

 <p>DISTRICT COUNCIL of TUMBY BAY</p>	<p><b>POLICY 5.31</b></p> <p><b>Internal Controls Policy</b></p> <p><b>POLICY AREA</b></p> <p><b>Finance and Internal Controls</b></p>	Version No:	<b>1</b>
		Issued:	<b>Mar 2016</b>
		Next Review:	<b>Mar 2018</b>

## 1. INTRODUCTION

Financial internal controls are critical to effective risk management of a Council's operations and promote the achievement of its goals and objectives.

Council is committed to maintaining an effective Internal Control environment.

## 2. POLICY OBJECTIVES

Council's objectives of this Policy are:

- a) Risks relating to the stewardship of public resources are adequately managed through the effective internal controls;
- b) To provide a framework for an effective internal control system which conveys to managers that they are responsible for ensuring that internal controls are established, documented, maintained and adhered to across the council and conveys to all employees that they are responsible for adhering to those internal controls;
- c) To ensure the propriety of transactions, information integrity, compliance with regulations and achievement of Council objectives through operational efficiency.

## 3. POLICY STATEMENTS

### 3.1 Risk Management Approach

Council will maintain an internal control framework, which will be based upon a proactive risk management culture. The types of risks identified in the framework will be those which may prevent council from meeting its objectives or not maximising its opportunities.

One of the risk areas covered by council is financial management, for which internal controls will be identified, documented and managed. It is recognised that all risks cannot be eliminated, however the internal controls applied should reduce the likelihood of the risk occurring to within acceptable limits.

### 3.2 Roles and Responsibilities

The Council is responsible for approval of the Internal Control Policy and the Chief Executive Officer for developing and maintaining an internal control framework.

Updates on changes to the framework will be presented to the Audit Committee.

The Chief Executive Officer and the principal member of Council must also sign the financial statements in regard to internal controls as required by Local Government (Financial Management) Regulations.

The Executive Team must use a risk management approach to identifying and assessing risks and apply cost/benefit analysis in the development of internal controls.

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

### 3.3 Elements of an Internal Control Framework

The essential elements of an effective internal control framework are:

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- Structure and culture of Council;
- Delegations of authority;
- Policies and procedures;
- Trained and properly qualified staff;
- Information technology controls;
- Review process eg: internal audit;
- Liaison with auditors and legal advisors;
- Senior management commitment to internal controls compliance;
- Risk identification and assessment.

**4. REVIEW OF POLICY AND DATABASE OF INTERNAL CONTROLS**

Council’s Internal Control Policy will be reviewed biennially. The database of internal financial controls will be reviewed at least every twelve months to ensure all controls are current and appropriate and the Executive Team and the Audit Committee will be informed of the outcome of each review and updated regularly on progress with action plans identified during the review.

**Strategic Link:**

**Delegation:**

**Documentation:**

**Authority:** Adopted by Council: 08/03/2016 {Motion 6c/032016}

SIGNED: .....  
Responsible Officer

Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

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