Internal Controls Policy

Council Policy

Renmark Paringa Council

Responsible Officer	Director Corporate and Community Services
Relevant Legislation	Local Government Act 1999 – Sections 125, 126, 129 & 130 Local Government (Financial Management) Regulations 2011, Section 19.
Adopted	November 2019
Reviewed	April 2025
Next Review	April 2026

Purpose

To outline a policy framework for an effective internal control system which conveys to supervisory staff that they are responsible for ensuring that internal controls are established, documented, maintained and adhered to across the council and to all employees that they are responsible for adhering to those internal controls.

To ensure the propriety of transactions, information integrity, risk mitigation, compliance with regulations and achievement of Council objectives through operational efficiency and effectiveness; and

That risks relating to the stewardship of public resources are adequately managed to acceptable and practical levels through effective internal controls.

Objective

The objectives for this policy are:

a) Risks relating to the stewardship of public resources are adequately managed though effective internal controls.

b) Provide for a framework reference for effective internal control systems which convey to managers that they are responsible for ensuring that internal controls are established, documented, maintained and adhered to across the Council and to all employees that are responsible for adhering to those controls

c) To ensure the propriety of transactions, information integrity, compliance with regulations and achievement of Council objectives through operational efficiency.

Policy

Effective internal control is a vital tool for the Elected Members and the CEO to ensure that the objectives of the Council are carried out in an efficient, compliant, reliable and transparent manner.

Effective internal controls help provide a reasonable assurance that the financial systems produce reliable information for reporting. The Audit and Risk Committee and external auditors take account of internal control practices when forming their advice and opinions.

The Council will establish and maintain an effective internal control framework.

Elements of an effective internal control framework include:

- 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;
- Risk identification and assessment.

The internal control framework should:

- align to Councils strategic objectives;
- reflect a co-ordinated and systematic approach to risk management;
- be embraced by management and the responsible officers within the organisation;
- be based upon the Better Practice Model – Internal Financial Controls for South Australian Councils;
- ensure compliance with legislation;
- be consistently recorded within a whole-of-organisation framework;
- have an associated plan of action to ensure that the controls are correctly implemented, including policies, procedures, guidelines and training;
- include procedures for reporting immediately any significant control failings or weaknesses that are identified together with details of corrective action being undertaken; and
- be subject to periodic review at a frequency appropriate for each control.

Risk Management Approach

The Council will maintain an internal control framework based upon a proactive risk management culture that emphasises integrity, ethical values and competence. The types of

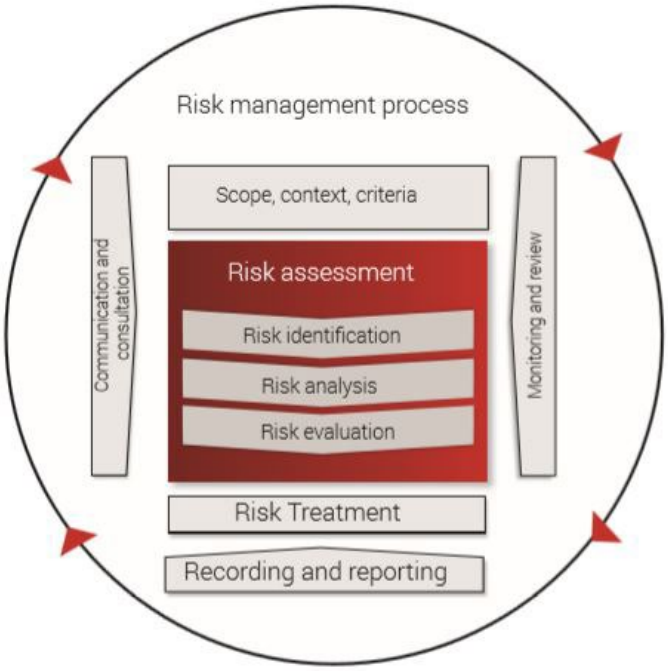
risks identified in the framework will be those which may prevent Council from meeting its objectives and the potential for fraud is explicitly considered in assessing risks.

In establishing and assessing internal control practices, it is necessary to recognise that in practical terms a certain level of risk will always exist within organisations. The purpose of internal control is to provide assurance that the irregularities are prevented, if they occur are able to be detected and corrected internal risks faced by Council to acceptable levels.

It is recognised that all risks cannot be eliminated, however the internal controls applied should reduce the likelihood of risks and/or consequences occurring, to acceptable limits of risk.

Risk Management Process

The process followed by Council in developing the framework appears below in diagrammatic form extracted from Australian/New Zealand Standard AS/NZS ISO 31000:2009



Scope, Context & Criteria – Effective risk management requires a thorough understanding of the scope 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.

Recording & Reporting - Documentation of all risk management activities, including risk identification, assessments, and control measures, to ensure an auditable and transparent process. Clear and timely reporting of risk-related information to relevant stakeholders, enabling informed decision-making and effective communication.

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 and the internal audit function monitor the effectiveness of risk treatments and report progress to the Senior Management Team and the Audit and Risk Committee at regular intervals.

Roles and Responsibilities

The Council Elected Member body is responsible for approval of the Internal Control Policy. The Chief Executive Officer is responsible for developing and maintaining an Internal Control Framework, which ensures Council objectives are achieved efficiently and effectively.

The Council Audit and Risk Committee is responsible for review of any proposed changes to this policy and the framework as part of its role to review the effectiveness of the Internal Control system, in accordance with its Terms of Reference.

The Chief Executive Officer and the Mayor must sign the financial statements, which include assurance about Internal Controls, as required by Local Government (Financial Management) Regulations 2011 Part 4 Section 14.

The Directors, Managers and Supervisors are expected to promote a best practice approach in support of effective business practices and properly functioning controls by adopting a risk management approach to identifying and assessing risks and then apply a cost/benefit analysis in the development of internal controls.

Employees must conduct their duties in accordance with Internal Control Policy and associated framework procedures and practices and are expected to undertake training in aspects of control that directly affect their own work procedures and also maintain an awareness of other control practices within the Council.

References/Related Documents

This policy will be available for inspection at the Council offices listed below during ordinary business hours and available to be downloaded, free of charge, from Council's internet site:

www.renmarkparinga.sa.gov.au

Copies will be provided to interested parties upon request, and upon payment of a fee in accordance with Council's Schedule of Fees and Charges.

Document Control

Version #	Approval Date	Approved by	Amendment
1.0	November 2019	November Audit Committee 2019	New Policy
2.0	November 2020	November Audit Committee 2020	Reviewed – Nil changes Put in new Policy format
3.0	September 2023	Audit & Risk Committee 7.9.23	• Removal of Financial in title of policy • Include 'and/or consequences' in 2nd paragraph under Risk Management Approach
3.1	April 2025	Audit & Risk Committee 15 April 2025	Minor amendments.