



AUDIT POLICY

Policy Number	C55	Directorate	Corporate and Community Services
Council Item No.	6.1	Department	Finance, Risk and Procurement
Council Adoption Date	28 August 2019	Primary Author	Senior Risk Officer
Revision Date	28 August 2023	Secondary Author	Coordinator Risk

POLICY OBJECTIVE

The objective of this policy is to define and provide a framework for Council's approach to audit and review processes, to enable Council to meet its compliance requirements in undertaking its role, carrying out its functions and exercising its powers. This policy should be read in conjunction with the following policies:

- Acceptance of Gifts and Donations Policy
- Audit Committee Charter
- Fraud and Corrupt Conduct Policy
- Information Privacy Policy
- Property Insurance Coverage Policy
- Information Security Policy
- Procurement Policy and Manual
- Risk Management Policy
- Intellectual Property Policy
- Policy Framework Policy
- Protected Disclosure Guidelines
- Councillors Code of Conduct
- Staff Code of Conduct
- Business Investment Policy
- Council Land Ownership Policy

LEGISLATIVE PROVISIONS

Local Government Act 1989 sections 133, 135 and 139
Local Government (Finance and Reporting) Regulations 2004
Audit Act 1994
Financial Management Act 1994
Charter of Human Rights and Responsibilities Act 2006

DEFINITIONS

POLICY STATEMENT

Council's Audit program principles: Council will maintain an audit program underpinned by the following principles:

1. Provides for independence of audits and reviews.
2. Enables monitoring of compliance with legislated and policy requirements.
3. Provides a platform from which practices and processes can be improved and good practice achieved.
4. Enables monitoring of risk management strategies and mitigates strategic risks.



5. Commits Council to organisational cooperation with, involvement in, support of and assisting with all internal and external audits and reviews.

Council's Audit Program: will include as a minimum:

1. External Financial Audit by the Victorian Auditor General.
2. Internal Audits by Council's Internal Auditor.
3. CEO initiated reviews and audits as deemed necessary.
4. Risk Assessments as required by Council's Risk Management Framework.
5. Compliance checks as required by Council policies.
6. Participation in administrative, civil and criminal audits and reviews instigated by external regulatory authorities e.g. the Victorian Ombudsman, Victoria Police, Australian Taxation Office (ATO), Independent Broad-based Anti-Corruption Commission (IBAC), Local Government Investigations and Compliance Inspectorate and Worksafe as required.
7. Adherence to principles of natural justice and procedural fairness.

External Financial Audit by Victorian Auditor General

Each year Council will prepare an Annual Report and Performance Statements. These are submitted to external audit by the Victorian Auditor General, or its agent, in accordance with the relevant provisions of the Local Government Act 1989, which includes presentation to and sign off by the Council at an open meeting of the Council.

Council's Audit Committee will be provided with the audit report and meet with the Auditor to consider the report before the report is presented to the Council. The Audit Committee may make a recommendation/s to the Council if the Committee deems this appropriate.

Internal Audits by Internal Auditor

Council will engage appropriately qualified and independent Internal Auditors to conduct an appropriate internal audit program of the Council's operations each year.

Each year an Internal Audit Strategic plan will be established in collaboration with the Internal Auditor, Chief Executive Officer and the Audit Committee and with consideration of the risks contained in the Council's Risk Registers and include financial and compliance reviews as required by legislation.

The scope for the internal audits will be developed in collaboration with Council Management, the Chief Executive Officer and the Internal Auditor. The Strategic Internal Audit plan will be approved by the Audit Committee.

The Internal Auditor will meet with the Audit Committee at the next meeting of the Audit Committee immediately after each report is completed to present the report, its observations, findings and recommendations. The Executive Leadership Team will review the internal audit report and develop an appropriate action plan to address the findings and recommendations prior to the report being presented to the Audit Committee. After the Audit Committee has considered the internal audit outcomes, the confirmed action plans will be included as part of an ongoing Audit Actions Monitoring Plan and progress with implementing the actions will be monitored on a regular basis by the Audit Committee and Strategic Risk Committee.



