Objective

To evidence the Council's commitment to appropriate and effective internal controls and their importance to the organisation through the implementation of policies, procedures and processes designed to promote compliance, encourage effective and efficient operations and to protect the Shire's assets as follows:

a. Implement and maintain risk management activities to consider and address the risk of loss caused by fraud, error and / or misstatement;
b. Protect the Shire's assets, including people, property, reputation, finances and information;
c. Continually monitor, review and address gaps / weaknesses with internal controls;
d. Ensure appropriateness of internal controls to meet compliance with regulations, good governance principles and achievement of strategic objectives; and
e. Maintain adequate safeguards and supervision to any update or changes to established internal controls.

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 the Council's 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 through the Audit and Risk Committee 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.

Elements of an Internal Control Framework

The essential elements and examples of an effective internal control framework include:

Controlled environment
a. Structure and culture of Council
b. Senior management compliance
c. Proper tone at the top

Risk Assessment
a. Risk identification and evaluation
b. Assessment of impact and likelihood
c. Implementing safeguards to treat risks

Controlled activities
a. Delegations of Authority
b. Policies and procedures
c. Trained and properly qualified staff

Information and communication
a. IT controls
b. Liaising with auditors and legal advisors
c. Consultation and organisational communication

Monitoring
a. Review process e.g. internal audits
b. Self-assessment and continuous improvement
c. Evaluation and reporting

Monitoring, Reviewing and Reporting

Procedures are to be established to allow for the appropriate development, review, amendment and authorisation of internal control documentation (such as processes and checklists). This is intended to reduce the risk of breakdowns in controls through unilateral undocumented changes to authorised established procedures.

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 CEO is required to report on a review of risk management, internal control and legislative compliance not less than once in every three financial years.

In addition to this, Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996 requires that the CEO undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every three financial years).'

– End of Policy

ADOPTED: 28 SEPTEMBER 2023