

	POLICY	Version:	5
	Internal Control	Date Adopted:	09/05/2023
		Next Review Due:	09/05/2027

1. STATEMENT

Internal Controls form a critical part of Council's risk management and corporate governance framework. These controls cover a broad spectrum of areas and comprise procedures which mitigate risks and provide reasonable assurance that; operations are efficient and effective, assets are safeguarded, legislation and Council policies/rulings are complied with, and financial reporting is accurate and reliable.

2. DEFINITIONS

There are no known definitions related to this Policy.

3. PRINCIPLES

3.1 Scope

Council is committed to maintaining an effective internal control framework and environment which supports the development of a proactive risk management culture. This will be assisted through the development of a set of internal controls that;

- Identifies risks relating to the stewardship of public resources.
- Conveys to staff, their responsibility for establishing, documenting, maintaining and adhering to internal controls across the Council.
- Ensure the propriety of transactions, information integrity, compliance with regulations and achievement of Council objectives through operational efficiency.

It is recognised that all risks cannot be eliminated however when internal controls are applied effectively, they will reduce the likelihood of a risk occurring to an agreed acceptable level.

3.2 Roles and Responsibilities

3.2.1 Chief Executive Officer

Is responsible for developing and maintaining an internal control framework, which ensures Council objectives are achieved efficiently and effectively.

3.2.2 Executive Leadership Team

Is responsible for adopting a risk management approach to identifying and assessing risks and applying cost/benefit analysis in the development of internal controls ensuring that:

- Financial records and other relevant databases completely and accurately reflect the actual operational activities;
- Financial reports are prepared on a timely basis;
- Assets are safeguarded from unauthorised use or disposition, or loss; and
- Legislative compliance is maintained.

3.2.3 Employees

Are responsible for conducting their duties in accordance with internal control policies, procedures and practices of Council. They are also responsible for reporting to management instances where they consider that internal control procedures are inadequate or are not being met.

Council employees must conduct their duties in accordance with internal control policies procedures and practices of Council.

File Ref:	Classification:	Department:	Position Responsible:	Review Frequency:
GF/ 7.14.1/1	Public	Corporate Services	Manager Financial Services	4 Yearly
Printed copies of this document are uncontrolled, refer to Council's Intranet to verify this is the current version.				

	POLICY	Version:	5
	Internal Control	Date Adopted:	09/05/2023
		Next Review Due:	09/05/2027

3.2.4 Audit & Risk Committee

Is responsible for reviewing action / work plans and progress reports on the implementation of the internal control framework and providing feedback on the internal control framework.

3.2.5 External Auditor

Is responsible under s129 of the *Local Government Act 1999* to provide an audit opinion on Council's internal controls and whether they have been applied appropriately for the entire financial year.

3.3 Elements of an Internal Control Framework

The essential elements of an effective internal control framework are:


- Structure and culture of Council;
- Delegations of Authority;
- Policies and procedures;
- Trained and properly qualified staff;
- Information Technology controls;
- Review process e.g. internal audit;
- Liaison with auditors and legal advisors;
- Senior Management compliance assurance; and
- Risk identification and assessment.

3.4 The Nature of Internal Controls

Policies and procedures which have been put in place as an internal control are either proactive or reactive in nature. They can be described as follows:

- Preventative in nature: Processes are put in place to avoid undesirable events from occurring.
- Directive in nature: Processes are put in place to encourage a desirable event to occur.
- Detective in nature: Processes are put in place to detect and subsequently correct undesirable events that have already occurred.

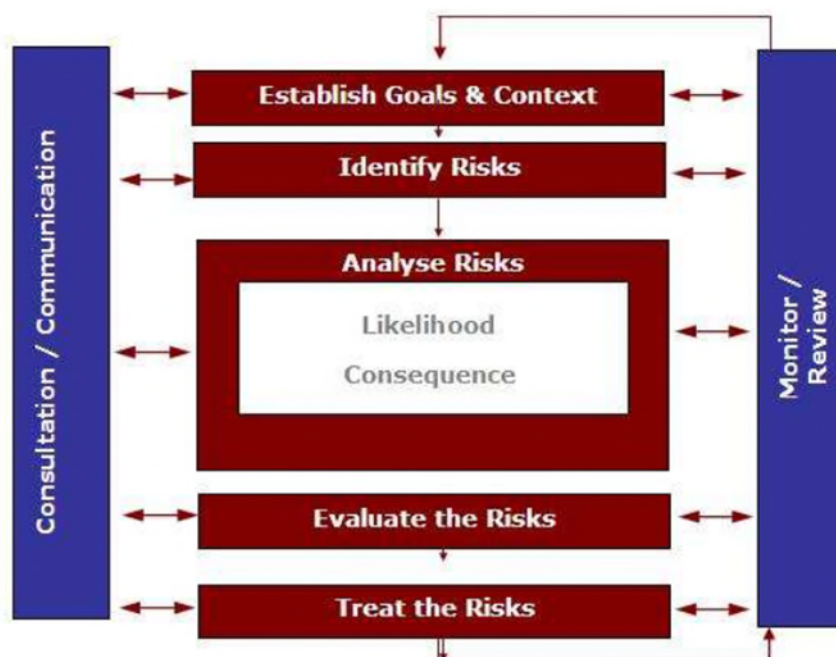
File Ref:	Classification:	Department:	Position Responsible:	Review Frequency:
GF/ 7.14.1/1	Public	Corporate Services	Manager Financial Services	4 Yearly
Printed copies of this document are uncontrolled, refer to Council's Intranet to verify this is the current version.				

