

## 2.7 Internal Control Policy

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### POLICY STATEMENT

The Shire is committed to maintaining an emphasis on integrity, ethical values and competence.

The Council is responsible for mandating a strong internal control framework be implemented to ensure Council objectives are achieved efficiently and effectively and the principles of good governance are applied throughout the organisation.

The Chief Executive Officer is responsible for developing and maintaining an internal control framework and will report periodically on the appropriateness, effectiveness, monitoring and evaluation of internal controls.

All employees are accountable for documenting and implementing systems, controls, processes and procedures in their own area of responsibility and will play a part in the internal control framework.

### APPLICATION

Efficient internal controls are in place covering:

1. Control environment
  - a. Structure and culture of Council
  - b. Senior management compliance
  - c. Proper tone at the top
2. Risk Assessment
  - a. Risk identification and evaluation
  - b. Assessment of impact and likelihood
  - c. Implementing safeguards to treat risks
3. Control activities
  - a. Delegations of Authority
  - b. Policies and procedures
  - c. Trained and properly qualified staff
4. Information and communication
  - a. IT controls
  - b. Liaising with auditors and legal advisors
  - c. Consultation and organisational communication
5. Monitoring • Review process e.g. internal audits
  - a. Self-assessment and continuous improvement
  - b. Evaluation and reporting

Internal controls will be reviewed and assessed through risk management activities aligned with the Risk Management Policy and Strategy and reported through the appropriate channels as detailed in these documents. In line with Regulation 17 of the Local Government (Audit) Regulations 1996, the Chief Executive Officer is required to report on a review of risk management, internal controls and legislative compliance every three calendar years. This is in addition to the three yearly review required by Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996 which also includes a review of the Shire's financial internal controls.

### OBJECTIVE

To ensure that appropriate internal controls are implemented in order to fulfil the statutory obligations under the Local Government (Financial Management) Regulations 1996 and Local Government (Audit) Regulations 1996; and 2 and ensure that the Shire's assets are safe from loss due to fraud and mismanagement.

**STATUTORY CONTEXT**

*Local Government Act 1995*

*Local Government (Audit) Regulations 1996*

*Local Government (Financial Management) Regulations 1996*

**CORPORATE CONTEXT**

Policy Manual

Strategic Community Plan

**HISTORY**

Adopted 23<sup>rd</sup> July 2023

Revised \_\_\_\_\_

**REFERENCES**