duplication of assurance effort.

Audit Committee

- Audit Committee will work with Internal Audit to endorse an internal audit plan for each financial year, as required by S207 Local Government Regulation 2012;
- Internal Audit will keep the Audit Committee informed in regard to risk, control, governance, and the coordination and effectiveness of monitoring activities within the scope of the internal audit plan;

- Internal Audit will provide a progress report to each Audit Committee meeting covering the activities of the Internal Audit; and
- Audit Committee recommends to Council an organisation to deliver the internal audit function of Council. Audit Committee, in conjunction with the CEO, is then responsible for managing the relationship with internal audit.

Council Officers

- All Council Officers are responsible for providing Internal Audit with every reasonable request for assistance, explanation and co-operation.


5. Other

The Internal Audit Charter will be reviewed annually by the Audit Committee to ensure it remains current and relevant. Changes to the Internal Audit Charter are only valid if they are recorded in the approved minutes of Audit Committee.

During this annual review, Internal Audit officers will provide written declarations to the Audit Committee stating that they:

- do not have any conflicts of interests and/or material interests that would preclude them from being an Internal Auditor to Council; and
- have not had any such undeclared conflicts in the preceding year

During these annual reviews Audit Committee will also 'self-assess' its own activity and performance and consider whether it feels that it is meeting its objectives efficiently and effectively.

DOCUMENT HISTORY AND STATUS						
Action	Name			Position	Signed	Date
Approved by Council	Alan Rayment			CEO		26/11/2019
Policy Version	2	Initial Version Adopted	30/08/2018	Current Version Adopted		26/11/2019
Maintained By	Corporate Services			Next Review Date		30/10/2020
File Location	E:\Shared Data\Administration\Change\Policies, Procedures & Forms\02. Current Documents					

