

Policy Number:	2.5
Policy Name:	Audit and Internal Control Policy
Classification:	Public – Council Policy
Adopted:	28 February 2017
Frequency of Review:	Triennial
Last Review:	January 2017
Next Review Due:	January 2020
Responsible Officer(s):	Chief Executive Officer Manager Finance & Corporate Services
Policy and Code of Practice Manual File Ref:	CC10/2601
Council File Reference:	CR16/37295
Legislation Authority:	Local Government Act 1999 (the Act) Local Government (Financial Management) Regulations 2011 (The Regulations)
Related Policies and Codes:	Risk Management Policy
Related Procedures:	Internal Control Procedures

1. INTRODUCTION

- 1.1 An explicit set of policies and procedures is a necessary tool for sound financial management providing the following benefits:
- 1.1.1 **Public accountability and transparency** – Policies and procedures publicly document Council’s position on which it will base its decisions. They demonstrate the Council’s commitment to sound financial management and establish transparency for audit purposes;
 - 1.1.2 **Ensuring a considered approach** – The formal adoption of carefully documented policies and procedures helps ensure that Council’s position on each issue has been properly considered, having regard to alternative approaches and the wider policy and statutory context;

1.1.3 **Consistency of decision making** – By adopting clear Council policies and procedures a consistent basis for decision-making over time is established. While the Council can make a decision contrary to its adopted policy, it needs a deliberate decision to do so which helps to ensure that proper consideration has been applied;

1.1.4 **Clear guidance for staff** – Explicit policies and procedures set out the required approach, responsibilities and processes for staff to properly administer the financial business of the Council in accordance with its wishes and consistent with statutory requirements and sound financial management practices. This in turn protects staff from allegations of financial mismanagement as long as the policies and procedures are followed.

2. PURPOSE

The purpose of this policy is to clarify the appointment of auditors for the Town of Gawler, and to ensure compliance with auditing and internal control requirements under the Local Government Act 1999 (**the Act**) and the Local Government (Financial Management) Regulations 2011 (**the Regulations**).

3. SCOPE

This policy covers the external and internal audit functions within the Town of Gawler.

4. EXTERNAL AUDIT

4.1 Council shall appoint an Auditor in accordance with Section 128 of the Act 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 Act and Regulation 19 'Audit Standards' of the Regulations).4.2 The term of the audit appointment shall not exceed the time specified in Section 128(4a) of the Act. Reappointment of an auditor after this term must be in accordance with Section 128(6) of the Act.

4.2 In order to comply with Regulation 22 of the Regulations, Council will not engage the external auditor to provide services to Council outside the scope of their functions within the Act.

5. INTERNAL CONTROLS

5.1 Internal control comprises those management policies, procedures and practices which collectively ensure that the level of internal risk of an organisation is contained so that its objectives are achieved in an orderly and efficient manner. Effective internal control will safeguard the assets and resources, with adherence to policies designed to ensure the accuracy and reliability of Council records.

5.2 Council is committed to ensuring an efficient and effective internal control environment in accordance with Section 125 of the Act. Procedures will be put in place to ensure internal controls achieve the following objectives:

5.2.1 Authorisation

5.2.2 Completeness

5.2.3 Accuracy

5.2.4 Validity

5.2.5 Physical Safeguards and Security

5.2.6 Timeliness

5.2.7 Accountability

6. INTERNAL AUDIT

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

6.2 All internal audit plans and reports will be reported to Council through the Audit Committee for consideration and action where appropriate.

6.3 An Internal Auditor may be in-house, outsourced or co-sourced and this arrangement would be reviewed on an as needs basis and appointed by the CEO.

6.4 The Internal Audit function will comprise the following:

5.4.1 Audit of the adequacy and effectiveness of the internal control structure (which may include financial controls).

7. EXTERNAL AUDIT

7.1 In accordance with the Act the External Audit function will comprise the following:

7.1.1 Audit of Council's financial statements for each financial year; and

7.1.2 Audit of controls exercised by Council during the relevant financial year in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

8. REVIEW AND EVALUATION

The effectiveness of this Policy will be reviewed on a triennial basis.

The Chief Executive Officer will report to Council on the outcome of the evaluation and if relevant make recommendations for amendments, alteration or substitution of a new Policy.

The Policy will not be altered or substituted so as to affect a process already commenced.

9. FURTHER INFORMATION

Further information about this Policy can be obtained by:-

Telephone: 8522 9211
Fax: 8522 9212
Email: council@gawler.sa.gov.au
Appointment: Town of Gawler
Administration Centre, 43 High Street, Gawler East
Letter: PO Box 130, Gawler SA 5118

10. AVAILABILITY OF POLICY

The Policy is available for inspection during ordinary business hours at the Council principal office, Town of Gawler Administration Centre, 43 High Street, Gawler East or is available on the Council website at www.gawler.sa.gov.au.

A copy of this Policy will be provided to interested parties upon request, for a fee as contained in the Register of Fees and Charges.