CEO Initiated Reviews and Audits

The CEO may initiate internal reviews, should the CEO deem that the circumstances warrant a review or audit. The review or audit will be conducted by an appropriately qualified investigator or auditor. When relevant, all such reviews will be conducted in a way that provides natural justice, confidentiality and is consistent with the Charter of Human Rights and Responsibilities Act (2006). The scope of these reviews will be provided by an appropriate review/audit/investigation plan which will be approved by the CEO before the review commences. At the conclusion of the audit or review the Audit Committee and Council will be advised by the CEO of the outcome of the review or audit as well as any actions being taken to address the findings.

Risk Assessments

Risk Assessments will be undertaken by responsible Managers and Directors in accordance with Council's Risk Management Framework. Strategic and Operational Risk Assessments will be recorded on Council's Risk Registers, which is co-ordinated and managed by Council's Strategic Risk Committee. The Strategic Risk profile and the assessments for high and extreme risks will be reported at a minimum annually to the Audit Committee and Council for oversight of the risk mitigation strategies.

Compliance Checks in Council Policies

Compliance reviews required in Council policies will be carried out in the manner and time set out in each policy and reported to the Audit Committee.

Participation in administrative, civil and criminal audits and reviews

From time to time Council may be required to be subject to, or participate in civil, administrative and criminal reviews instigated by external regulatory authorities such as the Victorian Ombudsman, Victoria Police, ATO, IBAC, Worksafe, Fair Work Australia, FOI Commissioner, Privacy Commissioner, Councillor Conduct Panel, Local Government Victoria etc. Council will participate in any such review including providing correction of any matters of fact and developing strategies to address any findings. The reports will be presented to the Audit Committee.

Natural Justice

Council will ensure that the principles of natural justice including the "no-bias" rule and the "hearing rule" are adhered to in any audit or review.

Audit program oversight: this program will be overseen by Council's Audit Committee, which will assist the Council in the effective conduct of its responsibilities for financial reporting, compliance obligations and management of risk including the Council's exposure to fraud and maintaining a reliable system of internal control. The Audit Committee will operate within a Council adopted Audit Committee Charter that will be reviewed annually by the Committee and Council.

The Chair of the Audit Committee will provide a report to Council each year outlining the activities and performance of the Committee.

Reports of all Audit Committee meetings will be reported to the next Council meeting after the Audit Committee meets. The Chair of the Audit Committee may require any



report prepared by the Audit Committee to be listed on the agenda for the next ordinary meeting of the Council.

RISK ASSESSMENT

Council is required by section 139 of the Local Government Act 1989 to establish and operate an Audit Committee. The purpose of this policy is to ensure Council minimises the risk of Council operating an ineffective Audit Committee and Internal Audit Strategic Plan by specifying how these functions are to operate.

An effective Audit Committee and Internal Audit Strategic Plan, in turn, will enable Council to adequately manage its key strategic and operational risks, which are primarily related to:

- Issues relevant to the integrity of Council's financial reporting and health; and
- Legislative compliance with the many Acts Council is required to comply with, monitored by an effective internal control and risk framework.

IMPLEMENTATION STATEMENT

Council will implement this policy through the following activities:

- Audit Committee Charter, Agenda, Internal Audit Schedule and Annual Reviews to ensure compliance with the Local Government Act 1989 and "Audit Committees: A Guide to Good Practice for Local Government" from Local Government Victoria published in January 2011;
- Reporting quarterly to Council on the Audit Committee's activities via the Audit Committee's prior meeting minutes;
- An annual Audit Committee Chair report presented to Council;
- Engaging an appropriately qualified Internal Auditor to conduct internal audits in accordance with the internal audit schedule; and
- Implementing agreed actions to meet the recommendations presented as a result of financial audits, internal audits, other external audits, internal reviews and investigations.