	POLICY	Version:	5
	Internal Control	Date Adopted:	09/05/2023
		Next Review Due:	09/05/2027

3.5 The Risk Management Process

3.6 The process followed by Council in developing the framework appears below in diagrammatic form extracted from Australian/New Zealand Standard AS/NZS ISO 31000:2018.

The Risk Management Process



Establish Goals & Context – Effective risk management requires a thorough understanding of the goals and context of Council to assist in establishing the assessment criteria for risk management.

Identify Risks – Identify the risks most likely to impact on the achievement of Council's objectives.

Analyse Risks – Assess effectiveness of risks in terms of likelihood and consequence to identify the current risk level.


Evaluate Risks – Determine whether the risks are acceptable or unacceptable and document findings.

Treat Risks – Treat risks by one of the following methods - discontinuing activity that generates it, reducing likelihood of occurrence, reducing consequence of occurrence, transfer the risk or retain the risk.

Consultation/Communication – These are important elements to ensure that all stakeholders understand why actions are required. These stakeholders include all staff and elected members.

Monitor/Review – Responsible officers must be identified for each internal control and provide feedback to managers on progress with controls. The Managers monitor the effectiveness of risk treatments and report progress to the Executive Leadership Team and the Audit & Risk Committee at regular intervals.

File Ref:	Classification:	Department:	Position Responsible:	Review Frequency:
GF/ 7.14.1/1	Public	Corporate Services	Manager Financial Services	4 Yearly
Printed copies of this document are uncontrolled, refer to Council's Intranet to verify this is the current version.				

	POLICY	Version:	5
	Internal Control	Date Adopted:	09/05/2023
		Next Review Due:	09/05/2027

4. REVIEW

This Policy will be reviewed every four years. Upon review, ELT, Audit & Risk Committee and Council must be consulted.

5. AVAILABILITY

This Policy is available for inspection without charge at the following location during ordinary business hours:

- Principal Office, "Civic Centre", George Street, Millicent
- Council Website: www.wattlerange.sa.gov.au.

A copy of the Policy may be purchased from the Principal Council Office upon payment of a prescribed fee in accordance with Council's Schedule of Fees and Charges.

6. REFERENCES & FURTHER READING

References	
Relevant Legislation:	<ul style="list-style-type: none"> • <i>Local Government Act 1999</i> – Sections 125, 126, 129 and 130; • <i>Local Government (Financial Management) Regulations 2011</i>
Relevant Policies / Procedures / Guidelines	<p>This Policy should be read in conjunction with: -</p> <ul style="list-style-type: none"> • Council's Internal Control Procedures; • SALFMG – Better Practice Model – Financial Internal Control • Risk Management Policy • Risk Register & Internal Controls Register

7. ADOPTION & AMENDMENT HISTORY

The table below sets out the adoption, review and amendment history of the policy.

Version No:	Issue Date:	Authorised by:	Description of Change:	Minutes Reference:
1	14 July 2015	Council	Adopted	Folio 6115; Item 11.2.8
2	28 June 2017		Adapted into new format	-
3	9 October 2018	Audit Committee	Policy Review – Wording Change	Folio 7976; Item 6.7
4	9 April 2019	Council	Amended and Adopted	Folio 8464; Item 15.2.4
5	09 May 2023	Council	Change risk reference to AS/NZS ISO 31000:2018. Change Audit Committee to Audit & Risk Committee. Include risk references – Risk Management Policy, Risk & Internal Control register	Folio 10539; Item 15.2.2

File Ref:	Classification:	Department:	Position Responsible:	Review Frequency:
GF/ 7.14.1/1	Public	Corporate Services	Manager Financial Services	4 Yearly
Printed copies of this document are uncontrolled, refer to Council's Intranet to verify this is the current version.				