



# BOULIA SHIRE COUNCIL

## INTERNAL AUDIT POLICY 2024/25

<b>Category:</b>	Policy
<b>Policy Number:</b>	110
<b>Document Version:</b>	Version 1 (1.0.7)
<b>Obsolete Version:</b>	Internal Audit Policy as adopted 25 <sup>th</sup> June 2021, 2021/7.18, 2022/B7.19, 2023/B6.8
<b>Keyword Classification:</b>	Internal Audit
<b>Summary:</b>	Framework for the conduct of the internal audit function
<b>Adoption Date:</b>	28 <sup>th</sup> June 2024
<b>Resolution:</b>	2024/B6.5
<b>Due for Revision:</b>	Annually
<b>Revision date:</b>	01/07/2025
<b>Date revoked:</b>	N/A
<b>Related documents:</b>	N/A
<b>Responsible Section:</b>	Finance
<b>Responsible Officer:</b>	Chief Executive Officer Director of Corporate & Financial Services
<b>Legislation:</b>	Local Government Act 2009 s105 Local Government Regulation 2012 s207



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## SCOPE

Internal audit reviews cover all programmes and activities of the Boulia Shire Council together with associated entities as provided for in relevant business agreements, memorandum of understanding or contracts. Internal audit activity encompasses the review of all financial and non-financial policies and operations.

## PURPOSE

Boulia Shire Council has established an internal audit function as a key component of Council's governance framework.

This policy provides the framework for the conduct of the internal audit function in the Boulia Shire Council and has been approved by the Council.

Internal audit provides an independent and objective review and advisory service to:

- provide assurance to the Council that the Boulia Shire Council's financial and operational controls designed to manage the organisation's risks and achieve the entity's objectives are operating in an efficient, effective, and ethical manner, and
- assist management in improving the entity's business performance.

## RESPONSIBILITY

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management, and internal process as well as the quality of performance in carrying out assigned responsibilities to achieve the organisation's stated goals and objectives. This includes:

- i) Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information;
- ii) Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organisation;
- iii) Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
- iv) Evaluating the effectiveness and efficiency with which resources are employed;
- v) Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned;
- vi) Monitoring and evaluating governance processes;
- vii) Monitoring and evaluating the effectiveness of the organisation's risk management processes;
- viii) Evaluating the quality of performance of external auditors and the degree of coordination with internal audit;
- ix) Performing consulting and advisory services related to governance, risk management and control as appropriate for the organisation;



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- x) Reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan;
- xi) Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Audit & Risk Management Committee or Management.
- xii) Evaluating specific operations at the request of the Audit & Risk Management Committee or management, as appropriate.

## INDEPENDENCE

Independence is essential to the effectiveness of the internal audit function.

The internal auditor has no direct authority or responsibility for the activities it reviews. The internal audit function has no responsibility for developing or implementing procedures or systems and does not prepare records or engage in original line processing functions or activities.

The internal audit activity will remain free from interference by any element in the organisation, including matters of, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective approach to the audit.

The internal auditor reports functionally and administratively to the Chief Executive Officer. Boulia Shire Council will engage an external accounting firm to undertake the internal audit function. Internal audit staff will report through the relevant firm's supervisors, managers and partners. The firm will report back through Council's Chief Executive Officer.

## AUTHORITY AND CONFIDENTIALITY

Subject to compliance with Boulia Shire Council's security policies, internal auditors are authorised to have full, free, and unrestricted access to all functions, premises, assets, personnel, records, and other documentation and information that the Internal Auditor considers necessary to enable internal audit to meet its responsibilities.

All records, documentation and information accessed in the course of undertaking internal audit activities are to be used solely for the conduct of these activities. The Internal Auditor and individual internal audit staff are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.

## STANDARDS

Internal audit activities will be conducted in accordance with the Boulia Shire Council values, policies, and procedures.

Audit activities will also be conducted in accordance with relevant professional standards including:



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- i) Standards relevant to internal audit issued by the Australian Society of Certified Practising Accountants and the Institute of Chartered Accountants in Australia; and
- ii) Standards issued by Standards Australian and the International Standards Organisation.

In the conduct of internal audit work, internal audit staff will:

- i) Comply with relevant professional standards of conduct;
- ii) Possess the knowledge, skills and technical proficiency relevant to the performance of their duties;
- iii) Be skilled in dealing with people and communicating audit, risk management and related issues effectively;
- iv) Develop their technical competence through a programme of professional development, and
- v) Exercise due professional care in performing their duties.

## RELATIONSHIP WITH EXTERNAL AUDITOR

Internal and external audit activities will be coordinated to help ensure the adequacy of overall audit coverage and to minimise duplication of effort.

Periodic meetings and contact between internal and external audit may be held to discuss matters of mutual interest.

External audit will have full and free access to all internal audit plans, working papers and reports.

## INTERNAL AUDIT PLAN

At least annually, the Internal Auditor will submit to Chief Executive Officer an internal audit plan for review and approval. The internal audit plan will consist of a work schedule as well as budget and resource requirements for the next fiscal/calendar year. The Internal Auditor will communicate the impact of resource limitations and significant interim changes to the Chief Executive Officer.

The internal audit plan will be developed based on a prioritisation of the organisational environment and outcomes using a risk-based methodology, including input of senior management and Council.

Any significant deviation from the approved internal audit plan will be communicated to Chief Executive Officer through periodic activity reports.

## REPORTING AND MONITORING

A written report will be prepared and issued by the Internal Auditor or designee following the



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conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will also be communicated to the Chief Executive Officer.

The internal audit report may include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response, whether included within the original audit report or provided thereafter (i.e., within thirty days) by management of the audited area should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

The internal audit activity will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain in an open issue as registered on Pulse until cleared.

The internal audit report will be tabled at the next Audit and Risk Management Committees meeting for discussion.

A review of the Register of outstanding issues / work in progress will be reviewed at every second meeting held by the Committee.

## **PERIODIC ASSESSMENT**

The Internal Auditor will periodically report to the Chief Executive Officer on the internal audit activity's purpose, authority, and responsibility, as well as performance relative to its plan. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Chief Executive Officer.

In addition, the Internal Auditor will communicate to Chief Executive Officer on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least once in every engagement period.