

---

## OPERATIONAL POLICIES

### Internal Controls



Policy Number:	O6
Relevant Delegation:	Not Applicable
Adoption Details:	18 September r2017
Last Review Details:	27 April 2021

---

#### **POLICY OBJECTIVE:**

The purpose of this policy is to assist the Shire to carry out its activities in an efficient and effective manner in order to achieve its strategic objectives, to ensure adherence to policies, to safeguard the Shire's assets, and to secure (as far as possible) the accuracy and reliability of Shire financial records.

#### **POLICY SCOPE:**

This policy applies to all aspects of the Shire of York business.

#### **POLICY STATEMENT:**

#### **INTRODUCTION**

This policy documents Council's commitment to appropriate and effective internal controls and their importance to the organisation.

This policy provides a framework for the establishment of documented internal controls that are implemented based on risk management policies and principles.

The policy will assist the organisation in addressing the risk of; material misstatement of financial information, fraud and corruption, misappropriation of funds and loss of physical assets and ensure that Council meets its obligation under the *Local Government Act 1995*, associated Regulations and other legislation.

#### **PRINCIPLES**

- (a) A risk-based approach to address and reduce the risk of loss caused by fraud, error or misstatement.
- (b) Protection of the Shire of York's assets – people, property, reputation, financial sustainability and information.
- (c) On-going audit and identification of system gaps and improvement of internal controls at the Shire of York.

#### **PROVISIONS**

An appropriate and effective internal control framework is the responsibility of all employees. All employees are accountable for implementing systems, controls, processes and procedures in their own area of responsibility and will play a part in the internal control framework in differing degrees.

The Audit Committee and Council are responsible for mandating that a strong internal control framework is implemented to ensure the good governance of the organisation. The Chief Executive

---

---

Officer will report regularly to the Audit Committee and Council on the review and improvement to Council's internal control framework.

### **MONITORING, REVIEWING AND REPORTING**

A monitoring and reporting process/system will be implemented which will provide six-monthly reports to management, the Audit Committee and Council on the status of Risk Management, Internal Controls and Legislative Compliance within the Shire of York and which will identify the need for specific areas for review.

In accordance with Regulation 17 of the *Local Government (Audit) Regulations 1996*, the Chief Executive Officer is required to report on a review of the above three areas every two years. This is in addition to the four-yearly review required by Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* which also includes a review of the Shire's financial internal controls.

### **PENALTIES:**

Not applicable.

### **KEY TERMS/DEFINITIONS:**

**Internal Control** – Systems of policies and procedures that safeguard assets, ensure accurate and reliable financial reporting, promote compliance with laws and regulations and achieve effective and efficient operations. These systems not only relate to accounting and reporting but also include communication and organisational processes both internally and externally, staff management and error handling.<sup>1</sup>

---

Responsible Officer:	Chief Executive Officer
Contact Officer:	Executive Manager Corporate & Community Services
Relevant Legislation:	Local Government (Financial Management) Regulations 1996, Regulation 5 Local Government (Audit) Regulations 1996 – Regulation 17
Relevant Documents:	Policy G19 Risk Assessment & Management
Review History:	

<b>Date Review Adopted:</b>	<b>Resolution Number</b>
Adopted – 18 September 2017	
Reviewed – 25 November 2019	291119
Reviewed – 27 April 2021	050421
<b>Former Policy No:</b>	N/A

---